UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from to

Commission File Number 001-11919

TTEC Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**84-1291044** (I.R.S. Employer Identification No.)

9197 South Peoria Street
Englewood, Colorado 80112
(Address of principal executive offices)

Registrant's telephone number, including area code: (303) 397-8100

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

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common stock of TTEC Holdings, Inc., $0.01 par value per share	TTEC	NASDAQ

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

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

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

Large Accelerated Filer ☑	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐
			Emerging Growth Company ☐

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

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

As of November 2, 2022, there were 47,219,507 shares of the registrant's common stock outstanding.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
SEPTEMBER 30, 2022 FORM 10-Q
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Amounts in thousands, except share amounts)
(Unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 172,274	$ 158,205
Accounts receivable, net of allowance of $5,855 and $5,409	384,793	357,310
Prepaids and other current assets	136,282	134,333
Income and other tax receivables	47,736	48,139
Total current assets	741,085	697,987
Long-term assets		
Property, plant and equipment, net	181,343	168,404
Operating lease assets	93,658	90,180
Goodwill	805,592	739,481
Deferred tax assets, net	19,530	11,130
Other intangible assets, net	242,887	212,349
Other long-term assets	70,942	77,273
Total long-term assets	1,413,952	1,298,817
Total assets	$ 2,155,037	$ 1,996,804
LIABILITIES, STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY		
Current liabilities		
Accounts payable	$ 98,496	$ 70,415
Accrued employee compensation and benefits	141,220	156,324
Other accrued expenses	72,571	63,369
Income tax payable	7,150	9,471
Deferred revenue	90,916	95,608
Current operating lease liabilities	38,918	44,460
Other current liabilities	12,931	4,749
Total current liabilities	462,202	444,396
Long-term liabilities		
Line of credit	955,000	791,000
Deferred tax liabilities, net	4,324	5,335
Non-current income tax payable	11,227	17,486
Non-current operating lease liabilities	69,269	64,419
Other long-term liabilities	72,996	79,827
Total long-term liabilities	1,112,816	958,067
Total liabilities	1,575,018	1,402,463
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest	55,696	56,316
Stockholders' equity		
Preferred stock; $0.01 par value; 10,000,000 shares authorized; zero shares outstanding as of September 30, 2022 and December 31, 2021	—	—
Common stock; $0.01 par value; 150,000,000 shares authorized; 47,213,561 and 46,990,031 shares outstanding as of September 30, 2022 and December 31, 2021, respectively	472	470
Additional paid-in capital	363,699	361,135
Treasury stock at cost; 34,838,692 and 35,062,222 shares as of September 30, 2022 and December 31, 2021, respectively	(593,337)	(597,031)
Accumulated other comprehensive income (loss)	(151,904)	(98,426)
Retained earnings	888,880	856,065
Noncontrolling interest	16,513	15,812
Total stockholders' equity	524,323	538,025
Total liabilities, stockholders' equity and mezzanine equity	$ 2,155,037	$ 1,996,804

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

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(Amounts in thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenue	$ 592,453	$ 566,734	$ 1,785,429	$ 1,660,747
Operating expenses				
Cost of services (exclusive of depreciation and amortization presented separately below)	450,454	447,786	1,361,179	1,236,769
Selling, general and administrative	75,226	67,426	206,831	181,483
Depreciation and amortization	27,117	25,280	80,061	70,655
Restructuring charges, net	1,113	485	4,261	2,612
Impairment losses	2,939	(268)	13,299	3,949
Total operating expenses	556,849	540,709	1,665,631	1,495,468
Income from operations	35,604	26,025	119,798	165,279
Other income (expense)				
Interest income	519	171	990	580
Interest expense	(10,565)	(3,504)	(20,525)	(8,687)
Other income (expense), net	3,946	3,288	11,317	3,537
Total other income (expense)	(6,100)	(45)	(8,218)	(4,570)
Income before income taxes	29,504	25,980	111,580	160,709
Provision for income taxes	(4,489)	(7,939)	(19,797)	(35,271)
Net income	25,015	18,041	91,783	125,438
Net income attributable to noncontrolling interest	(2,766)	(3,606)	(10,896)	(13,216)
Net income attributable to TTEC stockholders	$ 22,249	$ 14,435	$ 80,887	$ 112,222
Other comprehensive income (loss)				
Net income	$ 25,015	$ 18,041	$ 91,783	$ 125,438
Foreign currency translation adjustments	(23,123)	(14,186)	(46,197)	(17,676)
Derivative valuation, gross	(4,430)	(8,314)	(12,096)	(11,760)
Derivative valuation, tax effect	1,150	2,164	3,138	3,056
Other, net of tax	70	23	424	35
Total other comprehensive income (loss)	(26,333)	(20,313)	(54,731)	(26,345)
Total comprehensive income (loss)	(1,318)	(2,272)	37,052	99,093
Less: Comprehensive income attributable to noncontrolling interest	(2,929)	(2,549)	(8,678)	(9,251)
Comprehensive income (loss) attributable to TTEC stockholders	$ (4,247)	$ (4,821)	$ 28,374	$ 89,842
Weighted average shares outstanding				
Basic	47,207	46,984	47,087	46,857
Diluted	47,314	47,348	47,354	47,372
Net income per share attributable to TTEC stockholders				
Basic	$ 0.47	$ 0.31	$ 1.72	$ 2.40
Diluted	$ 0.47	$ 0.30	$ 1.71	$ 2.37
Dividends declared and not paid per share outstanding	$ 0.52	$ 0.47	$ 0.52	$ 0.47

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

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity and Mezzanine Equity
(Amounts in thousands)
(Unaudited)

Three months ended September 30, 2021 and 2022

	Stockholders' Equity of the Company								
	Common Stock		Treasury	Additional	Accumulated Other Comprehensive	Retained	Noncontrolling		Mezzanine
	Shares	Amount	Stock	Paid-in Capital	Income (Loss)	Earnings	interest	Total Equity	Equity
Balance as of June 30, 2021	46,893	$ 469	$ (598,627)	$ 358,423	$ (78,328)	$ 834,967	$ 15,397	$ 532,301	$ 54,800
Net income	—	—	—	—	—	14,435	2,767	17,202	839
Dividends to shareholders ($0.47 per common share)	—	—	—	—	—	(22,085)	—	(22,085)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(2,025)	(2,025)	(445)
Foreign currency translation adjustments	—	—	—	—	(13,968)	—	(218)	(14,186)	—
Derivatives valuation, net of tax	—	—	—	—	(6,150)	—	—	(6,150)	—
Vesting of restricted stock units	95	1	1,576	(6,266)	—	—	—	(4,689)	—
Equity-based compensation expense	—	—	—	4,570	—	—	—	4,570	—
Other, net of tax	—	—	—	—	23	—	—	23	—
Balance as of September 30, 2021	46,988	$ 470	$ (597,051)	$ 356,727	$ (98,423)	$ 827,317	$ 15,921	$ 504,961	$ 55,194

	Stockholders' Equity of the Company								
	Common Stock		Treasury	Additional	Accumulated Other Comprehensive	Retained	Noncontrolling		Mezzanine
	Shares	Amount	Stock	Paid-in Capital	Income (Loss)	Earnings	interest	Total Equity	Equity
Balance as of June 30, 2022	47,093	$ 471	$ (595,331)	$ 364,251	$ (125,450)	$ 891,185	$ 15,913	$ 551,039	$ 55,752
Net income	—	—	—	—	—	22,249	2,808	25,057	(42)
Dividends to shareholders ($0.52 per common share)	—	—	—	—	—	(24,554)	—	(24,554)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(2,329)	(2,329)	(14)
Foreign currency translation adjustments	—	—	—	—	(23,244)	—	121	(23,123)	—
Derivatives valuation, net of tax	—	—	—	—	(3,280)	—	—	(3,280)	—
Vesting of restricted stock units	121	1	1,994	(5,910)	—	—	—	(3,915)	—
Equity-based compensation expense	—	—	—	5,358	—	—	—	5,358	—
Other, net of tax	—	—	—	—	70	—	—	70	—
Balance as of September 30, 2022	47,214	$ 472	$ (593,337)	$ 363,699	$ (151,904)	$ 888,880	$ 16,513	$ 524,323	$ 55,696

Nine months ended September 30, 2021 and 2022

	Stockholders' Equity of the Company								
	Common Stock		Treasury	Additional	Accumulated Other Comprehensive	Retained	Noncontrolling		Mezzanine
	Shares	Amount	Stock	Paid-in Capital	Income (Loss)	Earnings	interest	Total Equity	Equity
Balance as of December 31, 2020	46,737	$ 467	$ (601,214)	$ 360,293	$ (72,156)	$ 757,312	$ 13,060	$ 457,762	$ 52,976
Net income	—	—	—	—	—	112,222	9,329	121,551	3,887
Dividends to shareholders ($0.90 per common share)	—	—	—	—	—	(42,217)	—	(42,217)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(6,390)	(6,390)	(1,669)
Foreign currency translation adjustments	—	—	—	—	(17,598)	—	(78)	(17,676)	—
Derivatives valuation, net of tax	—	—	—	—	(8,704)	—	—	(8,704)	—
Vesting of restricted stock units	251	3	4,163	(15,535)	—	—	—	(11,369)	—
Equity-based compensation expense	—	—	—	11,969	—	—	—	11,969	—
Other, net of tax	—	—	—	—	35	—	—	35	—
Balance as of September 30, 2021	46,988	$ 470	$ (597,051)	$ 356,727	$ (98,423)	$ 827,317	$ 15,921	$ 504,961	$ 55,194

	Stockholders' Equity of the Company								
	Common Stock		Treasury	Additional	Accumulated Other Comprehensive	Retained	Noncontrolling		Mezzanine
	Shares	Amount	Stock	Paid-in Capital	Income (Loss)	Earnings	interest	Total Equity	Equity
Balance as of December 31, 2021	46,990	$ 470	$ (597,031)	$ 361,135	$ (98,426)	$ 856,065	$ 15,812	$ 538,025	$ 56,316
Net income	—	—	—	—	—	80,887	9,931	90,818	964
Dividends to shareholders ($1.02 per common share)	—	—	—	—	—	(48,072)	—	(48,072)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(7,977)	(7,977)	(1,584)
Foreign currency translation adjustments	—	—	—	—	(44,944)	—	(1,253)	(46,197)	—
Derivatives valuation, net of tax	—	—	—	—	(8,958)	—	—	(8,958)	—
Vesting of restricted stock units	224	2	3,694	(10,676)	—	—	—	(6,980)	—
Equity-based compensation expense	—	—	—	13,240	—	—	—	13,240	—
Other, net of tax	—	—	—	—	424	—	—	424	—
Balance as of September 30, 2022	47,214	$ 472	$ (593,337)	$ 363,699	$ (151,904)	$ 888,880	$ 16,513	$ 524,323	$ 55,696

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

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash flows from operating activities		
Net income	$ 91,783	$ 125,438
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,061	70,655
Amortization of contract acquisition costs	1,345	575
Amortization of debt issuance costs	735	719
Imputed interest expense and fair value adjustments to contingent consideration	2,070	1,046
Provision for credit losses	1,561	(34)
Loss on disposal of assets	1,587	524
Impairment losses	13,299	3,949
Deferred income taxes	(8,216)	514
Excess tax benefit from equity-based awards	(1,256)	(5,284)
Equity-based compensation expense	13,240	11,969
Loss on foreign currency derivatives	269	134
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(37,987)	48,816
Prepaids and other assets	38,594	(42,455)
Accounts payable and accrued expenses	1,483	19,406
Deferred revenue and other liabilities	(79,755)	(60,910)
Net cash provided by operating activities	118,813	175,062
Cash flows from investing activities		
Proceeds from sale of long-lived assets	189	42
Purchases of property, plant and equipment, net of acquisitions	(64,564)	(40,778)
Acquisitions, net of cash acquired of zero and $18,638, respectively	(142,420)	(481,718)
Net cash used in investing activities	(206,795)	(522,454)
Cash flows from financing activities		
Net proceeds (borrowings) from line of credit	164,000	420,000
Payments on other debt	(2,568)	(5,288)
Payments of contingent consideration and hold back payments to acquisitions	(9,600)	(11,517)
Dividends paid to shareholders	(23,518)	(20,132)
Payments to noncontrolling interest	(9,562)	(8,059)
Tax payments related to issuance of restricted stock units	(6,980)	(11,369)
Payments of debt issuance costs	—	(1,102)
Net cash provided by financing activities	111,772	362,533
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(22,226)	(6,272)
(Decrease)/increase in cash, cash equivalents and restricted cash	1,564	8,869
Cash, cash equivalents and restricted cash, beginning of period	180,682	159,015
Cash, cash equivalents and restricted cash, end of period	$ 182,246	$ 167,884
Supplemental disclosures		
Cash paid for interest	$ 19,699	$ 7,827
Cash paid for income taxes	$ 32,705	$ 64,999
Non-cash investing and financing activities		
Acquisition of long-lived assets through finance leases	$ 461	$ 857
Acquisition of equipment through increase in accounts payable, net	$ 6,625	$ 130
Dividend declared but not paid	$ 24,554	$ 22,085

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

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(1) OVERVIEW AND BASIS OF PRESENTATION

Summary of Business

TTEC Holdings, Inc. (“TTEC”, “the Company”; pronounced “T-TEC”) is a leading global customer experience as a service (“CXaaS”) partner for many of the world’s most iconic and disruptive brands. TTEC designs, builds, orchestrates, and delivers seamless digitally enabled customer experiences that are designed to increase brand value, customer loyalty, revenue and profitability through personalized, outcome-based interactions. The Company helps clients improve their customer satisfaction while lowering their total cost to serve by combining innovative digital solutions with service capabilities that deliver a frictionless customer experience (“CX”) across different channels and phases of the customer lifecycle. TTEC’s 62,700 employees serve clients in the automotive, communication, financial services, national/federal and state and local governments, healthcare, logistics, media and entertainment, e-tail/retail, technology, travel and transportation industries via operations in the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Costa Rica, Germany, Greece, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Africa, Thailand, and the United Kingdom.

The Company operates and reports its financial results of operation through two business segments: TTEC Digital and TTEC Engage.

- **TTEC Digital** is one of the largest pure-play CX technology service providers with expertise in CX strategy, digital consulting, and transformation enabled by proprietary CX applications and technology partnerships. TTEC Digital designs, builds, and operates robust digital experiences for clients and their customers through the contextual integration and orchestration of customer relationship management (“CRM”), data, analytics, CXaaS technology, and intelligent automation to ensure high-quality, scalable CX outcomes.
- **TTEC Engage** provides the digitally enabled CX managed services to support our clients’ end-to-end customer interaction delivery at scale. The segment delivers omnichannel customer care, tech support, order fulfillment, customer acquisition, growth, and retention services with industry specialization and distinctive CX capabilities for hypergrowth brands. TTEC Engage also delivers digitally enabled back office and industry specific specialty services including artificial intelligence (“AI”) operations, content moderation, and fraud management services.

TTEC Digital and TTEC Engage strategically come together under our unified offering, Humanify® CXaaS, which drives measurable customer results for clients through the delivery of personalized, omnichannel experiences. Our Humanify® cloud platform provides a fully integrated ecosystem of CX offerings, including messaging, AI, machine learning, robotic process automation, analytics, cybersecurity, CRM, knowledge management, journey orchestration, and traditional voice solutions. Our end-to-end CXaaS platform differentiates us from competitors by combining design, strategic consulting, technology, data analytics, process optimization, system integration, and operational excellence along with our decades of industry know-how. This unified offering is value-oriented, outcome-based and delivered to large enterprises, governments, and hypergrowth companies on a global scale.

Basis of Presentation

The Consolidated Financial Statements are comprised of the accounts of TTEC, its wholly owned subsidiaries, its 55% equity owned subsidiary Percepta, LLC, its 70% equity owned subsidiary First Call Resolution, LLC and its 70% equity owned subsidiary Serendebyte, Inc. All intercompany balances and transactions have been eliminated in consolidation.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The unaudited Consolidated Financial Statements do not include all of the disclosures required by accounting principles generally accepted in the U.S. ("GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The unaudited Consolidated Financial Statements reflect all adjustments which, in the opinion of management, are necessary to state fairly the consolidated financial position of the Company and the consolidated results of operations and comprehensive income (loss) and the consolidated cash flows of the Company. All such adjustments are of a normal, recurring nature. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

These unaudited Consolidated Financial Statements should be read in conjunction with the Company's audited Consolidated Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates including those related to derivatives and hedging activities, income taxes including the valuation allowance for deferred tax assets, litigation reserves, restructuring reserves, allowance for credit losses, contingent consideration, redeemable noncontrolling interest, and valuation of goodwill, long-lived and intangible assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ materially from these estimates under different assumptions or conditions.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash, primarily held in interest-bearing investments, and liquid short-term investments, which have original maturities of less than 90 days. Restricted cash includes cash whereby the Company's ability to use the funds at any time is contractually limited or is generally designated for specific purposes arising out of certain contractual or other obligations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the Condensed Consolidated Balance Sheets that sum to the amounts reported in the Condensed Consolidated Statement of Cash Flows (in thousands):

	September 30, 2022	December 31, 2021
Cash and cash equivalents	$ 172,274	$ 158,205
Restricted cash included in "Prepaid and other current assets"	9,972	22,477
Total	$ 182,246	$ 180,682

Concentration of Credit Risk

The Company is exposed to credit risk in the normal course of business, primarily related to accounts receivable and derivative instruments. Historically, the losses related to credit risk have been immaterial. The Company regularly monitors its credit risk to mitigate the possibility of current and future exposures resulting in a loss. The Company evaluates the creditworthiness of its clients prior to entering into an agreement to provide services and as necessary through the life of the client relationship. The Company does not believe it is exposed to more than a nominal amount of credit risk in its derivative hedging activities, as the Company diversifies its activities across eight investment-grade financial institutions.

Recently Adopted Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805), "Accounting for Contract Assets and Contract Liabilities from Contracts with Customers", which now requires the acquirer to account for revenue contracts in accordance with Topic 606 as if it had acquired the contract, versus recording these assets and liabilities at fair value on acquisition date. The ASU is effective for interim and annual periods beginning on or after December 15, 2022, with early adoption permitted. The Company adopted the new guidance during the fourth quarter of 2021 which required application to all acquisitions completed during the adoption year. See further discussion in Note 2.

Other Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform" (Topic 848), which provides optional expedients and exceptions for contracts, hedging relationships, and other transactions affected by reference rate reform due to the anticipated cessation of the London Interbank Offered Rate ("LIBOR"). The ASU is effective from March 12, 2020, may be applied prospectively and could impact the accounting for LIBOR provisions in the Company's credit facility agreement. In addition, in January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform – Scope," which clarified the scope of ASC 848 relating to contract modifications. The Company has not yet adopted the standard but does not expect that the adoption of this guidance will have a material impact on the Company's financial position, results of operations or cash flows.

(2) ACQUISITIONS AND DIVESTITURES

Certain Assets of Faneuil

On April 1, 2022, the Company completed an asset acquisition through its subsidiary TTEC Government Solutions LLC, of certain public sector citizen experience contracts in the transportation infrastructure and healthcare exchange industries from Faneuil, Inc., a subsidiary of ALJ Regional Holdings, Inc. ("the Faneuil Transaction"). The business is operated as part of the TTEC Engage segment and was fully consolidated into the financial statements of TTEC. The Faneuil Transaction was recorded as a business combination under ASC 805, Business Combinations, with identifiable assets acquired and liabilities assumed recorded at their estimated fair values as of the acquisition date.

Total cash paid at acquisition was $142.4 million. In addition, Faneuil granted to TTEC Government Solutions LLC a three-year call right and right of first offer to purchase certain other assets of Faneuil in its utilities and commercial healthcare verticals as well as certain proprietary technology. The Faneuil Transaction includes two contingent payments anticipated to be paid in early 2024 which are based on the revenue and EBITDA performance of one contract and one potential contract.

The fair value of the two contingent payments has been estimated using a Monte Carlo model. The model was based on current expected EBITDA performance for the two specific client programs, a discount rate of 7.6% related to revenue and a discount rate of 19.3% related to EBITDA, a volatility rate of 20%, and an adjusted risk-free rate of 1.7%. The potential payments range from a minimum of zero to an unlimited maximum. Based on the model, a combined $8.8 million expected future payment was calculated and recorded as of the acquisition date. During the third quarter of 2022, a $2.4 million net gain was recorded related to fair value adjustments for the estimated contingent payments based on the timing of cash flows and market interest rates which resulted in an updated discount factor for one contract and a complete reduction for the second contract as it was not awarded to the Company. The benefit was included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss). As of September 30, 2022, the contingent payment is accrued at $6.4 million and is included in Other long-term liabilities in the accompanying Consolidated Balance Sheets.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The Faneuil Transaction included a call option providing the right but not the obligation to purchase additional assets in the utilities and commercial healthcare verticals based on trailing twelve-month revenue plus an additional earn-out payment based on newly added contracts. A second call option provided the right to purchase a software intangible asset and related support functions based on trailing twelve-month revenue. These call options were valued based on information including the call right and the exclusivity period and a $0.3 million asset was recorded as of the acquisition date which is included in Other long-term assets in the accompanying Consolidated Balance Sheets. The fair value was unchanged as of September 30, 2022.

The Faneuil Transaction included an indemnity escrow which was disbursed as a holdback payment on the acquisition date. The indemnity payments relate to real estate and technology funds that will be spent post-close related to various IT upgrades and real estate expenses, and indemnity related to potential future employee wage increases. The indemnity payments were valued based on a weighted average of several current scenarios and a receivable of $10.4 million was recorded as of the acquisition date. During the third quarter of 2022, a reduction in the fair value was calculated and a $4.4 million expense was recorded related to a fair value adjustment for the receivable based on current information reflecting a better outcome with the contract negotiations. The reduction in fair value related expense was included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss). As of September 30, 2022, the fair value of the receivable is $0.5 million and is included in Other current assets in the accompanying Consolidated Balance Sheets.

A multi-period excess earnings method under the income approach was used to estimate the fair value of the customer relationships intangible assets. The significant assumptions utilized in calculating the fair value of the customer relationships intangible assets were the customer attrition rate, revenue growth rates, forecasted EBITDA, contributory asset charge, and the discount rate.

The following summarizes the estimated fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands):

		Preliminary Estimate of Acquisition Date Fair Value
Cash	$	—
Accounts receivable, net		704
Prepaid and other assets		8,420
Net fixed assets		5,622
Right of use lease assets		16,526
Other assets		3,824
Customer relationships		61,310
Goodwill		75,902
	$	172,308
Accrued employee compensation	$	202
Accrued expenses		2,763
Right of use lease liability - current		3,129
Right of use lease liability - non-current		13,601
Deferred income		811
Other liabilities		9,382
	$	29,888
Total purchase price	$	142,420

The estimates of fair value of identifiable assets and liabilities assumed are preliminary, pending finalization of the valuation, lease evaluation, and tax returns, thus are subject to revisions that may result in adjustments to the values presented above.

The Faneuil customer relationships have been estimated based on the initial valuation and will be amortized over an estimated useful life of 10 years. The goodwill recognized from the Faneuil acquisition is estimated to be attributable, but not limited to, the acquired workforce and expected synergies with the TTEC Engage segment. The tax basis of the acquired intangibles and goodwill will be materially deductible for income tax purposes. The acquired goodwill and intangibles and operating results of Faneuil are reported within the TTEC Engage segment from the date of acquisition.

Avtex

On April 8, 2021, the Company acquired, through its subsidiary TTEC Digital, LLC, 100% of the outstanding stock of Avtex Solutions Holdings, LLC (“Avtex”). Avtex is an end-to-end customer experience and CXaaS solutions provider with offerings in Genesys and Microsoft cloud solutions. The business is operated as part of the TTEC Digital segment and was fully consolidated into the financial statements of TTEC.

Total cash paid at acquisition was $499.946 million ($490.0 million base purchase price plus cash, less debt and working capital estimate). The Avtex transaction is subject to customary representations and warranties, holdbacks, and a net working capital adjustment. The Company used cash from operations and drew down on its Credit Facility to fund the acquisition. The Company finalized the net working capital adjustment for $0.1 million during the third quarter of 2021 which was paid by Avtex to the Company in the third quarter of 2021.

During the fourth quarter of 2021, TTEC implemented ASU 2021-08 which required an accounting modification to the deferred revenue balance as of the acquisition date (see discussion above in Note 1). The deferred revenue balance was evaluated as if TTEC had been the company securing the initial contracts and accounted for these contracts in accordance with ASC 606. Based on this re-assessment, the $4.9 million reduction initially recorded to deferred revenue in connection with the purchase price accounting was eliminated and an offsetting increase to Goodwill was recorded as of the acquisition date. In connection with this modification, revenue of $3.4 million was recorded in the fourth quarter of 2021 related to deferred revenue from the second and third quarters of 2021.

A multi-period excess earnings method under the income approach was used to estimate the fair value of the customer relationships intangible asset. The significant assumptions utilized in calculating the fair value of the customer relationships intangible asset were the customer attrition rate, revenue growth rates, forecasted EBITDA, contributory asset charge, and the discount rate.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following summarizes the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Acquisition Date Fair Value
Cash	$ 18,638
Accounts receivable, net	22,214
Prepaid expenses	26,389
Current income tax receivables	93
Net fixed assets	3,162
Right of use lease assets	3,614
Other assets	480
Tradename	5,300
Intellectual property intangible	770
Customer relationships	128,200
Goodwill	378,882
	$ 587,742
Accounts payable	$ 20,580
Accrued employee compensation	4,325
Accrued expenses	250
Right of use lease liability - current	678
Deferred revenue	56,765
Accrued income taxes	332
Deferred tax liability	1,930
Right of use lease liability - noncurrent	2,936
	$ 87,796
Total purchase price	$ 499,946

In the first quarter of 2022, the Company finalized the valuation of Avtex for the acquisition date assets acquired and liabilities assumed and determined that no material adjustments to any of the balances were required.

The Avtex customer relationships, intellectual property intangible, and tradename are being amortized over useful lives of 9, 3, and 1 years, respectively. The goodwill recognized from the Avtex acquisition is attributable, but not limited to, the acquired workforce and expected synergies with the TTEC Digital segment. The tax basis of the acquired intangibles and goodwill will be materially deductible for income tax purposes. The acquired goodwill and intangibles and operating results of Avtex are reported within the TTEC Digital segment from the date of acquisition.

Financial Impact of Acquired Businesses

The acquired businesses purchased in 2021 and 2022 noted above contributed revenues of $96.0 million and net income of $6.0 million to the Company for the three months ended September 30, 2022 and revenues of $243.6 million and net income $16.2 million to the Company for the nine months ended September 30, 2022.

The unaudited proforma financial results for the three and nine months ended September 30, 2022 combines the consolidated results of the Company, Avtex and Faneuil assuming the acquisitions had been completed on January 1, 2021. The reported revenue and net income of $592.5 million and $22.2 million would have been $592.5 million and $22.2 million for the three months ended September 30, 2022, respectively, on an unaudited proforma basis. The reported revenue and net income of $1,785.4 million and $80.9 million would have been $1,827.4 million and $85.4 million for the nine months ended September 30, 2022, respectively, on an unaudited proforma basis.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The Company did not have any material, nonrecurring proforma adjustments directly attributable to the business combinations included in the reported proforma revenue earnings. These proforma amounts have been calculated after applying the Company's accounting policies and adjusting the respective acquired businesses' results to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment, and intangible assets had been applied from the date indicated, with the consequential tax effects.

The unaudited proforma consolidated results are not to be considered indicative of the results if these acquisitions occurred in the periods mentioned above, or indicative of future operations or results. Additionally, the proforma consolidated results do not reflect any anticipated synergies expected as a result of the acquisitions.

(3) SEGMENT INFORMATION

The Company reports the following two segments:

TTEC Digital is one of the largest pure-play CX technology service providers with expertise in CX strategy, digital consulting and transformation enabled by proprietary CX applications and technology partnerships. TTEC Digital designs, builds, and operates robust digital experiences for clients and their customers through the contextual integration and orchestration of CRM, data, analytics, CXaaS technology, and intelligent automation to ensure high-quality, scalable CX outcomes.

- Technology Services: Our technology services design, integrate, and operate highly scalable, digital omnichannel technology solutions in the cloud, on premise, or hybrid environment, including journey orchestration, automation and AI, knowledge management, and workforce productivity.
- Professional Services: Our management consulting practices deliver customer experience strategy, analytics, process optimization, and learning and performance services.

TTEC Engage provides the digitally enabled CX managed services to support our clients' end-to-end customer interaction delivery at scale. The segment delivers omnichannel customer care, tech support, order fulfillment, customer acquisition, growth, and retention services with industry specialization and distinctive CX capabilities for hypergrowth brands. TTEC Engage also delivers digitally enabled back office and industry specific specialty services including AI operations, content moderation, and fraud management services.

- Customer Acquisition, Growth, and Retention Services: Our customer growth and acquisition services optimize the buying journeys for acquiring new customers by leveraging technology and analytics to deliver personal experiences that we believe increase the quantity and quality of leads and customers.
- Customer Care, Tech Support, and Order Fulfillment Services: Our customer care, technical support, and order fulfillment services provide turnkey contact center solutions, including digital omnichannel technologies, associate recruiting and training, facilities, and operational expertise to create exceptional customer experiences across all touchpoints.
- Digitally Enabled Back Office and Specialty Services: Our digital AI operations, content moderation, and fraud detection and prevention services provide clients with data tagging and annotation capabilities to train and enable AI platforms, community content moderation, and compliance to meet client content standards, and proactive fraud solutions to assist our clients in the detection and prevention of fraud.

The Company allocates to each segment its portion of corporate operating expenses. All intercompany transactions between the reported segments for the periods presented have been eliminated.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following tables present certain financial data by segment (in thousands):

Three Months Ended September 30, 2022

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 117,973	$ (35)	$ 117,938	$ 7,645	$ 8,070
TTEC Engage	474,515	—	474,515	19,472	27,534
Total	$ 592,488	$ (35)	$ 592,453	$ 27,117	$ 35,604

Three Months Ended September 30, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 124,086	$ —	$ 124,086	$ 8,936	$ 8,670
TTEC Engage	442,655	(7)	442,648	16,344	17,355
Total	$ 566,741	$ (7)	$ 566,734	$ 25,280	$ 26,025

Nine Months Ended September 30, 2022

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 348,147	$ (35)	$ 348,112	$ 24,891	$ 25,296
TTEC Engage	1,437,317	—	1,437,317	55,170	94,502
Total	$ 1,785,464	$ (35)	$ 1,785,429	$ 80,061	$ 119,798

Nine Month Ended September 30, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 295,712	$ (44)	$ 295,668	$ 21,312	$ 22,438
TTEC Engage	1,365,086	(7)	1,365,079	49,343	142,841
Total	$ 1,660,798	$ (51)	$ 1,660,747	$ 70,655	$ 165,279

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Capital Expenditures				
TTEC Digital	$ 3,408	$ 1,599	$ 6,880	$ 5,029
TTEC Engage	25,366	15,586	57,684	35,749
Total	$ 28,774	$ 17,185	$ 64,564	$ 40,778

	September 30, 2022	December 31, 2021
Total Assets		
TTEC Digital	$ 827,948	$ 828,255
TTEC Engage	1,327,089	1,168,549
Total	$ 2,155,037	$ 1,996,804

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following table presents the Company revenue based upon the geographic location where the services are provided (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue				
United States	$ 400,391	$ 377,211	$ 1,212,175	$ 1,108,390
Philippines	91,306	100,531	281,759	305,255
Europe / Middle East / Africa	34,507	28,891	100,307	82,447
Latin America	30,750	28,737	85,905	85,529
Asia Pacific / India	19,075	16,989	54,899	49,560
Canada	16,424	14,375	50,384	29,566
Total	$ 592,453	$ 566,734	$ 1,785,429	$ 1,660,747

(4) SIGNIFICANT CLIENTS AND OTHER CONCENTRATIONS

The Company had one client that contributed in excess of 10% of total revenue for the nine months ended September 30, 2022; this client operates in the automotive industry and is included in the TTEC Engage segment. This client contributed 10.5% and 9.1% of total revenue for the nine months ended September 30, 2022 and 2021, respectively. The Company had one client that contributed in excess of 10% of total revenue for the nine months ended September 30, 2021; this client operates in the financial services sector. This client contributed 7.4% and 13.3% of total revenue for the nine months ended September 30, 2022 and 2021, respectively. The Company does have clients with aggregate revenue exceeding $100 million annually and the loss of one or more of these clients could have a material adverse effect on the Company's business, operating results, or financial condition. To mitigate this risk, the Company has multiple contracts with these larger clients, where each individual contract is for an amount below the $100 million aggregate.

To limit the Company's credit risk with its clients, management performs periodic credit evaluations, maintains allowances for credit losses and may require pre-payment for services from certain clients. Based on currently available information, management does not believe significant credit risk existed as of September 30, 2022.

Activity in the Company's Allowance for credit losses consists of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Balance, beginning of period	$ 5,406	$ 5,940	$ 5,409	$ 5,067
Provision for credit losses	1,363	(189)	1,561	(34)
Uncollectible receivables written-off	(890)	302	(1,110)	41
Effect of foreign currency	(24)	(7)	(5)	(16)
Acquisition	—	—	—	988
Balance, end of period	$ 5,855	$ 6,046	$ 5,855	$ 6,046

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Accounts Receivable Sales Agreement

The Company is party to an Uncommitted Receivables Purchase Agreement ("Agreement") with Bank of the West ("Bank"), whereby from time-to-time the Company may elect to sell, on a revolving basis, U.S. accounts receivables of certain clients at a discount to the Bank for cash on a limited recourse basis. The maximum amount of receivables that the Company may sell to the Bank at any given time shall not exceed $100 million. The sales of accounts receivable in accordance with the Agreement are reflected as a reduction of Accounts Receivable, net on the Consolidated Balance Sheets. The Company has retained no interest in the sold receivables but retains all collection responsibilities on behalf of the Bank. The discount on the accounts receivable sold will be recorded within Other expense, net in the Consolidated Statements of Comprehensive Income (Loss). The cash proceeds from this Agreement are included in the change in accounts receivable within the operating activities section of the Consolidated Statements of Cash Flow.

As of September 30, 2022 and December 31, 2021, the Company had factored $85.6 million and $97.7 million, respectively, of accounts receivable; under the Agreement discounts on these receivables were not material during the quarter. As of September 30, 2022, the Company had collected $10.0 million of cash from customers which had not been remitted to the Bank. The unremitted cash is restricted cash and is included within Prepaid and other current assets with the corresponding liability included in Accrued expenses on the Consolidated Balance Sheet. The Company has not recorded any servicing assets or liabilities as of September 30, 2022 as the fair value of the servicing arrangement as well as the fees earned were not material to the financial statements.

Effective November 1, 2022, the Company amended the arrangement to modify the list of eligible clients who may be sold pursuant to the Agreement, and to memorialize the transition from LIBOR to SOFR for discount calculation purposes.

(5) GOODWILL

Goodwill consisted of the following (in thousands):

	December 31, 2021	Acquisitions / Adjustments	Impairments	Effect of Foreign Currency	September 30, 2022
TTEC Digital	$ 505,222	$ —	$ —	$ (4,355)	$ 500,867
TTEC Engage	234,259	75,896	—	(5,430)	304,725
Total	$ 739,481	$ 75,896	$ —	$ (9,785)	$ 805,592

The Company performs a goodwill impairment assessment on at least an annual basis. The Company conducts its annual goodwill impairment assessment during the fourth quarter, or more frequently, if indicators of impairment exist. During the quarter ended September 30, 2022, the Company assessed whether any such indicators of impairment existed and concluded there were none.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(6) DERIVATIVES

Cash Flow Hedges

The Company enters into foreign exchange related derivatives. Foreign exchange derivatives entered into consist of forward and option contracts to reduce the Company's exposure to foreign currency exchange rate fluctuations that are associated with forecasted revenue earned in foreign locations. Upon proper qualification, these contracts are designated as cash flow hedges. It is the Company's policy to only enter into derivative contracts with investment grade counterparty financial institutions, and correspondingly, the fair value of derivative assets considers, among other factors, the creditworthiness of these counterparties. Conversely, the fair value of derivative liabilities reflects the Company's creditworthiness. As of September 30, 2022, the Company has not experienced, nor does it anticipate, any issues related to derivative counterparty defaults. The following table summarizes the aggregate unrealized net gain or loss in Accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2022 and 2021 (in thousands and net of tax):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Aggregate unrealized net gain/(loss) at beginning of period	$ (5,718)	$ 5,877	$ (40)	$ 8,431
Add: Net gain/(loss) from change in fair value of cash flow hedges	(2,004)	(6,850)	(7,774)	(11,817)
Less: Net (gain)/loss reclassified to earnings from effective hedges	(1,276)	700	(1,184)	3,113
Aggregate unrealized net gain/(loss) at end of period	$ (8,998)	$ (273)	$ (8,998)	$ (273)

The Company's foreign exchange cash flow hedging instruments as of September 30, 2022 and December 31, 2021 are summarized as follows (amounts in thousands). All hedging instruments are forward contracts.

As of September 30, 2022	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	9,000	$ 7,099	100.0 %	December 2022
Philippine Peso	8,455,000	158,359 (1)	42.5 %	June 2025
Mexican Peso	1,182,000	51,772	41.0 %	March 2025
		$ 217,230		

As of December 31, 2021	Local Currency Notional Amount	U.S. Dollar Notional Amount
Canadian Dollar	9,000	$ 7,022
Philippine Peso	8,472,000	164,295 (1)
Mexican Peso	1,422,500	63,002
		$ 234,319

(1) Includes contracts to purchase Philippine pesos in exchange for New Zealand dollars and Australian dollars, which are translated into equivalent U.S. dollars on September 30, 2022 and December 31, 2021.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Fair Value Hedges

The Company enters into foreign exchange forward contracts to economically hedge against foreign currency exchange gains and losses on certain receivables and payables of the Company's foreign operations. Changes in the fair value of derivative instruments designated as fair value hedges are recognized in earnings in Other income (expense), net. As of September 30, 2022 and December 31, 2021 the total notional amounts of the Company's forward contracts used as fair value hedges were $54.3 million and $32.9 million, respectively.

Derivative Valuation and Settlements

The Company's derivatives as of September 30, 2022 and December 31, 2021 were as follows (in thousands):

	September 30, 2022	
Designation:	**Designated as Hedging Instruments**	**Not Designated as Hedging Instruments**
Derivative contract type:	**Foreign Exchange**	**Foreign Exchange**
Derivative classification:	**Cash Flow**	**Fair Value**
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepaids and other current assets	$ 2,114	$ 158
Other long-term assets	1,095	—
Other current liabilities	(10,034)	(229)
Other long-term liabilities	(5,333)	—
Total fair value of derivatives, net	$ (12,158)	$ (71)

	December 31, 2021	
Designation:	**Designated as Hedging Instruments**	**Not Designated as Hedging Instruments**
Derivative contract type:	**Foreign Exchange**	**Foreign Exchange**
Derivative classification:	**Cash Flow**	**Fair Value**
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepaids and other current assets	$ 2,272	$ 204
Other long-term assets	611	—
Other current liabilities	(1,527)	(6)
Other long-term liabilities	(1,418)	—
Total fair value of derivatives, net	$ (62)	$ 198

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The effects of derivative instruments on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended September 30, 2022 and 2021 were as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Designation:	Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Cash Flow	
Amount of gain or (loss) recognized in Other comprehensive income (loss) - effective portion, net of tax	$ (1,276)	$ 700
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ (1,724)	$ 947

	Three Months Ended September 30,	
	2022	2021
Designation:	Not Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Fair Value	
Amount and location of net gain or (loss) recognized in the Consolidated Statement of Comprehensive Income (Loss):		
Other income (expense), net	$ 15	$ (80)

The effects of derivative instruments on the Consolidated Statements of Comprehensive Income (Loss) for the nine months ended September 30, 2022 and 2021 were as follows (in thousands):

	Nine Months Ended September 30,	
	2022	2021
Designation:	Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Cash Flow	
Amount of gain or (loss) recognized in Other comprehensive income (loss) - effective portion, net of tax	$ (1,184)	$ 3,113
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ (1,598)	$ 4,207

	Nine Months Ended September 30,	
	2022	2021
Designation:	Not Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Fair Value	
Amount and location of net gain or (loss) recognized in the Consolidated Statement of Comprehensive Income (Loss):		
Other income (expense), net	$ 273	$ (42)

(7) FAIR VALUE

The authoritative guidance for fair value measurements establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that the Company maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following presents information as of September 30, 2022 and December 31, 2021 for the Company's assets and liabilities required to be measured at fair value on a recurring basis, as well as the fair value hierarchy used to determine their fair value.

Accounts Receivable and Payable - The amounts recorded in the accompanying balance sheets approximate fair value because of their short-term nature.

Investments – The Company measures investments, including cost and equity method investments, at fair value on a nonrecurring basis when they are deemed to be other-than-temporarily impaired. The fair values of these investments are determined based on valuation techniques using the best information available, and may include market observable inputs, and discounted cash flow projections. An impairment charge is recorded when the cost of the investment exceeds its fair value and this condition is determined to be other-than-temporary.

Debt - The Company's debt consists primarily of the Company's Credit Facility, which permits floating-rate borrowings based upon the current Prime Rate or LIBOR plus a credit spread as determined by the Company's leverage ratio calculation (as defined in the Credit Agreement). As of September 30, 2022 and December 31, 2021, the Company had $955.0 million and $791.0 million, respectively, of borrowings outstanding under the Credit Facility. During the third quarter of 2022 outstanding borrowings accrued interest at an average rate of 3.5% per annum, excluding unused commitment fees. The amounts recorded in the accompanying Balance Sheets approximate fair value due to the variable nature of the debt based on Level 2 inputs.

Derivatives - Net derivative assets (liabilities) are measured at fair value on a recurring basis. The portfolio is valued using models based on market observable inputs, including both forward and spot foreign exchange rates, interest rates, implied volatility, and counterparty credit risk, including the ability of each party to execute its obligations under the contract. As of September 30, 2022, credit risk did not materially change the fair value of the Company's derivative contracts.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following is a summary of the Company's fair value measurements for its net derivative assets (liabilities) as of September 30, 2022 and December 31, 2021 (in thousands):

As of September 30, 2022

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	At Fair Value
Cash flow hedges	$ —	$ (12,158)	$ —	$ (12,158)
Fair value hedges	—	(71)	—	(71)
Total net derivative asset (liability)	$ —	$ (12,229)	$ —	$ (12,229)

As of December 31, 2021

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	At Fair Value
Cash flow hedges	$ —	$ (62)	$ —	$ (62)
Fair value hedges	—	198	—	198
Total net derivative asset (liability)	$ —	$ 136	$ —	$ 136

The following is a summary of the Company's fair value measurements as of September 30, 2022 and December 31, 2021 (in thousands):

As of September 30, 2022

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Derivative instruments, net	$ —	$ —	$ —
Deferred compensation plan asset	23,483	—	—
Contingent consideration	—	—	5,923
Total assets	$ 23,483	$ —	$ 5,923
Liabilities			
Derivative instruments, net	$ —	$ (12,229)	$ —
Contingent consideration	—	—	(6,439)
Total liabilities	$ —	$ (12,229)	$ (6,439)
Redeemable noncontrolling interest	$ —	$ —	$ (55,696)

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

As of December 31, 2021

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Derivative instruments, net	$ —	$ 136	$ —
Deferred compensation plan asset	28,572	—	—
Total assets	$ 28,572	$ 136	$ —
Liabilities			
Derivative instruments, net	$ —	$ —	$ —
Contingent consideration	—	—	(9,600)
Total liabilities	$ —	$ —	$ (9,600)
Redeemable noncontrolling interest	$ —	$ —	$ (56,316)

The table above has been updated from the amounts included as of December 31, 2021 presented in the Annual Report on Form 10-K filed with the SEC on March 3, 2022 to include the fair value of the investments maintained as an asset for the deferred compensation plan.

Deferred Compensation Plan — The Company maintains a non-qualified deferred compensation plan structured as a Rabbi trust for certain eligible employees. The plan assets are invested in a variety of equity and bond mutual funds. The deferred compensation asset represents the combined fair value of all the funds based on quoted values and market observable inputs.

Contingent Consideration - The Company recorded contingent consideration payable related to the acquisitions of the U.S. and U.K. assets of VoiceFoundry ("VFUS") and the remaining VoiceFoundry business ("VF ASEAN") that closed during 2020, and Faneuil that closed in 2022. The contingent payable for VF US was calculated using a Monte Carlo simulation including a discount rate of 23.1%. The contingent payable for VF ASEAN was calculated using a Monte Carlo simulation including a discount rate of 18.4%. The contingent payables for Faneuil were calculated using a Monte Carlo simulation including a discount rate of 19.3%. The measurements were based on significant inputs not observable in the market. The Company records interest expense each period using the effective interest method until the future value of these contingent payments reaches the expected total future value.

During the fourth quarter of 2020, the first quarter of 2021, the second quarter of 2021 and the fourth quarter of 2021, the Company recorded fair value adjustments to the contingent consideration associated with the VF US and VF ASEAN acquisitions based on increased actual results and estimates of EBITDA for 2021 which caused the payables to increase. Accordingly, a combined $4.3 million increase, $0.9 million increase, $0.2 million increase and a $0.1 million increase to the payables were recorded as of December 31, 2020, March 31, 2021, June 30, 2021 and December 31, 2021, respectively, and were included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss). The future contingent consideration for the VF US and VF ASEAN acquisitions were finalized at $9.6 million and were paid during March 2022.

During the third quarter of 2022, a fair value adjustment of $2.4 million net benefit was recorded related to fair value adjustments of the estimated contingent payments associated with the Faneuil acquisition based on updated discount factor for one contract and a complete reduction for the second contract as it was not awarded to the Company. The fair value adjustment benefit was included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss).

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Contingent Receivables – The Company recorded a contingent receivable related to the Faneuil acquisition that closed in 2022. During the third quarter of 2022, the Company recorded a fair value adjustment for the receivable based on current information which caused the receivable to decrease, and a $4.4 million expense was included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss).

A rollforward of the activity in the Company's fair value of the contingent consideration payable is as follows (in thousands):

	December 31, 2021	Acquisitions	Payments	Imputed Interest / Adjustments	September 30, 2022
VF US	$ (7,414)	$ —	$ 7,414	$ —	$ —
VF ASEAN	(2,186)	—	2,186	—	—
Faneuil	—	(8,816)	—	2,377	(6,439)
Total	$ (9,600)	$ (8,816)	$ 9,600	$ 2,377	$ (6,439)

A rollforward of the activity in the Company's fair value of the contingent consideration receivable is as follows (in thousands):

	December 31, 2021	Acquisitions	Payments	Imputed Interest / Adjustments	September 30, 2022
Faneuil	$ —	$ 10,370	$ —	$ (4,447)	$ 5,923
Total	$ —	$ 10,370	$ —	$ (4,447)	$ 5,923

(8) IMPAIRMENT OF ASSETS

During each of the periods presented, the Company evaluated the recoverability of its leasehold improvement assets at certain customer engagement centers as well as all internally developed software projects. An asset group is considered to be impaired when the anticipated undiscounted future cash flows of its asset group is estimated to be less than the asset group's carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. To determine fair value, the Company used Level 3 inputs in its discounted cash flows analysis. Assumptions included the amount and timing of estimated future cash flows and assumed discount rates. During the three and nine months ended September 30, 2022, the Company recognized impairment losses, net related to leasehold improvements assets, right of use lease assets, internally developed software and certain computer equipment of $2.9 million and $13.3 million, respectively, across the TTEC Digital and TTEC Engage segments.

(9) INCOME TAXES

The Company accounts for income taxes in accordance with the accounting literature for income taxes, which requires recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the Consolidated Financial Statements. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse. Quarterly, the Company assesses the likelihood that its net deferred tax assets will be recovered. Based on the weight of all available evidence, both positive and negative, the Company records a valuation allowance against deferred tax assets when it is more-likely-than-not that a future tax benefit will not be realized. The Company's selection of an accounting policy with respect to both the global intangible low taxed foreign income ("GILTI") and base erosion and anti-abuse tax ("BEAT") rules is to compute the related taxes in the period the entity becomes subject to either GILTI or BEAT.

As of September 30, 2022, the Company had $19.5 million of net deferred tax assets (after a $25.0 million valuation allowance) and a net deferred tax asset of $15.2 million (after deferred tax liabilities of $4.3 million) related to the United States and international tax jurisdictions whose recoverability is dependent upon future profitability.

The effective tax rate for the three and nine months ended September 30, 2022 was 15.2% and 17.7%, respectively. The effective tax rate for the three and nine months ended September 30, 2021 was 30.6% and 21.9%, respectively.

The Company's U.S. income tax returns filed for the tax years ending December 31, 2017 to present, remain open tax years. The Company has been notified of the intent to audit or is currently under audit of income taxes for the United States for tax year 2017 and 2018, the Philippines for tax year 2020, the state of California for tax years 2017 through 2018, the state of Washington for tax years 2017 through 2019, the state of Missouri for tax years 2019 and 2020, and India for tax years 2017 through 2019. Although the outcome of examinations by taxing authorities are always uncertain, it is the opinion of management that the resolution of these audits will not have a material effect on the Company's Consolidated Financial Statements.

When there is a change in judgment concerning the recovery of deferred tax assets in future periods, a valuation allowance is recorded into earnings during the quarter in which the change in judgment occurred. In the first, third and fourth quarters of 2021, changes to the valuation allowance were recorded in the amount of $2.4 million, $6.4 million and $5.1 million, respectively, for assets that did not meet the "more-likely-than-not" standard. In the first, second and third quarters of 2022, $1.3 million, $0.6 million and $2.5 million, respectively, were released from the valuation allowance for assets that are expected to be recognized in the future.

The Company has been granted "Tax Holidays" as an incentive to attract foreign investment by the government of the Philippines. Generally, a Tax Holiday is an agreement between the Company and a foreign government under which the Company receives certain tax benefits in that country, such as exemption from taxation on profits derived from export-related activities. In the Philippines, the Company has been granted multiple agreements with an initial period of tax at 0% for four years, which will be fully expired in 2022 and additional periods at a reduced tax rate, expiring at various times beginning in 2030. The aggregate benefit to income tax expense for the three months ended September 30, 2022 and 2021 was approximately $0.3 million and $0.5 million, respectively, which had an impact on diluted net income per share of $0.01 and $0.01, respectively. The aggregate effect on income tax expense for the nine months ended September 30, 2022 and 2021, was approximately $1.3 million and $4.2 million benefit, respectively, which had an impact on diluted net income per share of $0.03 and $0.09, respectively.

(10) COMMITMENTS AND CONTINGENCIES

Credit Facility

On November 23, 2021, the Company entered into a Sixth Amendment to the Amended and Restated Credit Agreement (the "Credit Agreement") originally dated June 3, 2013, (collectively, the "Credit Facility") to convert the $300 million term loan included in the total Credit Facility commitments, that was previously agreed on March 25, 2021 as part of the Fifth Amendment to the Credit Agreement, into a $1.5 billion senior secured revolving Credit Facility with a syndicate of lenders led by Wells Fargo, National Association, as agent, swingline and fronting lender. The Credit Facility matures on November 23, 2026. We primarily use our Credit Facility to fund working capital, general operations, dividends, acquisitions and other strategic activities.

On March 25, 2021, the Company entered into a Fifth Amendment to its Credit Agreement and Credit Facility to increase the total commitments by $300 million to $1.2 billion by exercising the accordion feature that was included in the senior secured revolving credit facility. The $300 million increase was in the form of a term loan, could be prepaid anytime and would become due February 14, 2024, contemporaneously with the expiration of the revolving line of credit.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The maximum commitment under the Credit Facility is $1.5 billion in the aggregate, if certain conditions are satisfied. The Credit Facility commitment fees are payable to the lenders in an amount equal to the unused portion of the Credit Facility multiplied by a rate per annum as determined by reference to the Company's net leverage ratio. The Credit Agreement contains customary affirmative, negative, and financial covenants. The Credit Agreement permits accounts receivable factoring up to the greater of $100 million or 25 percent of the average book value of all accounts receivable over the most recent twelve-month period. The Credit Agreement also permits the utilization of up to $100 million of limits within the Credit Facility for letters of credit to be used in the business.

Base rate loans bear interest at a rate equal to the greatest of (i) Wells Fargo's prime rate, (ii) one half of 1% in excess of the federal funds effective rate, and (iii) 1.25% in excess of the one month LIBOR; plus in each case a margin of 0% to 0.75% based on the Company's net leverage ratio. Eurodollar loans bear interest at LIBOR plus a margin of 1.0% to 1.75% based on the Company's net leverage ratio. Alternate currency loans bear interest at rates applicable to their respective currencies.

Letter of credit fees are one eighth of 1% of the stated amount of the letter of credit on the date of issuance, renewal or amendment, plus an annual fee equal to the borrowing margin for Eurodollar loans.

The Company primarily utilizes its Credit Facility to fund working capital, general operations, dividends and other strategic activities, such as the acquisitions described in Note 2. As of September 30, 2022 and December 31, 2021, the Company had borrowings of $955.0 million and $791.0 million, respectively, under its Credit Facility, and its average daily utilization was $1,023.6 million and $747.9 million for the nine months ended September 30, 2022 and 2021, respectively. During early April 2021, the Company increased borrowings by approximately $500 million in connection with the acquisition of Avtex (see Note 2). Based on the current level of availability based on the covenant calculations, the Company's remaining borrowing capacity was approximately $370 million as of September 30, 2022. As of September 30, 2022, the Company was in compliance with all covenants and conditions under its Credit Agreement.

Letters of Credit

As of September 30, 2022, outstanding letters of credit under the Credit Facility totaled $2.6 million and primarily guaranteed workers' compensation and other insurance related obligations. As of September 30, 2022, letters of credit and contract performance guarantees issued outside of the Credit Agreement totaled $0.3 million.

Guarantees

Indebtedness under the Credit Agreement is guaranteed by certain of the Company's present and future domestic subsidiaries.

Legal Proceedings

From time to time, the Company has been involved in legal actions, both as plaintiff and defendant, which arise in the ordinary course of business. The Company accrues for exposures associated with such legal actions to the extent that losses are deemed both probable and reasonably estimable. To the extent specific reserves have not been made for certain legal proceedings, their ultimate outcome, and consequently, an estimate of possible loss, if any, cannot reasonably be determined at this time.

Based on currently available information and advice received from counsel, the Company believes that the disposition or ultimate resolution of any current legal proceedings, except as otherwise specifically reserved for in its financial statements, will not have a material adverse effect on the Company's financial position, cash flows or results of operations.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(11) DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Revenue recognized for the nine months ended September 30, 2022 from amounts included in deferred revenue as of December 31, 2021 was $196.5 million. Revenue recognized for the nine months ended September 30, 2021 from amounts included in deferred revenue as of December 31, 2020 was $126.0 million.

Remaining performance obligations (RPO) represent the amount of contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods. The Company's RPO excludes performance obligations from on-demand arrangements as there are no minimum purchase commitments associated with these arrangements, and certain time and materials contracts that are billed in arrears.

As of September 30, 2022, the Company's RPO was $293.8 million, which will be delivered and recognized within the next three years. However, the amount and timing of revenue recognition are generally driven by customer consumption, which can extend beyond the original contract term in cases where customers are permitted to roll over unused capacity to future periods, generally upon the purchase of additional capacity at renewal.

(12) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents changes in the accumulated balance for each component of Other comprehensive income (loss), including current period other comprehensive income (loss) and reclassifications out of accumulated other comprehensive income (loss) (in thousands):

	Foreign Currency Translation Adjustment	Derivative Valuation, Net of Tax	Other, Net of Tax	Totals
Accumulated other comprehensive income (loss) at December 31, 2020	$ (78,139)	$ 8,431	$ (2,448)	$ (72,156)
Other comprehensive income (loss) before reclassifications	(17,598)	(11,817)	251	(29,164)
Amounts reclassified from accumulated other comprehensive income (loss)	—	3,113	(216)	2,897
Net current period other comprehensive income (loss)	(17,598)	(8,704)	35	(26,267)
Accumulated other comprehensive income (loss) at September 30, 2021	$ (95,737)	$ (273)	$ (2,413)	$ (98,423)
Accumulated other comprehensive income (loss) at December 31, 2021	$ (95,547)	$ (40)	$ (2,839)	$ (98,426)
Other comprehensive income (loss) before reclassifications	(44,944)	(7,774)	627	(52,091)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1,184)	(203)	(1,387)
Net current period other comprehensive income (loss)	(44,944)	(8,958)	424	(53,478)
Accumulated other comprehensive income (loss) at September 30, 2022	$ (140,491)	$ (8,998)	$ (2,415)	$ (151,904)

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following table presents the classification and amount of the reclassifications from Accumulated other comprehensive income (loss) to the Statement of Comprehensive Income (Loss) (in thousands):

	For the Three Months Ended September 30,		Statement of Comprehensive Income (Loss) Classification
	2022	2021	
Derivative valuation			
(Loss)/gain on foreign currency forward exchange contracts	$ (1,724)	$ 947	Revenue
Tax effect	448	(247)	Provision for income taxes
	$ (1,276)	$ 700	Net income (loss)
Other			
Actuarial loss on defined benefit plan	$ (75)	$ (80)	Cost of services
Tax effect	8	8	Provision for income taxes
	$ (67)	$ (72)	Net income (loss)

	For the Nine Months Ended September 30,		Statement of Comprehensive Income (Loss) Classification
	2022	2021	
Derivative valuation			
Gain on foreign currency forward exchange contracts	$ (1,598)	$ 4,207	Revenue
Tax effect	414	(1,094)	Provision for income taxes
	$ (1,184)	$ 3,113	Net income (loss)
Other			
Actuarial loss on defined benefit plan	$ (226)	$ (240)	Cost of services
Tax effect	23	24	Provision for income taxes
	$ (203)	$ (216)	Net income (loss)

(13) WEIGHTED AVERAGE SHARE COUNTS

The following table sets forth the computation of basic and diluted shares for the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Shares used in basic earnings per share calculation	47,207	46,984	47,087	46,857
Effect of dilutive securities:				
Restricted stock units	107	364	258	515
Performance-based restricted stock units	—	—	9	—
Total effects of dilutive securities	107	364	267	515
Shares used in dilutive earnings per share calculation	47,314	47,348	47,354	47,372

For the three months ended September 30, 2022 and 2021, there were Restricted Stock Units (“RSUs”) of 542 thousand and four thousand, respectively, outstanding which were excluded from the computation of diluted net income per share because the effect would have been anti-dilutive. For the nine months ended September 30, 2022 and 2021, there were RSUs of 377 thousand and 78 thousand, respectively, outstanding which were excluded from the computation of diluted net income per share because the effect would have been anti-dilutive.

(14) EQUITY-BASED COMPENSATION PLANS

All equity-based awards to employees are recognized in the Consolidated Statements of Comprehensive Income (Loss) at the fair value of the award on the grant date. During the three and nine months ended September 30, 2022 and 2021, the Company recognized total equity-based compensation expense of $5.4 million and $13.2 million and $4.6 million and $12.0 million, respectively. Of the total compensation expenses, $2.2 million and $5.4 million were recognized in Cost of services and $3.2 million and $7.8 million were recognized in Selling, general and administrative during the three and nine months ended September 30, 2022, respectively. During the three and nine months ended September 30, 2021, the Company recognized compensation expense of $2.0 million and $4.4 million in Cost of services and $2.6 million and $7.6 million in Selling, general and administrative, respectively.

Restricted Stock Unit Grants

During the nine months ended September 30, 2022 and 2021, the Company granted 365,515 and 219,883 RSUs, respectively, to new and existing employees, which vest over four to five years. The Company recognized compensation expense related to RSUs of $5.0 million and $12.4 million for the three and nine months ended September 30, 2022, respectively. The Company recognized compensation expense related to RSUs of $4.1 million and $10.0 million for the three and nine months ended September 30, 2021, respectively. As of September 30, 2022, there was approximately $45.2 million of total unrecognized compensation cost (including the impact of expected forfeitures) related to RSUs granted under the Company's equity plans.

Performance Based Restricted Stock Unit Grants

During 2019, the Company awarded performance restricted stock units ("PRSUs") that were subject to service and performance vesting conditions. If defined minimum targets were met, the annual value of the PRSUs issued would be between $0.4 million and $1.4 million and vest immediately. If the defined minimum targets were not met, then no shares would be issued. The award amounts were based on the Company's annual adjusted operating income for the fiscal years 2019, 2020 and 2021. Each fiscal year's adjusted operating income determined the award amount. The Company recognized compensation expense related to the 2019 PRSUs of $0.3 million and $0.8 million for the three and nine months ended September 30, 2021, respectively.

During 2020, the Company awarded PRSUs that are subject to service and performance vesting conditions. If defined minimum targets are met, the annual value of the PRSUs issued will be between $0.2 million and $2.0 million and vest immediately. If the defined minimum targets are not met, then no shares will be issued. The number of shares awarded are based on the Company's annual revenue and adjusted operating income for the fiscal years 2021 and 2022. Each fiscal year's revenue and adjusted operating income will determine the award amount. The Company recognized compensation expense related to the 2020 PRSUs of $0.3 million and $0.8 million, respectively, for the three and nine months ended September 30, 2022. The Company recognized compensation expense related to the 2020 PRSUs of $0.2 million and $1.2 million, respectively, for the three and nine months ended September 30, 2021.

During 2021, the Company awarded PRSUs that are subject to service and performance vesting conditions. If defined minimum targets are met, the annual value of the PRSUs issued will be between $1.2 million and $4.9 million and vest immediately in 2024. If the defined minimum targets are not met, then no shares will be issued. The number of shares that will be awarded will be based on the Company's annual revenue and adjusted operating income for the fiscal year 2023. Expense for these awards will begin at the start of the requisite service period, beginning January 1, 2023.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

During 2022, the Company made awards of two different PRSU programs that are subject to service and performance vesting conditions: ordinary course annual PRSUs and one-time stretch financial goals PRSUs. For the ordinary course annual PRSUs, if defined minimum targets are met, the annual value of the PRSUs issued will be between $0.9 million and $3.5 million and vest immediately in March 2025. If the defined minimum targets are not met, then no shares will be issued. The number of shares that will be awarded will be based on the Company's annual revenue and adjusted EBITDA for the fiscal year 2024. For the one-time stretch financial goals PRSUs, if defined minimum targets at TTEC Engage and TTEC Digital business segments' levels are met, the number of shares of PRSUs issued will be between 0.0 million shares and 0.5 million shares and will vest immediately in March 2026. If the defined minimum targets are not met, then no shares will be issued. The number of shares to be awarded will be based on the TTEC Engage and TTEC Digital business segments' annual revenue and adjusted EBITDA for the fiscal year 2025. Expense for these awards will begin at the start of the requisite service period, beginning January 1, 2024 and January 1, 2025, respectively.

(15) RELATED PARTY TRANSACTIONS

The Company entered into an agreement under which Avion, LLC ("Avion") and Airmax LLC ("Airmax") provide certain aviation flight services as requested by the Company. Such services include the use of an aircraft and flight crew. Kenneth D. Tuchman, Chairman and Chief Executive Officer of the Company, has an indirect 100% beneficial ownership interest in Avion and Airmax. During the nine months ended September 30, 2022 and 2021, the Company expensed $0.4 million and $0.5 million, respectively, to Avion and Airmax for services provided to the Company. There was $72 thousand in payments due and outstanding to Avion and Airmax as of September 30, 2022.

Ms. Regina M. Paolillo, Global Chief Operating Officer of the Company, was a member of the board of directors of Welltok, Inc., a consumer health SaaS company, and partner of the Company in the TTEC Welltok joint venture. During the nine months ended September 30, 2022 and 2021, the Company recorded revenue of $0.5 million and $1.2 million, respectively, in connection with work performed through the joint venture. As of December 2021, Ms. Paolillo is no longer a member of the board of directors of Welltok, Inc. and the joint venture has been wound down, but TTEC continues to service revenue for Welltok, Inc.

Ms. Paolillo is a member of the board of directors of Unisys (NYSE: UIS), a global information technology company. During the nine months ended September 30, 2022 and 2021, the Company recorded revenue of $0.1 million and $0.4 million, respectively, in connection with services performed for Unisys.

Ms. Paolillo is a member of the board of directors of Alight (NYSE: ALIT), a provider of digital human capital and business solutions. Starting in November 2022, the Company engaged Alight to provide certain benefit communication and enrollment services. During the nine months ended September 30, 2022, the Company did not have any expenses for these services.

Ms. Michelle Swanback, Chief Executive Officer of TTEC Engage, is a member of the board of directors of WTW (NYSE: WTW) (fka "Willis Towers Watson"), that provides compensation consulting and insurance brokerage services to the Company. During the nine months ended September 30, 2022, the Company expensed $0.9 million for these services.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995, relating to our operations, expected financial position, results of operation, and other business matters that are based on our current expectations, assumptions, and projections with respect to the future, and are not a guarantee of performance. In this report, when we use words such as “may,” “believe,” “plan,” “will,” “anticipate,” “estimate,” “expect,” “intend,” “project,” “would,” “could,” “target,” or similar expressions, or when we discuss our strategy, plans, goals, initiatives, or objectives, we are making forward-looking statements.

We caution you not to rely unduly on any forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements, and you should review and consider carefully the risks, uncertainties and other factors that affect our business and may cause such differences as outlined in Part II. Item 1A Risk Factors of this report and Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021. Important factors that could cause our actual results to differ materially from those indicated in the forward looking statements include, among others, the risks related to our business operations and strategy, including the risks related to our strategy execution in a competitive market; our ability to innovate and introduce technologies that are sufficiently disruptive to allow us to maintain and grow our market share; risks inherent in the reliability of our information technology systems; risks related to our information technology infrastructure’s cybersecurity in general, and criminal activity such as ransomware, other malware and data exfiltration or destruction in particular, which can impact our ability to consistently deliver uninterrupted service to our clients and may result in government enforcement actions, regulatory investigations, fines, penalties, and private legal actions; our dependence on third parties for our cloud solutions; risks inherent in our transition to a work from home environment; our ability to attract and retain qualified and skilled personnel at a price point that we can afford and our clients are willing to pay; our M&A activity, including our ability to identify, acquire and properly integrate acquired businesses in accordance with our strategy; the risk related to our international operations including risks associated with the Russian invasion of Ukraine in the first quarter of 2022 and impacts it may have on our clients’ European based businesses and the Company’s business; the risks related to legal and regulatory impact on our operations, including rapidly changing laws that regulate our and our clients’ business, such as data privacy and data protection laws, cyber security regulations, regulatory changes impacting our healthcare businesses, financial and public sector specific regulations, our ability to comply with these laws timely and cost effectively; the cost of wage and hour litigation in the United States; the impact of the post COVID-19 pandemic economic recovery and regulatory realities on our business and our clients’ business; and risks inherent in our equity structure including our controlling shareholder risk, and Delaware choice of dispute resolution risks.

Our forward-looking statements speak only as of the date that this report is filed with the United States Securities and Exchange Commission (“SEC”). We undertake no obligation to update them, except as may be required by applicable law. Although we believe that our forward-looking statements are reasonable, they depend on many factors outside of our control and we can provide no assurance that they will prove to be correct.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

TTEC Holdings, Inc. ("TTEC", "the Company", "we", "our" or "us"; pronounced "T-TEC") is a leading global customer experience as a service ("CXaaS") partner for many of the world's most iconic and disruptive brands. TTEC designs, builds, orchestrates, and delivers seamless digitally enabled customer experiences that are designed to increase brand value, customer loyalty, revenue, and profitability through personalized, outcome-based interactions. We help clients improve their customer satisfaction while lowering their total cost to serve by combining innovative digital solutions with service capabilities that deliver a frictionless customer experience ("CX") across different channels and phases of the customer lifecycle.

The Company operates and reports its financial results of operation through two business segments: TTEC Digital and TTEC Engage.

- **TTEC Digital** is one of the largest pure-play CX technology service providers with expertise in CX strategy, digital consulting, and transformation enabled by proprietary CX applications and technology partnerships. TTEC Digital designs, builds, and operates robust digital experiences for clients and their customers through the contextual integration and orchestration of customer relationship management ("CRM"), data, analytics, CXaaS technology, and intelligent automation to ensure high-quality, scalable CX outcomes.
- **TTEC Engage** provides the digitally enabled CX managed services to support our clients' end-to-end customer interaction delivery at scale. The segment delivers omnichannel customer care, tech support, order fulfillment, customer acquisition, growth, and retention services with industry specialization and distinctive CX capabilities for hypergrowth brands. TTEC Engage also delivers digitally enabled back office and industry specific specialty services including artificial intelligence ("AI") operations, content moderation, and fraud management services.

TTEC Digital and TTEC Engage strategically come together under our unified offering, Humanify® CXaaS, which drives measurable customer results for clients through the delivery of personalized, omnichannel experiences. Our Humanify® cloud platform provides a fully integrated ecosystem of CX offerings, including messaging, AI, machine learning, robotic process automation, analytics, cybersecurity, CRM, knowledge management, journey orchestration, and traditional voice solutions. Our end-to-end CXaaS platform differentiates us from competitors by combining design, strategic consulting, technology, data analytics, process optimization, system integration, and operational excellence along with our decades of industry know-how. This unified offering is value-oriented, outcome-based and delivered to large enterprises, governments, and hypergrowth companies on a global scale.

During 2022, the TTEC global operating platform delivered onshore, nearshore, and offshore services in 20 countries on six continents -- the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Costa Rica, Germany, Greece, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Africa, Thailand, and the United Kingdom with the help of 62,700 consultants, technologists, and CX professionals.

Our revenue for third quarter 2022 was $592.5 million, approximately $117.9 million, or 20% which came from our TTEC Digital segment and $474.5 million, or 80%, which came from our TTEC Engage segment.

To improve our competitive position in a rapidly changing market and stay strategically relevant to our clients, we continue to invest in innovation and service offerings for both mainstream and high growth disruptive businesses, diversifying and strengthening our core customer care services with technology-enabled, outcomes-focused services, data analytics, insights and consulting.

We also invest to broaden our product and service capabilities, increase our global client base and industry expertise, tailor our geographic footprint to the needs of our clients, and further scale our end-to-end integrated solutions platform. To this end we have been highly acquisitive in the last several years, including in April 2022 the acquisition of certain citizen experience assets of Faneuil, Inc. that include healthcare exchange and transportation services contracts, which will expand our capabilities in the growing public sector market by building and operating technology-enabled citizen engagement solutions. We also completed an acquisition early in the second quarter of 2021 of a provider of Genesys and Microsoft cloud contact center services, which followed an acquisition in the second half of 2020 of a preferred Amazon Connect cloud contact center service provider.

We have extensive expertise in the healthcare, automotive, national/federal and state and local government, financial services, communications, technology, travel, logistics, media and entertainment, e-tail/retail, and transportation industries. We serve more than 765 diverse clients globally, including many of the world's iconic brands, Fortune 1000 companies, government agencies, and disruptive growth companies.

Cybersecurity Incident

In September 2021, TTEC experienced a ransomware incident that temporarily disrupted the Engage business segment's client support environment. Certain TTEC systems and data became encrypted and certain TTEC data was exfiltrated or destroyed. TTEC Digital business segment's information systems and client environment were not involved in the attack. TTEC activated its incident response and business continuity protocols, notified law enforcement, took appropriate measures to restore its systems and was able to restore operations for many impacted clients within hours of the start of the incident, with all client-facing systems returning to operations within five days of the incident.

We exercised reasonable efforts to identify data that may have been exfiltrated. We continue to monitor the situation, and we are not currently aware of evidence that exfiltrated data was publicly released. As of the date of this report, data involved in the incident has been analyzed for impact and notice obligations, and we provided appropriate regulatory and individual notices about the incident and its potential impacts.

With support from outside forensic experts, in the fourth quarter of 2021 TTEC completed its investigation of root causes and impacts of the cybersecurity incident and is working to harden the security of its information technology environment and is taking measures it believes to be appropriate to protect its systems and its data.

The Company performed appropriate procedures to validate the accuracy and completeness of information involved in its financial reporting, and we have no indication that the accuracy and completeness of any financial information was impacted as a result of the incident.

The temporary operational disruptions that occurred due to this incident did not have a long-term impact on our results of operations. We made additional investments in the hardening of our cybersecurity environment and the operational governance of our information technology systems during the fourth quarter of 2021 and continue to make further investments in 2022. We anticipate the likely investment to be at least $7 million in 2022 and beyond. The incident and any failure or perceived failure by us to comply with applicable privacy laws and cyber security regulations in connection with this incident resulted in certain government enforcement actions, regulatory investigations, fines, penalties, and private legal actions, which although significant, did not materially impact our results of operations and expenses associated with the incident. There can be no assurances however that future regulatory enforcement action would not have a material impact on the results of operations. In 2022, allegations were made against the Company about data privacy failures, which are typical when cybersecurity incidents result in data exfiltration. The Company settled these allegations without material impact to operations. We have also been notified by a state regulator that we violated certain cybersecurity regulations, which violations were subsequently remediated but will likely result in a fine. Other actual and potential consequences of the incident included and may include negative publicity, loss of client trust, reputational damage, litigation, contractual claims, financial judgement or settlements in excess of insurance, and disputes with insurance carriers concerning coverage. See, Part I, Item 1A Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021.

COVID-19 Pandemic

Through the period ended September 30, 2022 the COVID-19 pandemic has not had a material adverse impact on our operational or financial results. As of September 30, 2022 we have no continuing COVID-19 related surge work. Our clients continue to reposition their work in the post-pandemic environment, leveraging new ways of working, and evolving the use of technology. Based on currently available information, we cannot accurately predict the post-pandemic changes to our clients' businesses and their effect on the magnitude and timing of our clients' buying decisions. Further, while to date we have been successful in managing service delivery from a highly disbursed employee population working remotely, certain seasonal weather cycles and their potential impacts on power grid and internet availability for our employees working from home may impact our delivery capability with little notice, thus potentially impacting our results of operations in the future. The needs of the business and client requests now require for us to return some of our employees from remote work status to on-site work in our customer engage centers. Some employees are reluctant to return to traditional work on-sites and it may have impacts on our ability to staff projects and deliver services.

Our Integrated Service Offerings and Business Segments

We provide strategic value and differentiation through our two business segments: TTEC Digital and TTEC Engage.

TTEC Digital is one of the largest pure-play CX technology service providers with expertise in CX strategy, digital consulting and transformation enabled by proprietary CX applications and technology partnerships. TTEC Digital designs, builds, and operates robust digital experiences for clients and their customers through the contextual integration and orchestration of CRM, data, analytics, CXaaS technology, and intelligent automation to ensure high-quality, scalable CX outcomes.

- Technology Services: Our technology services design, integrate, and operate highly scalable, digital omnichannel technology solutions in the cloud, on premise, or hybrid environment, including journey orchestration, automation and AI, knowledge management, and workforce productivity.
- Professional Services: Our management consulting practices deliver customer experience strategy, analytics, process optimization, and learning and performance services.

TTEC Engage provides the digitally enabled CX managed services to support our clients' end-to-end customer interaction delivery at scale. The segment delivers omnichannel customer care, tech support, order fulfillment, customer acquisition, growth, and retention services with industry specialization and distinctive CX capabilities for hypergrowth brands. TTEC Engage also delivers digitally enabled back office and industry specific specialty services including AI operations, content moderation, and fraud management services.

- Customer Acquisition, Growth, and Retention Services: Our customer growth and acquisition services optimize the buying journeys for acquiring new customers by leveraging technology and analytics to deliver personal experiences that we believe increase the quantity and quality of leads and customers.
- Customer Care, Tech Support, and Order Fulfillment Services: Our customer care, technical support, and order fulfillment services provide turnkey contact center solutions, including digital omnichannel technologies, associate recruiting and training, facilities, and operational expertise to create exceptional customer experiences across all touchpoints.
- Digitally Enabled Back Office and Specialty Services: Our digital AI operations, content moderation, and fraud detection and prevention services provide clients with data tagging and annotation capabilities to train and enable AI platforms, community content moderation, and compliance to meet client content standards, and proactive fraud solutions to assist our clients in the detection and prevention of fraud.

Based on our clients' preference, we provide our services on an integrated cross-business segment and/or on a discrete basis.

Additional information with respect to our segments and geographic footprint is included in Part I, Item 1. Financial Statements, Note 3 to the Consolidated Financial Statements.

Financial Highlights

In the third quarter of 2022, our revenue increased $25.7 million, or 4.5%, to $592.5 million over the same period in 2021 including a decrease of $14.1 million, or 2.5%, due to foreign currency fluctuations. The increase in revenue was comprised of an ($6.1) million, or 5.0%, decrease for TTEC Digital and an increase of $31.9 million, or 7.2%, for TTEC Engage.

Our third quarter 2022 income from operations increased $9.6 million, or 36.8%, to $35.6 million or 6.0% of revenue, compared to $26.1 million or 4.6% of revenue in the third quarter of 2021. The increase in operating income is comprised of a number of factors across the segments. The TTEC Digital operating income decreased 6.9% due to decreased amortization expense offset by a continued investment in sales and marketing, product engineering, and geographic expansion. The TTEC Engage operating income increased 58.7% over the same period last year primarily related to the acquisition of Faneuil and other revenue increases offset by the ramp of several new programs, change in revenue mix away from COVID-surge programs, increased sales and marketing expenses, increased amortization of acquisition related intangible assets, and impairments of internally developed software and real estate leases.

Income from operations in the third quarter of 2022 and 2021 included $4.1 million and $0.2 million of restructuring charges and asset impairments, respectively.

Our offshore customer engagement centers spanning six countries serve clients based in the U.S. and in other countries with 19,980 workstations, representing 59% of our global delivery capability. Revenue for our TTEC Engage segment provided from these offshore locations represented 28% of our revenue for the third quarter of 2022, as compared to 31% of our revenue for the corresponding period in 2021.

Our seat utilization is defined as the total number of utilized workstations compared to the total number of available production workstations. As of September 30, 2022, the total production workstations for our TTEC Engage segment was 34,100 and the overall capacity utilization in our centers was 72% versus 62% in the prior year period. This significant improvement was driven by the Company's site optimization strategy as more and more clients are adopting the @Home operational platform on a permanent basis.

Post COVID-19 we expect our clients to leverage a more diversified geographic footprint and an increased mix of work from home versus brick and mortar seats. We will continue to refine our site strategy and capacity as we finalize plans with our clients and prospects.

We plan to continue to selectively retain and grow capacity and expand into new offshore markets, while maintaining appropriate capacity onshore, as some of our clients may be subject to regulatory pressures to serve clients onshore. As we grow our offshore delivery capabilities and our exposure to foreign currency fluctuation increases, we will continue to actively manage this risk via a multi-currency hedging program designed to minimize operating margin volatility.

Recently Issued Accounting Pronouncements

Refer to Part I, Item I, Financial Statements, Note 1 to the Consolidated Financial Statements for a discussion of recently adopted and issued accounting pronouncements.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of our Financial Condition and Results of Operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. We regularly review our estimates and assumptions. These estimates and assumptions, which are based upon historical experience and on various other factors believed to be reasonable under the circumstances, form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Reported amounts and disclosures may have been different had management used different estimates and assumptions or if different conditions had occurred in the periods presented. For further information, please refer to the discussion of all critical accounting policies in Note 1 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2021.

Results of Operations

Three months ended September 30, 2022 compared to three months ended September 30, 2021

The tables included in the following sections are presented to facilitate an understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and present certain information by segment for the three months ended September 30, 2022 and 2021 (amounts in thousands). All inter-company transactions between the reported segments for the periods presented have been eliminated.

TTEC Digital

	Three Months Ended September 30,			
	2022	2021	$ Change	% Change
Revenue	$ 117,938	$ 124,086	$ (6,148)	(5.0)%
Operating Income	8,070	8,670	(600)	(6.9)%
Operating Margin	6.8 %	7.0 %		

The decrease in revenue for the TTEC Digital segment was driven by decreases in the systems integration practice.

The operating income decrease is primarily attributable to a decrease in amortization expense and increased program gross margins offset by a continued investment in sales and marketing, product engineering and geographic expansion. Operating income as a percentage of revenue increased to 6.8% in the third quarter of 2022 as compared to 7.0% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $4.4 million and $6.0 million for the quarters ended September 30, 2022 and 2021, respectively.

TTEC Engage

	Three Months Ended September 30,			
	2022	2021	$ Change	% Change
Revenue	$ 474,515	$ 442,648	$ 31,867	7.2 %
Operating Income	27,534	17,355	10,179	58.7 %
Operating Margin	5.8 %	3.9 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of $83.6 million in client programs including the acquisition of Faneuil, offset by a decrease for program completions of $38.5 million and a $13.2 million decrease due to foreign currency fluctuations. The prior year revenue for the same period was impacted by the cybersecurity incident and reduced revenue by approximately $15.0 million.

The operating income increased primarily due to increased revenue and a net reimbursement from insurance of $6.8 million from the cybersecurity incident. These were offset by the change in revenue mix away from COVID-surge programs, ramp costs for the new programs, incremental growth-oriented investments, integration-related costs associated with the Faneuil acquisition, increased amortization of acquisition related intangible assets, $3.8 million of restructuring and impairment charges related to real estate leases and internally developed software that will not be used in the future, and $2.1 million of accelerated amortization of software. Prior year operating income for the same period was impacted by the cybersecurity incident which reduced the operating income by $19.5 million. As a result, operating income as a percentage of revenue increased to 5.8% in the third quarter of 2022 as compared to 3.9% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $4.6 million and $3.3 million for the quarters ended September 30, 2022 and 2021, respectively.

Interest Income (Expense)

For the three months ended September 30, 2022 interest income increased to $0.5 million from $0.2 million in the same period in 2021. Interest expense increased to $10.6 million during 2022 from $3.5 million during 2021 due to higher utilization of the line of credit and higher interest rates.

Other Income (Expense)

For the three months ended September 30, 2022 Other income (expense), net increased to net income of $3.9 million from net income of $3.3 million during the prior year quarter.

Included in the three months ended September 30, 2022 was a gain of $2.0 million due to insurance recovery related to property damages and a net $2.1 million expense related to the fair value adjustments of contingent consideration accruals and receivables for one acquisition.

Income Taxes

The effective tax rate for the three months ended September 30, 2022 was 15.2%. This compares to an effective tax rate of 30.6% for the comparable period of 2021. The effective tax rate for the three months ended September 30, 2022 was influenced by earnings in international jurisdictions currently under an income tax holiday, the distribution of income between the U.S. and international tax jurisdictions and the associated U.S. tax impacts of foreign earnings. Without a $1.7 million benefit related to equity compensation, a $0.4 million of expense from changes to valuation allowances and the related recording of a deferred tax liability, a $2.4 million benefit related to the amortization of purchased intangibles, a $1.0 million benefit related to restructuring and impairments, $2.0 million benefit related to tax contingencies, $0.7 million benefit related to tax rate changes, $1.8 million of expense related to the cybersecurity incident, and a $1.1 million benefit related to other items, the Company's normalized tax rate for the third quarter of 2022 was 24.2%.

Results of Operations

Nine months ended September 30, 2022 compared to nine months ended September 30, 2021

The tables included in the following sections are presented to facilitate an understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and present certain information by segment for the nine months ended September 30, 2022 and 2021 (in thousands). All intercompany transactions between the reported segments for the periods presented have been eliminated.

TTEC Digital

	Nine Months Ended September 30,		$ Change	% Change
	2022	2021		
Revenue	$ 348,112	$ 295,668	$ 52,444	17.7 %
Operating Income	25,296	22,438	2,858	12.7 %
Operating Margin	7.3 %	7.6 %		

The increase in revenue for the TTEC Digital segment was driven by increases in the cloud platform and the systems integration practice including the acquisition of Avtex.

The operating income increase is primarily attributable to the increased revenue from the acquisition of Avtex and other revenue partially offset by increased amortization of acquisition related intangible assets and continued investment in sales and marketing, product engineering and geographic expansion. Operating income as a percentage of revenue decreased to 7.3% for the nine months ended September 30, 2022 as compared to 7.6% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $15.5 million and $12.8 million for the nine months ended September 30, 2022 and 2021, respectively.

TTEC Engage

	Nine Months Ended September 30,		$ Change	% Change
	2022	2021		
Revenue	$ 1,437,317	$ 1,365,079	$ 72,238	5.3 %
Operating Income	94,502	142,841	(48,339)	(33.8)%
Operating Margin	6.6 %	10.5 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of $233.9 million in client programs including the acquisition of Faneuil, and offset by a $27.9 million decrease due to foreign currency fluctuations and a decrease for program completions of $133.8 million.

Operating income decreased due to the change in revenue mix away from COVID-surge programs, ramp costs for the new programs replacing COVID related work, incremental growth-oriented investments, integration-related costs associated with the Faneuil acquisition, increased amortization of acquisition related intangible assets, $17.2 million of restructuring and impairment charges related to real estate leases and internally developed software that will not be used in the future, and $2.1 million of accelerated amortization for software. These were partially offset by the acquisition of Faneuil, other revenue increases, a reduction in total facility costs and a net reimbursement from insurance of $3.2 million from the cybersecurity incident. Prior year operating income for the same period was impacted by the cybersecurity incident which reduced the operating income by $19.5 million. As a result, operating income as a percentage of revenue decreased to 6.6% for the nine months ended September 30, 2022 as compared to 10.5% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $12.6 million and $9.9 million for the nine months ended September 30, 2022 and 2021, respectively.

Interest Income (Expense)

For the nine months ended September 30, 2022 interest income increased to $1.0 million from $0.6 million in the same period in 2021. Interest expense increased to $20.5 million during 2022 from $8.7 million during 2021 due to higher utilization of the line of credit and higher interest rates.

Other Income (Expense)

For the nine months ended September 30, 2022 Other income (expense), net increased to net income of $11.3 million from net income of $3.5 million during the prior year period.

Included in the nine months ended September 30, 2022 was a gain of $4.1 million due to insurance recovery related to property damages and a net $2.1 million expense related to the fair value adjustments of contingent consideration accruals and receivables for one acquisition.

Included in the nine months ended September 30, 2021 was a $0.7 million expense related to the fair value adjustments of contingent consideration for two acquisitions.

Income Taxes

The effective tax rate for the nine months ended September 30, 2022 was 17.7%. This compared to an effective tax rate of 21.9% for the comparable period of 2021. The effective tax rate for the nine months ended September 30, 2022 was influenced by earnings in international jurisdictions currently under an income tax holiday, the distribution of income between the U.S. and international tax jurisdictions and associated U.S. tax impacts of foreign earnings. Without a $4.5 million benefit from restructuring and impairment expenses, a $0.8 million benefit related to the cybersecurity incident, a $1.5 million benefit related to changes in valuation allowances and the related recording of a deferred tax liability, a $7.3 million benefit related to the amortization of purchased intangibles, a $4.7 million benefit related to equity-based compensation, $1.7 million of expense related to tax contingencies, a $0.7 million benefit related to tax rate changes, and a $0.6 million benefit related to other items, the Company's normalized tax rate for 2022 was 23.2%.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash generated from operations, our cash and cash equivalents, and borrowings under our Credit Facility. During the nine months ended September 30, 2022, we generated positive operating cash flows of $118.8 million. We believe that our cash generated from operations, existing cash and cash equivalents, and available credit will be sufficient to meet expected operating and capital expenditure requirements for the next 12 months, however, if our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted.

We manage a centralized global treasury function in the United States with a focus on safeguarding and optimizing the use of our global cash and cash equivalents. Our cash is held in the U.S. in U.S. dollars, and outside of the U.S. in U.S. dollars and foreign currencies. We expect to use our cash to fund working capital, global operations, dividends, acquisitions, and other strategic activities. While there are no assurances, we believe our global cash is well protected given our cash management practices, banking partners and utilization of diversified bank deposit accounts and other high quality investments.

We have global operations that expose us to foreign currency exchange rate fluctuations that may positively or negatively impact our liquidity. We are also exposed to higher interest rates associated with our variable rate debt. To mitigate these risks, we enter into foreign exchange forward and option contracts through our cash flow hedging program. Please refer to Part I. Item 3. Quantitative and Qualitative Disclosures About Market Risk, Foreign Currency Risk, for further discussion.

In early April 2021, we drew down approximately $500 million of the availability on the Credit Facility in order to provide funding for the acquisition of Avtex Solutions Holdings, LLC.

Although we expect that current cash and cash equivalent balances and cash flows that are generated from operations will be sufficient to meet our domestic and international working capital needs and other capital and liquidity requirements for at least the next 12 months, if our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted.

The following discussion highlights our cash flow activities during the nine months ended September 30, 2022 and 2021.

Cash and Cash Equivalents

We consider all liquid investments purchased within 90 days of their original maturity to be cash equivalents. Our cash and cash equivalents totaled $172.3 million and $158.2 million as of September 30, 2022 and December 31, 2021, respectively. We diversify the holdings of such cash and cash equivalents considering the financial condition and stability of the counterparty institutions.

We reinvest our cash flows to grow our client base, expand our infrastructure, invest in research and development, for strategic acquisitions and to pay dividends.

Cash Flows from Operating Activities

For the nine months ended September 30, 2022 and 2021, net cash flows provided by operating activities was $118.8 million and $175.1 million, respectively. The decrease is primarily due to a $13.7 million decrease in net cash income from operations and a $42.5 million reduction in net working capital.

Cash Flows from Investing Activities

For the nine months ended September 30, 2022 and 2021, net cash flows used in investing activities was $206.8 million and $522.5 million, respectively. The decrease was due to a decrease related to acquisitions of $339.3 million offset by a $23.8 million increase in capital expenditures.

Cash Flows from Financing Activities

For the nine months ended September 30, 2022 and 2021, net cash flows provided by financing activities was $111.8 million and $362.5 million, respectively. The change in net cash flows from 2021 to 2022 was primarily due to a $256.0 million net change in the line of credit and a $3.4 million increase in dividends to shareholders, offset by a $4.4 million decrease in tax payments related to restricted stock units, and a $2.7 million decrease in payments on other debt.

Free Cash Flow

Free cash flow (see "Presentation of Non-GAAP Measurements" below for the definition of free cash flow) decreased for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to a decrease in net cash from operations, a decrease in working capital and higher capital expenditures. Free cash flow was $54.2 million and $134.3 million for the nine months ended September 30, 2022 and 2021, respectively.

Presentation of Non-GAAP Measurements

Free Cash Flow

Free cash flow is a non-GAAP liquidity measurement. We believe that free cash flow is useful to our investors because it measures, during a given period, the amount of cash generated that is available for debt obligations and investments other than purchases of property, plant and equipment. Free cash flow is not a measure determined by GAAP and should not be considered a substitute for “income from operations,” “net income,” “net cash provided by operating activities,” or any other measure determined in accordance with GAAP. We believe this non-GAAP liquidity measure is useful, in addition to the most directly comparable GAAP measure of “net cash provided by operating activities,” because free cash flow includes investments in operational assets. Free cash flow does not represent residual cash available for discretionary expenditures, since it includes cash required for debt service. Free cash flow also includes cash that may be necessary for acquisitions, investments and other needs that may arise.

The following table reconciles net cash provided by operating activities to free cash flow for our consolidated results (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	$ 27,542	$ 42,223	$ 118,813	$ 175,062
Less: Purchases of property, plant and equipment	28,774	17,185	64,564	40,778
Free cash flow	$ (1,232)	$ 25,038	$ 54,249	$ 134,284

Obligations and Future Capital Requirements

There were no material changes to the Company’s contractual obligations and future capital requirements outside the normal course of business from the date of our 2021 Form 10-K filing on March 3, 2022 through the filing of this report.

Future Capital Requirements

We expect total capital expenditures in 2022 to be between 3.0% and 3.2% of revenue. Approximately 65% of these expected capital expenditures are to support growth in our business and 35% relate to the maintenance for existing assets. The anticipated level of 2022 capital expenditures is primarily driven by new client contracts and the corresponding requirements for additional customer engagement center capacity as well as enhancements to our technological infrastructure.

The amount of capital required over the next 12 months will depend on our levels of investment in infrastructure necessary to maintain, upgrade or replace existing assets. Our working capital and capital expenditure requirements could also increase materially in the event of acquisitions or joint ventures, among other factors. These factors could require that we raise additional capital through future debt or equity financing. We can provide no assurance that we will be able to raise additional capital upon commercially reasonable terms acceptable to us.

Client Concentration

During the nine months ended September 30, 2022, one of our clients represented more than 10% of our total revenue. Our five largest clients, collectively, accounted for 34.3% and 36.2% of our consolidated revenue for the three months ended September 30, 2022 and 2021, respectively and 35.3% and 38.1% of our consolidated revenue for the nine months ended September 30, 2022 and 2021, respectively. We have had long-term relationships with our top five TTEC Engage clients, ranging from 16 to 23 years, with all of these clients having completed multiple contract renewals with us. The relative contribution of any single client to consolidated earnings is not always proportional to the relative revenue contribution on a consolidated basis and varies greatly based upon specific contract terms. In addition, clients may adjust business volumes served by us based on their business requirements. We believe the risk of this concentration is mitigated, in part, by the long-term contracts we have with our largest clients. Although certain client contracts may be terminated for convenience by either party, we believe this risk is mitigated, in part, by the service level disruptions and transition/migration costs that would arise for our clients if they terminated our contract for convenience.

Some contracts with our five largest clients expire between 2022 and 2023, but most of our largest clients have multiple contracts with us with different expiration dates for different lines of work. We have historically renewed most of our contracts with our largest clients, but there can be no assurance that future contracts will be renewed or, if renewed, will be on terms as favorable as the existing contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our consolidated financial position, consolidated results of operations, or consolidated cash flows due to adverse changes in financial and commodity market prices and rates. Market risk also includes credit and non-performance risk by counterparties to our various financial instruments. We are exposed to market risk due to changes in interest rates and foreign currency exchange rates (as measured against the U.S. dollar); as well as credit risk associated with potential non-performance of our counterparty banks. These exposures are directly related to our normal operating and funding activities. We enter into derivative instruments to manage and reduce the impact of currency exchange rate changes, primarily between the U.S. dollar/Philippine peso, the U.S. dollar/Mexican peso, and the Australian dollar/Philippine peso. To mitigate against credit and non-performance risk, it is our policy to only enter into derivative contracts and other financial instruments with investment grade counterparty financial institutions and, correspondingly, our derivative valuations reflect the creditworthiness of our counterparties. As of the date of this report, we have not experienced, nor do we anticipate, any issues related to derivative counterparty defaults.

Interest Rate Risk

The interest rate on our Credit Agreement is variable based upon the Prime Rate and LIBOR and, therefore, is affected by changes in market interest rates. As of September 30, 2022, we had $955.0 million of outstanding borrowings under the Credit Agreement. Based upon average outstanding borrowings during the three months ended September 30, 2022, interest accrued at a rate of approximately 3.5% per annum, respectively. If the Prime Rate or LIBOR increased by 100 basis points, there would be an annualized $1.0 million of additional interest expense per $100.0 million of outstanding borrowing under the Credit Agreement.

Foreign Currency Risk

Our subsidiaries in the Philippines, Mexico, India, Bulgaria and Poland use the local currency as their functional currency for paying labor and other operating costs. Conversely, revenue for these foreign subsidiaries is derived principally from client contracts that are invoiced and collected in U.S. dollars or other foreign currencies. As a result, we may experience foreign currency gains or losses, which may positively or negatively affect our results of operations attributed to these subsidiaries. For the nine months ended September 30, 2022 and 2021, revenue associated with this foreign exchange risk was 21% and 17% of our consolidated revenue, respectively.

In order to mitigate the risk of these non-functional foreign currencies weakening against the functional currencies of the servicing subsidiaries, which thereby decreases the economic benefit of performing work in these countries, we may hedge a portion, though not 100%, of the projected foreign currency exposure related to client programs served from these foreign countries through our cash flow hedging program. While our hedging strategy can protect us from adverse changes in foreign currency rates in the short term, an overall weakening of the non-functional foreign currencies would adversely impact margins in the segments of the servicing subsidiary over the long term.

Cash Flow Hedging Program

To reduce our exposure to foreign currency exchange rate fluctuations associated with forecasted revenue in non-functional currencies, we purchase forward and/or option contracts to acquire the functional currency of the foreign subsidiary at a fixed exchange rate at specific dates in the future. We have designated and account for these derivative instruments as cash flow hedges for forecasted revenue in non-functional currencies.

While we have implemented certain strategies to mitigate risks related to the impact of fluctuations in currency exchange rates, we cannot ensure that we will not recognize gains or losses from international transactions, as this is part of transacting business in an international environment. Not every exposure is or can be hedged and, where hedges are put in place based on expected foreign exchange exposure, they are based on forecasts for which actual results may differ from the original estimate. Failure to successfully hedge or anticipate currency risks properly could adversely affect our consolidated operating results.

Our cash flow hedging instruments as of September 30, 2022 and December 31, 2021 are summarized as follows (in thousands). All hedging instruments are forward contracts, except as noted.

As of September 30, 2022	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	9,000	$ 7,099	100.0 %	December 2022
Philippine Peso	8,455,000	158,359 (1)	42.5 %	June 2025
Mexican Peso	1,182,000	51,772	41.0 %	March 2025
		$ 217,230		

As of December 31, 2021	Local Currency Notional Amount	U.S. Dollar Notional Amount
Canadian Dollar	9,000	$ 7,022
Philippine Peso	8,472,000	164,295 (1)
Mexican Peso	1,422,500	63,002
		$ 234,319

(1) Includes contracts to purchase Philippine pesos in exchange for New Zealand dollars and Australian dollars, which are translated into equivalent U.S. dollars on September 30, 2022 and December 31, 2021.

The fair value of our cash flow hedges as of September 30, 2022 was assets/(liabilities) (in thousands):

	September 30, 2022	Maturing in the Next 12 Months
Canadian Dollar	$ (580)	$ (580)
Philippine Peso	(14,747)	(9,414)
Mexican Peso	3,169	2,074
	$ (12,158)	$ (7,920)

Our cash flow hedges are valued using models based on market observable inputs, including both forward and spot foreign exchange rates, implied volatility, and counterparty credit risk. The decrease in fair value from December 31, 2021 reflects changes in the currency translation between the U.S. dollar and Mexican peso and U.S. dollar and Philippine pesos.

We recorded net (losses)/gains of ($1.6) million and $4.2 million for settled cash flow hedge contracts and the related premiums for the nine months ended September 30, 2022 and 2021, respectively. These (losses)/gains were reflected in Revenue in the accompanying Consolidated Statements of Comprehensive Income (Loss). If the exchange rates between our various currency pairs were to increase or decrease by 10% from current period-end levels, we would incur a material gain or loss on the contracts. However, any gain or loss would be mitigated by corresponding increases or decreases in our underlying exposures.

Other than the transactions hedged as discussed above and in Part I, Item 1. Financial Statements, Note 6 to the Consolidated Financial Statements, the majority of the transactions of our U.S. and foreign operations are denominated in their respective local currency. However, transactions are denominated in other currencies from time-to-time. We do not currently engage in hedging activities related to these types of foreign currency risks because we believe them to be insignificant as we endeavor to settle these accounts on a timely basis. For the nine months ended September 30, 2022 and 2021, approximately 14% and 14%, respectively, of revenue was derived from contracts denominated in currencies other than the U.S. dollar. Our results from operations and revenue could be adversely affected if the U.S. dollar strengthens significantly against foreign currencies.

Fair Value of Debt and Equity Securities

We did not have any investments in marketable debt or equity securities as of September 30, 2022 or December 31, 2021.

ITEM 4. CONTROLS AND PROCEDURES

This report includes the certifications of our Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”) required by Rule 13a-14 of the Securities Exchange Act of 1934 (the “Exchange Act”). See Exhibits 31.1 and 31.2. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation under the supervision and with the participation of management, including the CEO and CFO, of the effectiveness of our disclosure controls and procedures, as of September 30, 2022, the end of the period covered by this Form 10-Q. Based on this evaluation, our CEO and CFO have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective at the reasonable assurance level.

Inherent Limitations of Internal Controls

Our management, including the CEO and CFO, believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of internal control are met. Further, the design of internal controls must consider the benefits of controls relative to their costs. Inherent limitations within internal controls include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of controls. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. While the objective of the design of any system of controls is to provide reasonable assurance of the effectiveness of controls, such design is also based in part upon certain assumptions about the likelihood of future events, and such assumptions, while reasonable, may not take into account all potential future conditions. Thus, even effective internal control over financial reporting can only provide reasonable assurance of achieving their objectives. Therefore, because of the inherent limitations in cost effective internal controls, misstatements due to error or fraud may occur and may not be prevented or detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Part I, Item 1. Financial Statements, Note 10 to the Consolidated Financial Statements of this Form 10-Q is hereby incorporated by reference.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A. Risk Factors in our 2021 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. In addition to the risk factors identified in our 2021 Annual Report, please consider the following additional Risk Factors.

Our operations in Europe, especially in former Eastern Bloc countries, may be impacted by the Russia-Ukraine conflict.

In February 2022, the Russian Federation invaded Ukraine, resulting in military actions, economic disruption in Europe, broad sanctions against Russia and its political and economic elite, and the mass exodus of refugees to Poland and other neighboring countries (the “Conflict”). More recently, the Russian Federation made open threats against various countries that support Ukraine in the Conflict and against European countries interested in joining the North Atlantic Treaty Organization (“NATO”). Although the specific nature of these threats is not clear, experts believe that Russia may use traditional warfare, cyber-attacks, or manipulation of supplies of energy to Europe to discourage anti-Russian sentiment and actions. Further, on April 27, 2022, Russia took an unprecedented step of breaching its gas supply contracts with Poland and Bulgaria where TTEC has operations. Lack of access to the Russian gas supply in Poland and Bulgaria may impact business operations in these countries and employees’ ability to deliver services. Although the full potential impact on TTEC’s or its clients’ European operations in general and on TTEC’s operations in Poland and Bulgaria, in particular, from the Russian aggression in Europe is not yet clear, if we are unable to continue delivering services from our current locations in Europe or if our clients reduce our service volumes because of the Conflict, our growth strategy, revenue generation and financial results of operations in Europe could be materially impacted.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

In November 2001, our Board of Directors (“Board”) authorized a stock repurchase program with the objective of increasing stockholder returns. The Board periodically authorizes additional increases to the program. The most recent Board authorization to purchase additional common stock occurred in February 2017, whereby the Board increased the program allowance by $25.0 million. Since inception of the program through September 30, 2022, the Board has authorized the repurchase of shares up to a total value of $762.3 million, of which we have purchased 46.1 million shares on the open market for $735.8 million. The Company did not repurchase any of its shares during the three months ended September 30, 2022. As of September 30, 2022 the remaining amount authorized for repurchases under the program was approximately $26.6 million. The stock repurchase program does not have an expiration date.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated Herein by Reference Form	Exhibit	Filing Date
10.60*	Separation Agreement between Regina M. Paolillo and TTEC Services Corporation effective December 31, 2022	10-Q	10.60	11/09/2022
10.81*	Employment Agreement between David Seybold and TTEC Digital, LLC effective November 28, 2022	10-Q	10.81	11/09/2022
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Label Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			
104	The cover page from TTEC Holdings, Inc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in Inline XBRL			

* Filed or furnished herewith.

SIGNATURES

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

		TTEC HOLDINGS, INC. (Registrant)
Date: November 9, 2022	By:	/s/ Kenneth D. Tuchman Kenneth D. Tuchman Chairman and Chief Executive Officer
Date: November 9, 2022	By:	/s/ Dustin J. Semach Dustin J. Semach Chief Financial Officer

November 1, 2022

PERSONAL & CONFIDENTIAL

Regina M. Paolillo
1441 Little Raven Street
Apt.# 33001
Denver, Colorado 80202

Dear Regina:

As we agreed, your retirement from TTEC Services Corporation ("the Company") will commence on (your employment will terminate effective) the close of business December 31, 2022 or an earlier date as you and the Company may mutually agree ("Separation Date"). This letter contains a Settlement Agreement and Release of Claims ("Letter Agreement") intended to resolve any and all obligations that you and the Company have to each other under a certain employment agreement dated May 1, 2018 ("Paolillo Employment Agreement") as amended; and any and all disputes arising from your employment and your separation from employment with the Company on mutually agreeable terms as set forth below. Please review it carefully, and if it is acceptable to you, sign below and submit your entire signed agreement to margaret.mclean@ttec.com.

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Separation Agreement is made between Ms. Regina Paolillo ("you") and the Company (collectively, the "Parties"). In consideration of the mutual promises and other benefits set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Severance Payment:** Provided that you sign and return this Separation Agreement, and it thereafter becomes effective as described in Section 13 below, you will receive a severance payment equivalent to eighteen (18) months of your base salary, for a total amount of *$712,500.00* ("Severance Salary Payment"), less applicable federal, state, and local taxes and other authorized deductions. Payment shall be payable in equal bi-weekly installments in accordance with the Company's normal payroll schedule, over the eighteen (18) months following the Separation Date.

2. **Other Compensation:**

   a. Base Pay Through Separation Date. You will receive payment for any Base Salary, earned through the Separation Date, less applicable taxes and authorized or required withholding deductions. Such payments will be made in accordance with Section 2 of the Paolillo Employment Agreement.

   b. Performance Based Equity Through Separation Date. Subject to the other terms of this Separation Agreement, the Company shall permit you to have the benefit of Performance Based Restricted Stock (PRSU) awards that you currently hold and that would vest (is paid out) before March 31, 2023; provided, however, that the Company reserves the right, but shall have no obligation, to 'cash out' the value of this to be vested PRSU equity (less customary taxes and withholdings) and, either way, the timing of the vesting or the cash-out shall be as provided in the relevant equity grant agreements.

3. **<u>Benefits:</u>** Your current medical, dental, vision and healthcare flexible spending account coverage (to the extent that you have a positive balance in that account as of today's date) will be continued for twelve (12) months after the Separation Date. After the Separation Date, you will continue your existing health insurance coverage, if any, pursuant to your rights under federal law (commonly referred to as "COBRA"). As consideration for this Settlement Agreement and Release of Claims and provided this Separation Agreement is signed and becomes effective, the Company will cover that portion of the cost of your COBRA coverage that reflects our then current contribution to your health and wellness benefits for a period of twelve (12) months ("Continuation of Benefits Payment"). You can receive information about COBRA via www.connectyourcare.com/ttec. If you are currently not participating in TTEC benefit programs, this section is not relevant to this Separation Agreement.

   All other benefit entitlements, if any, shall terminate as of the Separation Date.

4. **<u>"At-Will" Employment and Obligations:</u>** From the date of this Separation Agreement (which is the date first above written) until the Separation Date, your employment will remain "at-will" and you will be expected to perform at satisfactory acceptable levels as required by your position and as determined by the Company. You will be paid for your services in accordance with the Paolillo Employment Agreement. It is our expectation that you will support the Company's transition in connection with your separation and will provide support to Ken Tuchman, Shelly Swanback, Dustin Semach, and other members of the TTEC executive team, and others within TTEC as requested from time to time through the Separation Date. This Separation Agreement, and all obligations (including, but not limited to the Severance Payment and Benefits Continuation Payment hereunder, will terminate immediately in the event (a) you are terminated for cause, or (b) you breach your obligations hereunder. For purposes of this Separation Agreement, "cause" shall have the same meaning as delineated in the Paolillo Employment Agreement.

5. **<u>Confidentiality/Non-Compete/Non-Solicit/Non-Disparagement Obligations:</u>**

   (1) As you consider your future opportunities, please be aware of your continuing confidentiality, non-competition and non-solicitation obligations to TTEC (collectively, "Non-Compete Obligations") that you agreed to over time within the context of the commencement of your employment, as part of the Paolillo Employment Agreement and as part of various equity grant agreements including without limitation the most recent agreements of July 1, 2021 and 2022. As TTEC Global Chief Operating Officer and the Company's former Chief Financial Officer, you have access to TTEC's significant proprietary and confidential information and its clients, including TTEC company-wide global business strategy, financial and technology strategy, proprietary hiring, training and onboarding approaches and methodology, labor pricing and labor management, including without limitation TTEC trade secrets specifically related to your areas of responsibility in the human capital, finance, IT, Security, and Risk areas. Therefore, in addition to the provisions of various agreements that you signed at the time of the commencement of your employment and other agreements that you signed during the course of your employment, you agree as follows:

      a. <u>Confidentiality</u>. You will not use TTEC's Confidential Information in any role you may assume with a new employer, including in any consulting or independent contractor capacity;

b. Non-Compete Undertaking. For a period of eighteen (18) months post the Separation Date, you will not work or otherwise contribute your knowledge, directly or indirectly, in whole or in part, as an employee, officer, owner, manager, advisor, consultant, agent, partner, director, significant shareholder (i.e., a shareholder holding more than 5% of outstanding equity in any such entity), volunteer, intern or in any other similar capacity to a business/company engaged in the same or substantially similar business as the Company, its subsidiaries and affiliates, including the delivery of CX (customer experience) technology and orchestration services through public or proprietary cloud-based CXaaS (Customer Experience as a Service) platform; design, building, and operating omnichannel contact center technology, conversational messaging, CRM, automation (AI / ML and RPA), and analytics solutions; and digital customer engagement, customer acquisition & growth, content moderation, fraud prevention, and data annotation solutions (collectively, "TTEC Business"). The Non-Compete Undertaking shall apply throughout the entire territory where the Company actually benefits and where the Company may reasonably expect to benefit from your services – which given your role as global Chief Operating Officer for the Company would be globally, with respect to all aspects of TTEC Business that is substantially similar to the business that you, as TTEC global Chief Operating Officer, were primarily contributing in, while employed by TTEC.

c. Employees Non-Solicitation Undertaking. For a period of eighteen (18) months post the Separation Date, you shall not solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment, directly or indirectly, of any then current employee of the Company or its subsidiaries and affiliates or anyone who was an employee of the Company within previous six (6) month period; and

d. Client Non-Solicitation Undertaking. For a period of eighteen (18) months post the Separation Date, you shall not solicit or interfere with business relationships between the Company and its current or prospective (currently actively pursued) clients of the Company or any of its subsidiaries and affiliates for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company or any of its subsidiaries and affiliates.

e. Non-Disparagement. You agree not to disparage the Company, its parent company, TTEC Holdings, Inc., their employees, officers, subsidiaries, affiliates, and clients; nor members of TTEC executive leadership team, nor members of its Board of Directors.

(2) If you materially breach any of the covenants and undertakings agreed during your employment with the Company and in this Section 5 of the Separation Agreement:

a. All unvested RSU, PRSU, VCP-PRSU and other equity awards shall be immediately forfeited and cancelled.

b. The value of any equity awards that vested during the last four years of your employment with the Company (since January 2019) must be re-paid by you back to the Company, since the primary purpose of any equity award was to incentivize your performance and to ensure your loyalty to the Company, and will not have been realized by the Company, if you breach the aforementioned covenants.

c. You (but not to the exclusion of those who aid you in such breach) shall be liable for all other damages resulting from such breach; and

d. You hereby consent and agree that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief at law or specified in this agreement.

(3) As a senior executive at TTEC, you know firsthand that TTEC takes these Non-Compete Obligations very seriously and we enforce them through legal process. Please do not hesitate to reach out to Ms. Margaret McLean, our General Counsel, should you have any questions regarding your obligations or how possible employment prospects may be viewed with respect to your Non-Compete Obligations (Ms. McLean can be reached at (303)-397-8880 or margaret.mclean@ttec.com.)

6. Job Profile Information: You agree to update all social media profiles, including LinkedIn, Facebook, etc., to reflect that you are no longer employed with the Company no later than seven (7) days after Separation Date.

7. Continuing Obligations: You shall remain subject to the Company's Agreement to Protect Confidential Information, Assign Inventions and Prevent Unfair Competition and Unfair Solicitation ("Confidentiality Agreements"), Equity Agreements, and any other similar agreements executed at any time during your employment, including without limitation this Separation Agreement, all of which survive termination of employment.

8. Reimbursement for Business Expenses: Within five days of the Separation Date, you will provide to the Company expense reports detailing all items, if any, for which you seek reimbursement, and the required supporting documentation for such expenses. If you hold a corporate credit card account, and there is an outstanding amount due and owing on that account, you must submit documentation showing that the account has been paid in full within five days of the Separation Date and understand and agree that if you do not, the Company may withhold any amounts due and owing on that account from the Severance Payment. Your expense reports and supporting documentation will be subject to the same level of review that all other similar submissions receive from the Company's Accounting Department. The Company will reimburse you in accordance with its existing policies and procedures. In addition, you will provide supporting documentation for all previously filed expense reports and agree to cooperate with the Company's Accounting Department to resolve in good faith any issues relating to expenses. Reimbursement will be paid as soon as reasonably possible in conjunction with the payments under Section 1 of this Separation Agreement.

9. **Return and Prohibition of Removal of Company Property and Records:** Except as otherwise specifically provided in this Separation Agreement, you shall return all Company property and records on the Separation Date. In the event you fail to return such property or records provided herein, you shall be liable to the Company for the value of all such property and records, and all reasonable costs, including attorneys' fees, incurred by the Company in recovering such property or records. Company property and records shall include, but is not limited to, cell phones, pagers, mobile devices, tablets, laptops, printers, and any Company related document whether in written or electronic form and whether created by you or another person or entity. Company equipment, files or business information of any kind, whether written, electronic, digital, or otherwise, shall not be copied, taken or otherwise used by you without the prior written consent of the Company. In addition, the Company reserves the right to pursue all legal and equitable relief available for breach of this paragraph.

10. **Acknowledgment:** You understand and agree that, absent this Separation Agreement, you would not otherwise be entitled to the payment specified in Paragraph 1 of this Agreement. Further, by signing this Separation Agreement, you agree that you are entitled only to the payments described in this Separation Agreement and that you are not entitled to any payments that are not specifically listed in this Separation Agreement, excluding vested rights you may have pursuant to the Company's 401(k).

11. **General Release of All Claims:** In exchange for the Company's payments in Paragraph 1, you promise that you will not sue the Company, including its past and present parents, subsidiaries, partnerships, affiliated companies, officers, directors, employees, or agents. By signing below, you release the Company, including its past and present parents, subsidiaries, partnerships, affiliated companies, officers, directors, employees or agents (collectively, the "Released Parties"), from any and all claims you may have, known or unknown, that are releasable by private agreement, arising at any time through the date that this Separation Agreement becomes effective:

    a. Any and all rights or claims under any of the following laws: Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000-e, as amended; the Civil Rights Act of 1991; Sections 1981 through 1988 of Title 42 of the United States Code, as amended; the Family and Medical Leave Act of 1993, as amended; the Worker Adjustment and Retraining Notification Act, as amended; the Fair Labor Standards Act of 1938, as amended; the National Labor Relations Act; the Occupational Safety and Health Act, as amended; the Age Discrimination in Employment Act; the Americans with Disabilities Act of 1990, as amended; the Civil Rights Acts of 1866, 1871, and 1991; the Equal Pay Act of 1963; the Employee Retirement and Income Security Act of 1974, as amended; the Immigration Reform and Control Act, as amended; the Conscientious Employee Protection Act, the New Jersey Law Against Discrimination; the West Virginia Human Rights Act and any other federal, state, or local employment statute, law, or ordinance, including any and all claims of employment discrimination based on race, color, creed, religion, national origin, sex, age, marital status, disability, sexual orientation, lawful off-duty conduct, or retaliation; and

    b. Any and all common-law claims such as wrongful discharge, violation of public policy, breach of contract, promissory estoppel, defamation, negligence, infliction of emotional distress, any intentional torts, outrageous conduct, interference with contract, fraud, misrepresentation, and invasion of privacy; and

c. Any and all claims for any of the following: money damages (including actual, compensatory, liquidated or punitive damages), equitable relief such as reinstatement or injunctive relief, front or back pay, wages, commissions, bonuses, benefits, sick pay, PTO pay, vacation pay, costs, interest, expenses, attorney fees, or any other remedies; and

d. Any and all claims arising under any federal or state "whistleblower" law, including without limitation the Sarbanes-Oxley Act of 2002, the Whistleblower Protection Act, and common-law wrongful discharge in violation of public policy.

12. <u>Amicable Separation:</u> In consideration of the Company agreeing to pay the Separation Salary Payment, other payments (Section 2(b)) and the Continuation of Benefits Payment, you shall:

a. Cooperate fully with the Company on orderly transition of your responsibilities as Global Chief Operating Officer, including meetings with TTEC executive leadership, their direct reports and your direct reports and their respective teams, as appropriate; and the specific messaging about your departure;

b. Transition fully all business contacts, and all work in process;

c. Resign all your officer positions and directorships (“D&O Roles”) with any and all companies in TTEC family of companies, including those owned only in part by TTEC. Cooperate with TTEC on your replacement as a TTEC banking signatory. To the extent your replacements in any of the D&O Roles and banking signatory positions cannot be affected before the Separation Date, you agree to support the D&O Roles’ and banking signatory transition, post separation, in good faith, for a period not to exceed the eighteen (18) months during which the Severance Salary Payment is being made; provided however that the Company shall undertake all reasonable efforts to replace you in the D&O Roles and banking signatory roles, as soon as possible.

d. Cooperate with the Company in connection with any ongoing litigation where you are a principle person with direct information (e.g., a certain fiduciary liability claim, an executive non-compete enforcement, other as requested), during the transition and post separation, in good faith, for a period not to exceed the eighteen (18) months after the Separation Date, during which the Severance Salary Payment is being made.

e. Not disparage TTEC, its employees, officers, subsidiaries, affiliates and clients.

f. Not to engage with TTEC employees nor board members on any topics related to TTEC, unless specifically requested to do so.

13. <u>Age Waiver for Employee 40 Years Old or More:</u> By signing this Separation Agreement, you acknowledge that:

a. The General Release in this Separation Agreement includes a waiver and release of all claims you may have under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621 et seq.);

b. You have carefully read, and understand, this Separation Agreement;

c. You have twenty-one (21) days from the date of this Separation Agreement (stated at the top of the document) to consider your rights and obligations under this Separation Agreement ("Consideration Period"). You and the Company agree that any changes or negotiations pertaining to this Separation Agreement, whether material or non-material, do not restart the running of the Consideration Period. You may also elect to sign the Separation Agreement before the end of the Consideration Period and you will be deemed to have done so knowingly, voluntarily, and after giving the terms and conditions of this Separation Agreement your due deliberation;

d. You were, and hereby are, advised to consult with an attorney and/or any other advisors of your choice before signing this Separation Agreement;

e. You understand that this Separation Agreement is legally binding and by signing it you give up certain rights;

f. You have voluntarily chosen to enter into this Separation Agreement and have not been forced or pressured in any way to sign it;

g. You knowingly and voluntarily release the Released Parties from any and all claims you may have, known or unknown, in exchange for the payments and benefits you have obtained by signing this Separation Agreement, and that these payments are in addition to any payments or benefits you would have otherwise received if you did not sign this Separation Agreement;

h. You have seven (7) days from the date you sign this Separation Agreement to change your mind and revoke your acceptance. To be effective, your revocation must be in writing and tendered to TTEC Chief People Officer, 9197 S. Peoria Street, Englewood, Colorado 80112 Attn: Employment Separation Agreements, either by mail or by hand delivery (copy via email to *Michael.wellman@ttec.com*, within the seven (7) day period. If by mail, the revocation must be: 1) postmarked within the seven (7) day period; 2) properly addressed; and 3) sent by Certified Mail, Return Receipt Requested. The Separation Agreement will become effective on the eighth day after you sign it, provided you do not revoke your acceptance. You understand that the Company is not required to make the payments described herein unless and until this Separation Agreement becomes effective; and

i. You understand that this Separation Agreement does not waive any rights or claims that may arise after this Separation Agreement is signed and becomes effective, which is after the Company's actual receipt of your signed signature page and after the 7-day revocation period has expired.

14. Consideration Period for Employees Under 40 Years of Age: You have seven (7) days from the date of this Separation Agreement to consider and execute this Separation Agreement. You acknowledge and understand that this Separation Agreement shall not become effective or enforceable unless and until the Company receives a signed copy of this Separation Agreement.

15. Waiver of Rights under California Civil Code Section 1542: You acknowledge that the Release of Claims provided for in this Separation Agreement is a general release in all respects. As such, you acknowledge awareness of and hereby waive any rights and benefits afforded by California Civil Code Section 1542, which states: "A general release does not extend to claims which the creditor does not know or suspect to exist in [his] favor at the time of executing the release, which if known by [him] must have materially affected [his] settlement with the debtor." Notwithstanding that the Parties may hereafter discover facts different from or in addition to those they now know or believe to be true, you expressly waive all rights under Civil Code Section 1542 and any other statute or legal principle of similar effect.

16. **No Admission of Wrongdoing:** By entering into this Letter Agreement, neither you nor the Company nor any of the Released Parties suggest or admit any wrongdoing or violation of law.

17. **No Claims Filed:** As a condition of the Company entering into this Separation Agreement, you represent that you have not filed, and do not intend to file, any lawsuit against the Company, or any of the other Released Parties. This Separation Agreement shall not be construed to prohibit you from filing a charge or complaint with the National Labor Relations Board, the Equal Employment Opportunity Commission, or participating in any investigation or proceedings conducted by either entity; however, you agree that you are waiving your right to monetary recovery should any federal, state, or local administrative agency pursue any claims on your behalf arising out of or relating to your employment with and/or separation from employment with the Company.

18. **Confidentiality:** You are aware that as the TTEC "named executive officer," all compensation arrangements with you are subject to public disclosure. Other than this mandatory disclosure, you agree that the terms of this Separation Agreement are confidential and that you will not discuss or tell anyone about this Separation Agreement and not disclose any information contained in this Separation Agreement to anyone, other than your lawyer, financial advisor, immediate family members, or those in the Company who are involved in negotiations of the terms of the Agreement with you; unless compelled to do so by law. If you do tell your lawyer, financial advisor or immediate family members about this Separation Agreement or its contents, you must immediately tell them that they must keep it confidential as well.

    You acknowledge that this Separation Agreement does not prohibit you from reporting possible violations of federal law or regulation to a government agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, or any Inspector General, or from making other disclosures that are protected under the whistleblower provisions of federal law or regulation. You do not need the prior authorization of the Company to make any such reports or disclosures and you are not required to notify the Company that you have made such reports or disclosures.

19. **Breach of this Agreement:** You promise to abide by the terms and conditions in this Separation Agreement and understand that if you do not, the Company is entitled to seek damages and injunctive relief, including, but not limited to, its attorney's fees and costs as the prevailing party in an action to enforce a breach of this Separation Agreement.

20. **Entire Agreement:** This Separation Agreement, together with Agreement to Protect Confidential Information, Assign Inventions and Non-Solicitation, the Paolillo Employment Agreement, and Restricted Stock Unit Award Agreements and other equity award agreements (as applicable) (collectively, the "Employment Agreements") constitute the complete understanding between the Parties concerning all matters affecting your employment with the Company, the termination thereof and any ongoing responsibilities. You hereby affirm and will comply with any and all ongoing obligations contained in the Paolillo Employment Agreements, including obligations relating to confidentiality of Company information. Moreover, you acknowledge that no promises or representations have been made to induce

you to sign this Separation Agreement other than as expressly set forth herein and that you have signed this Separation Agreement as a free and voluntary act.

21. **Severability:** If any clause, provision or paragraph of this Separation Agreement is found to be void, invalid or unenforceable, such finding shall have no effect on the remainder of this Separation Agreement, which shall continue to be in full force and effect. Each provision of this Separation Agreement shall be valid and enforced to the fullest extent permitted by law. Notwithstanding the foregoing, however, if any restrictive covenants contained in Section 5 of this Separation Agreement are found to be void, invalid or unenforceable, the Company's obligation under the Section 1, 2 and 3 of this Separation Agreement dealing with Severance and Continuation of Benefits shall revert to the Company's standard severance policy in effect at the date of this Separation Agreement.

22. **Successors and Assigns.** This Separation Agreement shall bind the Company's successors and assigns and inure to the benefit of the Parties.

23. **Changes to the Agreement:** This Separation Agreement may not be changed unless the changes are in writing and signed by you and an authorized representative of the Company.

24. **Dispute Resolution and Governing Law:** All disputes in connection with this Separation Agreement shall be resolved as provided in the Paolillo Employment Agreement.

25. **Effective Date of this Agreement:** This Separation Agreement shall become effective on the date the Company receives this executed agreement and the applicable consideration and revocation periods set forth in Section 13 or 14 above (as appropriate) have fully lapsed.

If you agree, please sign and return to the Company as instructed above.

TTEC Services Corporation	By signing below, you accept this Separation Agreement and all of the terms herein.
By: ____________________________	________________________
Michael Wellman, **Chief People Officer**	**Regina Paolillo**
Date: November 1, 2022	Date: ____________________

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement") is by and between TTEC Digital, LLC, a Colorado company ("TTEC" or the "Company"), a wholly owned subsidiary of TTEC Holdings, Inc., a Delaware corporation ("TTEC Parent"), and David Seybold ("Executive" or "Seybold"), each a "Party" and together the "Parties." The Executive Employment Agreement is executed to be effective **November 28, 2022** ("Effective Date"). The Company and Seybold agree that the effective date may be sooner or later than December 8, 2022 due only to the final determination of Executive's current employment notice period.

1. APPOINTMENT.

a. Subject to the terms of this Agreement, the Company hereby appoints Mr. Seybold as Chief Executive Officer for the TTEC Digital business segment, and vests in him all the relevant responsibilities to lead the TTEC Digital business segment, including the P&L for the business, in the best interest of TTEC Parent and its shareholders, as directed by TTEC Parent Chief Executive Officer ("TTEC CEO") and its Board of Directors (the "Board"). In this role, the Executive will report to the TTEC CEO and will be a member of TTEC Parent's executive leadership team, known as the Executive Committee (the "EC"). For purposes of relevant U.S. federal securities laws, the Chief Executive Officer of TTEC Digital is a public company executive officer (known as a "Section 16 Officer"), subjecting the Executive to all of the various compliance requirements appropriate for Section 16 Officers. Please refer to *Exhibit A* to this Agreement for ***Directors and Executive Officers U.S. Securities Law Handbook*** for reference.

b. The Executive shall devote his full-time and best efforts to the performance of all duties contemplated by his role and responsibilities, and as assigned from time to time by the TTEC CEO or his delegates. Unless otherwise specifically authorized in writing by TTEC's Parent, Executive shall not engage in any other business activity, or otherwise be employed by any company other than TTEC and its affiliates. Notwithstanding the foregoing, Mr. Seybold is not precluded by the terms of this Agreement from serving on boards of directors of non-competitor companies or not-for-profit organizations so long as the TTEC CEO has provided prior written approval.

c. As a member of the EC, Mr. Seybold shall render services to TTEC Parent as necessary and desirable to protect and advance the best interests of TTEC Parent and all its affiliated companies, acting at all times, in accordance with TTEC Ethics Code: How TTEC Does Business (or a successor code of conduct document, collectively "TTEC Ethics Code"), included in this Agreement as Exhibit B, the Ethics Code for Executive and Senior Financial Officers, included in this Agreement as Exhibit C, and in accordance with all other material policies and procedures.

d. Notwithstanding other provisions in this Agreement, but subject to the reasonable interpretation of provisions of Paragraph 6(h) (on "Constructive Termination"), Mr. Seybold understands and agrees that his role and responsibilities may change over time in the best interest of the business, and TTEC Parent reserves the right to assign to Mr. Seybold different and/or additional roles and assignments that best serve the business.

e. This Appointment is subject to the Executive's confirmation that there exist no commitments nor that he is bound by restrictions on his services as a result of any relationships with any present or former employer or other parties, from which Executive has not been released or which has not formally been waived, and which would prevent the Executive from accepting this Appointment as provided in this Agreement or would create a conflict of interest for the Executive, the Company or its clients. As part of this Agreement and as a condition to this Appointment, the Executive would be asked to execute an Assurance in Connection with Obligations to Prior Employers document, included in this Agreement as Exhibit I.

2. **<u>COMPENSATION</u>.**

a. **<u>Salary and Periodic Salary Review</u>.** As of the Effective Date, the Executive's base salary shall be **<u>$625,000 per year</u>** ("Base Salary"), payable in equal installments in accordance with the Company's standard payroll practice, less legally required deductions and withholdings. The Base Salary may be periodically reviewed and adjusted, at the TTEC CEO's and the Compensation Committee of the TTEC Board of Director's (the "Board") discretion, to appropriately reflect the Executive's role in the business, the contribution of the role, and the market pay for such role in accordance with TTEC's Parent's standard compensation review practices. Notwithstanding the foregoing, nothing in this Agreement provides assurances that the Executive's salary will be increased from time to time.

b. **<u>Variable Incentive Compensation (annual cash bonus)</u>**. As of January 1, 2023, Mr. Seybold shall be eligible to participate in an annual performance-based cash incentive program, currently referred to as TTEC Variable Incentive Plan ("VIP"). The Executive's annual VIP opportunity shall have a target of **<u>$625,000</u>** tied to the annual TTEC Digital performance targets, TTEC Parent business performance goals, as well as the Executive's personal goals, as set by the TTEC CEO and the Board from time to time.

In addition, the Compensation Committee of the Board may, but shall not be obligated to, adjust the Executive's VIP award upward based on TTEC Parent and TTEC Digital segment's performance against annual metrics set by the Board and deemed to be that year's business imperatives, such as but not limited to annual bookings and backlog, revenue, adjusted EBITDA, operating income, and cash flow.

c. **<u>Equity Incentive Compensation (annual equity compensation)</u>.** As of January 1, 2023, the Executive is also eligible to participate in TTEC's annual Equity program, designed to provide long term incentives for senior executives of TTEC Parent. This incentive Equity program aligns the Executive's interests with the interest of TTEC company stockholders.

Currently, TTEC offers its equity grants in the form of time based restricted stock units (the "RSUs) and performance restricted stock units ("PRSUs") vesting over a period of years. Until and unless modified by the Compensation Committee of the Board, the Executive shall be eligible for an annual RSU equity grant opportunity and annual PRSU equity grant opportunity of **<u>$312,500, each</u>**, in fair market value of TTEC equity, based on the market value of TTEC stock at the time of the grant. The RSU grants are usually time based with a four-year vesting schedule; while the PRSUs are performance-based equity with a three-year cliff-vesting schedule based on the performance of the business during the three-year measurement period, and an opportunity to overperform up to 200% of the original grant.

The RSUs/PRSUs are granted under the terms of grant-specific agreements that are approved by the Compensation Committee of the Board from time to time ("Equity Agreements). These Equity Agreements provide vesting schedules, performance metrics, if any, and other material terms of each grant. TTEC Parent and the Compensation Committee of the Board reserve the right, at their discretion, to change the terms of future Equity Agreements and the equity granted thereunder. The use of the RSUs/PRSUs, as part of the annual equity grant, is discretionary and may be substituted, at the discretion of the Compensation Committee of the Board, by other equity instruments in accordance with incentive compensation plans adopted by TTEC Parent from time to time. All grants as part of TTEC Parent Equity program are subject to ***Executive Stock Ownership Guidelines*** included in this Agreement as *<u>Exhibit D</u>.*

d. **<u>Incentive Award Size Determination and Payment Timing.</u>** The Executive's actual annual VIP and Equity awards are discretionary and are not guaranteed. They are based on a combination of metrics reflecting targets and goals of the business as set-out and annually approved by TTEC CEO and the Board. At present these metrics include the (i) TTEC-wide results of operations; (ii) business segment specific results, including TTEC Digital business segment's revenue, operating income, and adjusted EBITDA goals; (iii) the Executive's individual performance against targets set-out by the TTEC CEO; and (iv) the Executive's compliance with the guidelines for TTEC employees' conduct outlined in TTEC's Ethics Code. The metrics that may be used for future cash awards and grants may change from time to time, as determined by the Compensation Committee of the Board.

The timing for the payment of the VIP and Equity awards, if any, is determined from time to time (usually annually) by the Compensation Committee of the Board.

To the extent the Effective Date of this Agreement is after January 1, 2023, the VIP and Equity compensation eligibility for the first year of employment will be prorated, in the straight line, based on the actual days the Executive works for the Company in the first year of employment.

e. **Value Creation Performance Equity Award.** The Executive will also be able to participate in TTEC Value Creation Program established by TTEC Parent as a one-time incentive designed to motivate TTEC key employees to meet stretch financial targets; reward their contribution to the growth of their specific business segment, where their performance has the opportunity to directly influence the financial results of TTEC Parent; strengthen TTEC relationships with and retention of top employees; foster an ownership culture among those who manage TTEC, as if it was their own business; and align TTEC key leaders under a singular mission of maximizing client, employee and shareholder value.

Subject to the approval of the Compensation Committee of the Board, TTEC Parent shall grant to the Executive the value creation performance based restricted stock ("VC-PRSU") award in the amount of **50,000 VC-PRSUs**. This VC-PRSU award will cliff-vest in 2026, based on TTEC Digital business segment's performance during 2025 fiscal year. The actual number of TTEC shares that will vest in connection with this VC-PRSU award will depend on TTEC Digital business segment's 2025 revenue and adjusted EBITDA and may range between zero and 100,000 shares (200% of the initial grant) in TTEC stock. Specific terms and conditions of the award and its terms of vesting are documented in a VCP-PRSU agreement, attached hereto as *Exhibit E* and incorporated herein by reference ("VC Equity Agreement.")

This VC-PRSU one-time award is separate and distinct from the Executive's annual equity compensation incentive opportunities outlined in Paragraph 2(c) of this Agreement.

f. **Welcome Aboard Incentive.** Subject to the approval of the Compensation Committee of the Board, TTEC Parent shall grant to the Executive time-based RSUs with a market value of **$3,000,000** based on TTEC stock's fair market value at the time of the grant ("New Hire RSUs"). The New Hire RSUs shall vest in accordance with the terms and conditions set forth in the New Hire Equity Agreement, attached hereto as *Exhibit F* and incorporated herein by reference. The New Hire RSUs shall vest in (5) installments, on each anniversary of the Effective Date of this Agreement, provided that the Executive continues to be employed in the business on each of the vesting dates.

g. **Reimbursement of Business Expenses.** The Company agrees to reimburse the Executive for all reasonable out-of-pocket business expenses incurred by her on behalf of the Company in accordance with TTEC expense reimbursement policies.

h. **Services to Subsidiaries**. Mr. Seybold acknowledges that, as part of his employment responsibilities, he may be required to serve as an officer and/or director ("D&O") of TTEC subsidiaries, affiliates and related entities. She hereby agrees to perform such duties diligently and without additional compensation, and to follow TTEC Parent's direction in the performance of such services. For the duration of such D&O services, TTEC shall maintain appropriate D&O insurance policies for the Executive's protection in connection with the services. Furthermore, the Executive agrees to resign such D&O roles, if requested to do so by TTEC Parent.

i. **Tax Liability and Withholdings.** All compensation and other payments made under this Agreement will be subject to withholding of the federal, state, and local taxes, Social Security, Medicare and other withholdings in such amounts as is reasonably determined by Company. The withholdings taxes due with respect to any equity grants may, at Company's discretion and in accordance with the relevant equity plans, be deducted directly from the equity being granted or as it vests. The Company shall have the right to take all the action as it deems necessary to satisfy its and employees tax withholding obligations.

4. Benefits.

a. **Health and Welfare Benefits**. Mr. Seybold and his dependents shall be eligible to participate in TTEC health and wellness plans in a manner similar to others at his level of responsibility at TTEC Parent, including participation for the Executive and his dependents in TTEC group medical, vision, and dental insurance and other welfare plans, as they continue or change from time to time. The eligibility for most wellness benefits starts on the first day of the month following 30 days' employment tenure with the Company, and given the Effective Date will start for the Executive on February 1, 2023.

b. **Miscellaneous Benefits.** The Executive shall be eligible for benefits generally applicable to other senior management employees of the Company, as they are in effect from time to time, including TTEC 401(k) Plan and its Deferred Compensation Plan.

c. Paid Leave. The Executive shall be eligible to participate in paid time off ("PTO") and sick leave benefit programs pursuant to the Company's current time off/leave policy (or any other vacation/sick policy then in effect). The Executive will also be paid for time off for holidays in accordance with the TTEC holiday policy.

5. Change in Control.

For purposes of this Agreement, "Change in Control" event shall mean the occurrence of any one of the following:

(i) Any consolidation, merger or other similar transaction (i) involving TTEC Parent, if TTEC Parent is not the continuing or surviving corporation, or (ii) which contemplates that all or substantially all of the business and/or assets of TTEC Parent would be controlled by another corporation or legal entities not controlled by TTEC Parent;

(ii) Any sale, lease, exchange or transfer (in one transaction or series of related transactions) of all or substantially all of the assets of TTEC Parent (a "Disposition"); provided, however, that the foregoing shall not apply to any Disposition with respect to which, following such Disposition, more than 51% of the combined voting power of the then outstanding voting securities of the receiving entity for the Disposition are directly or indirectly (beneficially or otherwise) owned by all or substantially all of the individuals and entities that were the beneficial owners of at least 51% of the outstanding common stock and/or other voting securities of TTEC Parent immediately prior to such Disposition, in substantially the same proportion of total ownership as their ownership immediately prior to such Disposition;

(iii) Approval by the stockholders of TTEC Parent of any plan or proposal for the liquidation or dissolution of TTEC, unless such plan or proposal is abandoned within 60 days following such approval;

(iv) The acquisition by any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended ("the Exchange Act")), or two or more persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of 51% or more of the outstanding shares of voting stock of TTEC Parent; provided, however, that for purposes of the foregoing, the term "person" shall exclude Kenneth D. Tuchman and his affiliates; provided, further that the foregoing shall exclude any such acquisition (1) made directly from TTEC Parent, (2) made by TTEC Parent (directly or through an affiliated company), or (3) made by a TTEC employee benefit plan (or related trust) sponsored or maintained by TTEC Parent or any of its affiliates; or

(v) If, during any period of 15 consecutive calendar months commencing at any time on or after the Effective Date, those individuals ("Continuing Directors") who either (1) were directors of TTEC Parent on the first day of each such 15-months period, or (2) subsequently became directors of TTEC Parent and whose actual election or initial nomination for election subsequent to that date was approved by a majority of the Continuing Directors who were then members of the TTEC Parent Board of Directors, cease to constitute a majority of the Board of Directors of TTEC Parent.

6. Termination and Payments, Benefits On Termination.

a**. Termination by the Executive.** The Executive may terminate his employment with the Company with 90 days' written notice of his intention. The parties may mutually agree to a different separation date including shorter notice period.

Mr. Seybold is not entitled to severance compensation, continuation of benefits, or VIP pro-ration, if he terminates his employment with the Company pursuant to this Paragraph 6(a).

b. Termination by the Company without Cause. Except as set forth in Paragraphs 6(c) (termination for Cause), Paragraph 6(d) (termination due to death), Paragraph 6(e) (termination due to disability), Paragraph 6(h) (Constructive Termination or Good Reason), and Paragraph 6(g) (Change in Control), the Company may terminate the Executive's employment with 30 days' written notice for any reason or no reason. In case of termination pursuant to this Paragraph 6(b), the Executives shall be entitled to:

(i) Severance**.** If Mr. Seybold executes a separation agreement in a form substantially similar to the agreement set forth in *Exhibit G* (attached hereto), releasing all legal claims except those that cannot legally be released and Mr. Seybold continues to comply with all terms of such separation agreement, and any other agreements signed by the Executive with the Company, then the Company shall pay Mr. Seybold severance compensation equal to eighteen (18) full calendar months of his then current Base Salary ("Severance" or "salary continuation"). Salary continuation payments will be made at the Company's regular payroll intervals, provided, however, payments accruing for payroll periods prior to the date that the Company has received a signed and effective separation agreement and release shall be suspended and paid on the first payroll date following the effective date of the separation and release.

(ii) Continuation of Benefits. In addition to Severance, the Company shall continue to provide to Executive and to the Executive's eligible dependents with the same level of welfare and health benefits, including without limitation medical, dental, vision, accident, disability, life insurance, and other welfare benefits in place prior to termination of employment for a period of eighteen (18) months after the effective date of such termination, on substantially the same terms and conditions (including contributions required by the Executive for such benefits) as existed immediately prior to termination; provided that, if Executive cannot continue to participate in the Company's, TTEC Parent's or successor's benefit plans, TTEC Parent or successor shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted.

(iii) Value Creation Program Payout. Unvested VC-PRSUs granted pursuant to TTEC Value Creation Program shall vest in case of Executive's employment being termination by the Company without Cause pursuant to the provisions of the VC Equity Agreement.

(iv) Prorated VIP Cash Bonus. Annual cash bonus provided pursuant to Paragraph 2(b) (VIP bonus) shall be paid as provided in Paragraph 2(d) in March of the year following the performance year based on the audited results of TTEC operations for the full performance year and prorated, in straight line, based on the actual number of days the Executive was with the business during the performance year.

If the Company terminates this Agreement without Cause under this Paragraph 6(b), and the Company pays Mr. Seybold the compensation earned as of the effective date of the termination, and provides to Mr. Seybold incremental compensation and continuation of benefits on the terms specified in this Paragraph 6(b), the Company's acts in doing so shall be in complete accord and satisfaction of any claim that Mr. Seybold has or may at any time have for compensation, benefits or payments of any kind from the Company or TTEC Parent arising from or relating in whole or part to the Executive's employment with the Company and/or this Agreement. If the separation agreement and legal release referenced above is not signed within thirty (30) days from the date that such agreement is presented to Mr. Seybold (which the Company shall present no later than fifteen (15) days after the effective date of Executive's termination), then Mr. Seybold waives his right to receive any severance or other compensation pursuant to this Agreement, even if Mr. Seybold were to successfully litigate any claim against the Company and/or TTEC Parent.

c. **Termination by the Company for Cause.** The Company may terminate Executives employment with no notice for Cause, as that term is defined in Paragraph 6(c), with the Company's only obligation being the payment of any salary compensation earned as of the date of termination, reimbursement of any reasonable business expenses incurred by the Executive in accordance with the Company's expense reimbursement policies, and any continuing obligations under the Company benefit plans then in effect, and without liability for severance compensation of any kind, including Severance, prorated cash bonus or continuation of benefits.

For purposes of this Agreement, "Cause" shall have the following meaning:

(i) Fraud, theft, embezzlement (or attempted fraud, theft, embezzlement), dishonest acts or illegal conduct;

(ii) Other similar material acts of willful misconduct on the part of Executive resulting in damage to TTEC Parent or the Company, including without limitation a material breach by the Executive of the requirements of TTEC Ethics Code that results in a negative publicity for TTEC Digital business segment or TTEC Parent;

(iii) A material breach by the Executive of this Agreement;

(v) Use of any controlled substance or alcohol while performing Executive's duties, except as part of a TTEC Parent, TTEC Digital company-sponsored event such as a trade conference or customer entertainment, but only in moderation and in a professional manner that reflects positively on TTEC Parent and the Company; with visible inebriation at a business-related social engagement constituting a cause for immediate termination;

(v) Breach of a fiduciary duty that results in an adverse impact to TTEC Parent or the Company or in personal profit to the Executive (as determined by the Company based on its conflict of interest policies outlined in the TTEC Ethics Code);

(vi) Use of trade secrets or confidential information of TTEC Parent, any of its subsidiaries including the Company, other than in pursuit of TTEC Parent or the Company's business;

(vii) Aiding a competitor of TTEC Parent or TTEC Digital;

(viii) Failure by the Executive in the performance of his duties that results in material adverse effect on TTEC Parent, the Company, or TTEC Parent's other material subsidiary companies.

If the act or acts constituting Cause are susceptible of cure, the Company will provide Executive with written notice setting forth the acts constituting Cause and providing the Executive with the opportunity to cure, assuming that such cure may be achieved in a reasonable time not to exceed thirty (30) business days of receipt of such notice. Any recurrence of acts constituting Cause within one (1) year of the original occurrence will void Executive's right to such pre-termination right to cure.

d. **Termination upon Executive's Death.** This Agreement shall terminate immediately upon Executive's death. Thereafter, the Company shall pay to the Executive's estate all compensation fully earned, and benefits fully vested as of the last date of Executive's continuous, full-time active employment with the Company; and will provide the estate with the reimbursement of any reasonable business expenses that the Executive incurred prior to his death in accordance with the Company's expense reimbursement policies. For purposes of this Agreement, continuous, full-time active employment shall be defined as the last date upon which Executive continuously performed his job responsibilities on a regular, full-time basis consisting of at least 35 hours per week, and in the usual course of the Company's business ("Continuous Full-Time Active Employment"). In case of Executive's death, the Company shall not be required to pay any form of severance or other compensation concerning or on account of the Executive's employment with the Company or the termination thereof.

e. **Termination Due to or Following Disability.** During the first ninety (90) calendar days after a mental or physical condition that renders Executive unable to perform the essential functions of his position with reasonable accommodation (the "Initial Disability Period"), Executive shall continue to receive his Base Salary pursuant to Paragraph 2(a) of this Agreement. Thereafter, if Executive qualifies for benefits under the Company's long-term disability insurance plan (the "LTD Plan"), then Executive shall remain on leave for as long as Executive continues to qualify for such benefits, up to a maximum of 180 consecutive days (the "Long-term Leave Period"). The Long-term Leave Period shall begin on the first day following the end of the Initial Disability Period. During the Long-term Leave Period, Executive shall be entitled to any benefits to which the LTD Plan entitles the Executive, but no additional compensation from the Company in the form of salary, performance bonus, equity grants, allowances or otherwise. If during or at the end of the Long-term Leave Period Executive remains unable to perform the essential functions of his position, with or without reasonable accommodation, then the Company may terminate this Agreement and/or Executive's employment. If the Company terminates this Agreement or Executive's employment under this Paragraph 6(e), the Company's payment obligation to Executive shall be limited to all compensation fully earned, reimbursement of all reasonable business expenses that the Executive incurred prior to the separation in accordance with the company's expense reimbursement policies, and benefits fully vested as of the last date of Executive's continuous, full-time active employment with the Company.

f. **Continuing Obligations**. Mr. Seybold shall remain subject to the Company's Agreement to Protect Confidential Information, Assign Inventions and Prevent Unfair Competition and Unfair Solicitation ("Confidentiality Agreements"), Equity Agreements, and any other similar agreements executed at any time during his employment, including without limitation this Agreement, all of which survive termination of employment.

g. Termination In Connection with Change in Control Event. If a Change in Control event occurs, and at any time within fifteen (15) months of such Change in Control event's effective date ("COC Period") the Company, TTEC Parent, or its successor terminate Executive's employment without Cause (as that term is defined in Paragraph 6(c)) whether such termination occurs outright or pursuant to a Constructive Termination (as defined in Paragraph 6(h)), the Executive shall be entitled to and the Company, TTEC Parent or its successor shall cause the following to occur:

(i) Severance. If Executive executes a separation agreement in a form substantially similar to the agreement set forth in *Exhibit G* (attached hereto), releasing all legal claims except for those that cannot legally be released and agreeing to continue to comply with all terms of such separation agreement, and any other agreements signed by the Executive with the Company or successor, then the Company shall pay the Executive a lump-sum severance compensation equal to two times (2x) of Executive's Base Salary in effect at the time of such termination ("COC Severance") within ten (10) business days of the effective date of such Change in Control related termination; provided, however, if the COC Severance payment is due prior to the date that the Company or successor receive a signed and effective separation agreement and release, the payment shall be suspended until the receipt of such signed separation agreement, and then paid as soon as reasonable but in no event later than ten (10) business days after such receipt.

(ii) Continuation of Benefits. In addition to COC Severance, the Company, TTEC Parent, or successor shall continue to provide to Executive and to the Executive's eligible dependents with the same level of welfare and health benefits, including without limitation medical, dental, vision, accident, disability, life insurance, and other welfare benefits in place prior to termination of employment, for a period of twenty-four (24) months after the effective date of such termination, on substantially the same terms and conditions (including contributions required by the Executive for such benefits) as existed immediately prior to termination; provided that, if Executive cannot continue to participate in the Company's, TTEC Parent's or successor's benefit plans, TTEC Parent or successor shall otherwise provide such benefits (via lump sum compensation or in kind) on the same after-tax basis as if continued participation had been permitted.

(iii) Equity Vesting on Change in Control (double trigger). Notwithstanding any vesting schedule provisions contained in the new hire and annual time-based Equity Agreements as well as the annual PRSU Equity Agreements that Executive may hold, any unvested equity that would vest pursuant to these awards on or after the Change in Control event's effective date and would otherwise forfeit on termination of employment, shall vest in full as if the business achieved its target level performance as set by the Board for the relevant performance year (performance @goal) as of employment termination date, if such termination occurs during the COC Period. The accelerated vesting, if any, in case of a COC event under the VC-PRSU Equity Agreement or another equity programs that the Company or TTEC Parent may adopt from time to time after the Effective Date of this Agreement shall be separately documented in the relevant equity grant agreements or as an amendment to this Agreement as the case may be.

(iv) Prorated VIP Cash Bonus. Annual cash bonus provided pursuant to Paragraph 2(b) (VIP bonus) shall be paid as provided in Paragraph 2(d), in March of the year following the performance year, based on the audited results of TTEC operations for the full performance year and prorated, in straight line, based on the actual number of days the Executive was with the business during the performance year.

(v) Termination Ahead of Change in Control Event. Notwithstanding anything in this Agreement to the contrary, if Executive's employment is terminated (actually or pursuant to a Constructive Termination as defined in Paragraph 6(h) of this Agreement) within three (3) months before a Change in Control event occurs, then for purposes of this Agreement, the effective date of Change in Control event shall be deemed to be the date immediately prior to the date of such termination of employment.

h. "**Good Reason**" or "**Constructive Termination.**" The Executive may terminate his employment with the Company for Good Reason with 90 days' notice; provided the Company may elect to accept the Executive's resignation sooner at its discretion. Termination by Executive for "Good Reason" or "Constructive Termination" by the Company may be triggered if, without Executive's express written consent, the occurrence of any of the following (in connection with or independent of a Change in Control event):

(i) Change in Responsibilities. The material adverse change in the Executive's scope of responsibilities and duties (including the diminution of such duties and responsibilities), or material adverse change in the Executive's reporting responsibilities or title by the Company, TTEC Parent, or (in case of a Change in Control event) by their successor. Notwithstanding the foregoing, the change in scope of Executive's responsibilities, duties or title following the Executive's failure to materially meet agreed targets and business objectives for TTEC shall not trigger the right of the Executive to terminate this Agreement for Good Reason nor constitute Constructive Termination on the part of the Company. Further, notwithstanding the foregoing, the change in scope of Executive's responsibility where he continues as a CEO of a different business within TTEC Parent group of companies shall not trigger the right of the Executive to terminate this Agreement for Good Reason nor constitute Constructive Termination on the part of the Company.

(ii) Change in Compensation. Any material reduction by the Company, TTEC Parent or, in case of a Change in Control event by successor, of the Executive's total compensation package, including material adverse change in the annual salary, the incentive bonus ranges and targets, or the timing of payment of same as compared to the compensation package in effect as of the date hereof or immediately prior to a Change in Control event, as the case may be. Notwithstanding anything in this provision to the contrary, a change in the compensation structure that is consistent with prevailing market trends, as supported by an independent report of a qualified compensation advisor to the Compensation Committee of the Board, the Company or its successor, shall not give rise to a 'constructive termination' or 'termination for good reason' claim.

(iii) Change in Location. Any requirement of the Company or successor that Executive be based anywhere more than within fifty (50) miles from the site where the Executive is located at the time of Effective Date (Baltimore, Maryland, U.S.A.) or the time of the Change in Control event.

(iv) Failure to Cause Assumption of this Agreement; Other Breach. Failure of the Company or TTEC Parent to assign and obtain the assumption of this Agreement from any successor in case of a Change in Control event; or any other material breach of this Agreement by the Company or TTEC Parent.

An action taken in good faith and which is remedied by TTEC Parent or successor within fifteen (15) calendar days after receipt of the Executive's notice thereof shall not constitute Good Reason or Constructive Termination under this Agreement. Executive must provide notice of termination of employment within thirty (30) calendar days of Executive's knowledge of an event constituting "Good Reason" or such event shall not constitute Good Reason or Constructive Termination under this Agreement.

In case of termination pursuant to this Paragraph 6(h), the Executives shall be entitled to:

(A) Severance**.** If Mr. Seybold executes a separation agreement in a form substantially similar to the agreement set forth in *Exhibit G* (attached hereto), releasing all legal claims except for those that cannot legally be released and Mr. Seybold continues to comply with all terms of such separation agreement, and any other agreements signed by the Executive with the Company, then the Company shall pay Mr. Seybold severance compensation equal to eighteen (18) full calendar months of his then current Base Salary ("Severance" or "salary continuation"). Salary continuation payments will be made at the Company's regular payroll intervals, provided, however, payments accruing for payroll periods prior to the date that the Company has received a signed and effective separation agreement and release shall be suspended and paid on the first payroll date following the effective date of the separation and release.

(B) Continuation of Benefits. In addition to Severance, the Company shall continue to provide to Executive and to the Executive's eligible dependents with the same level of welfare and health benefits, including without limitation medical, dental, vision, accident, disability, life insurance, and other welfare benefits in place prior to termination of employment for a period of eighteen (18) months after the effective date of such termination, on substantially the same terms and conditions (including contributions required by the Executive for such benefits) as existed immediately prior to termination; provided that, if Executive cannot continue to participate in the Company's, TTEC Parent's or successor's benefit plans, TTEC Parent or successor shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted.

(C) Prorated VIP Cash Bonus. With respect to termination of employment for Good Reason, as provided in Paragraph 6(h)(i) only (Change in Responsibilities), annual cash bonus described in Paragraph 2(b) (VIP bonus) shall be paid as provided in Paragraph 2(d), in March of the year following the relevant performance year, based on the audited results of TTEC operations for the full performance year, and prorated, in straight line, based on the actual number of days the Executive was with the business during the performance year.

(D) No Other Benefits. With respect to the Executive's decision to terminate his employment with the Company for a "Good Reason" as this term is defined in the Paragraph 6(h), he shall not be entitled to any other benefits.

7. Non-Disclosure, Non-Competition and Non-Solicitation.

As a senior member of the executive leadership team for TTEC Parent and the CEO of TTEC Digital, the Executive shall be privy to TTEC Parent and TTEC Digital company-wide significant proprietary and confidential information, including global business and go to market strategy, financial and technology strategy, proprietary recruiting and onboarding methodologies, pricing and product offerings, and client acquisition and retention, TTEC marketplace strength and limitations, and other TTEC trade secrets related to TTEC overall and to the Executive's specific areas of responsibility (collectively "TTEC Confidential Information"). Therefore, the Executive agrees

a. **Confidentiality and Non-Disclosure**. To keep in strictest confidence TTEC Confidential Information during and after the course of the Executive's employment and not to disclose directly or indirectly, without written authority from the Company or as required by law, to anybody and under any circumstances except on a need to know basis within the Company or the Company advisors as may otherwise be required for the proper performance of his duties; and not to use TTEC Confidential Information for the Executive's own benefit or the benefit of a third party.

b. **Non-Compete Undertaking**. For a period of eighteen (18) months post separation of his employment with the Company (whatever the reason for this separation) not to work or otherwise contribute his/ knowledge, directly or indirectly, in whole or in part, as an employee, officer, owner, manager, advisor, consultant, agent, partner, director, significant shareholder (i.e., a shareholder holding more than 5% of outstanding equity in any such entity), volunteer, intern or in any other similar capacity to a business/company engaged in the same or substantially similar business as the Company, its subsidiaries and affiliates, including the delivery of CX (customer experience) technology and orchestration services through public or proprietary cloud-based CXaaS (Customer Experience as a Service) platform; design, engineer, build, and operate omnichannel contact center technology, conversational messaging, CX digitization and automation (AI/ML and RPA), and analytics solutions; and CX specific digital customer engagement, customer acquisition & growth, content moderation, fraud prevention, and data annotation features (collectively, "**TTEC Business**"). The Non-Compete Undertaking shall apply only in the territory where the Company and TTEC Parent actually benefits and where it may reasonably expect to benefit from the Executive's services, but only with respect to that aspect of TTEC Business that is substantially similar to the business that the Executive contributes to while employed by TTEC.

c. **Employees Non-Solicitation Undertaking**. For a period of eighteen (18) months post separation of his employment with the Company (whatever the reason for this separation) not to solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment, directly or indirectly, of any then current employee of the Company and TTEC Parent or its subsidiaries and affiliates or anyone who was an employee of the Company or TTEC Parent within the previous six (6) month period.

d. **Client Non-Solicitation Undertaking.** For a period of eighteen (18) months post separation of his employment with the Company (whatever the reason for this separation) not to solicit or interfere with business relationships between the Company and its current or prospective (actively pursued) clients of the Company, TTEC Parent or any of its subsidiaries and affiliates for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company, TTEC Parent or any of its subsidiaries and affiliates. The term 'actively pursued' includes any prospective client of the Company or TTEC Parent or any of its material subsidiary with respect to which TTEC positioned for an opportunity, submitted a proposal or responded to a request for information during a twelve (12) months period prior to the Executive's separation of employment.

e. **Acknowledgement.** The Executive acknowledges that the non-competition and non-solicitation provisions above are fair and reasonable with respect to their scope and duration, given the Executive's position with TTEC and the impact such activities would have on the TTEC Business. The Executive further acknowledges that the geographic restriction on competition included in this Paragraph 7 is fair and reasonable, given the nature and geographic scope of the TTEC Business, the investment of capital and resources by Company to develop its business operations, and the nature of the Executive's position with the business.

The Executive also acknowledges that while employed by the Company or otherwise affiliated with TTEC Parent, the Executive has access to proprietary and unique trade secret information that would be valuable or useful to Company's and TTEC Parent's competitors and that the Executive has access to Company's valuable customer relationships and thus acknowledges that the restrictions on the Executive's future employment and business activities in TTEC's industry as set forth in this Paragraph 7 are fair and reasonable.

The Executive acknowledges and he is prepared for the possibility that his standard of living may be reduced during the non-competition and/or non-solicitation period and assumes and accepts any risk associated with that possibility, and further acknowledges that any such drop in the Executive's standard of living does not constitute undue hardship.

f. **Impact of COC on Restrictive Covenants.** If Executive's employment is terminated pursuant to provisions of Paragraph 6(g) (Change in Control event) and if Executive is paid Change in Control related compensation and receives other benefits as provided in that Paragraph, the Executive agrees for the Non-Competition and Non-Solicitation undertakings of this Paragraph 7 to be extended from eighteen (18) to twenty-four (24) months; and

g. **Consequences of Breach.** If Executive breaches any of the material covenants and undertakings set forth in this Paragraph 7:

(i) The Executive and those who aid him in such breach shall be liable for all costs and business losses including any damages and out-of-pocket expenses associated with or resulting from such breach;

(ii) TTEC Parent nor the Company have any further liabilities to the Executive pursuant to this Agreement, including without limitation no liability for any compensation including cash bonuses or equity not yet granted or granted and unvested;

(iii) All unvested equity held by the Executive shall be immediately forfeited and cancelled;

(iv) The value of any vested equity received by the Executive in connection with his employment with the Company must be paid by the Executive back to the Company since one of the primary purposes of the equity awards would not have been realized by TTEC Parent;

(v) The Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief at law or specified in this Agreement.

8. **Miscellaneous.**

a. **Relationship between this Agreement and Other Company Agreements.** In the event of any direct conflict between any term of this Agreement and any other TTEC Parent or the Company agreement, policy, procedure, guideline or other publication addressing the same terms and conditions contained in this Agreement, the terms of this Agreement shall control Mr. Seybold's employment.

The employment arrangement contemplated by this Agreement includes other related documents in addition to this Executive Employment Agreement, some of which are TTEC Parent and the Company's standard documents not otherwise tailored to this transaction. To the extent any provisions of these related agreements contradict the clear provisions and terms of this Executive Employment Agreement, the provisions of this Agreement shall be controlling.

b. **Successors and Assigns.** TTEC Parent, the Company, their successors and assigns may in their sole discretion assign this Agreement to any person or entity in connection with the merger, acquisition or other business combination that results in the divestiture or transfer of all or substantially all the assets of the Company or TTEC Parent. This Agreement shall bind, and inure to the benefit of TTEC Parent's and the Company's successors or assigns.

Concurrently with any Change in Control event or a business combination that may impact the legal implications of this Agreement, the Company, TTEC Parent shall cause any successor or transferee to assume unconditionally, by written instrument delivered to the Executive, all of the obligations of the Company and TTEC Parent hereunder. Failure of the Company or TTEC Parent to obtain such assumption prior to the effectiveness of any Change in Control event or other business combination, shall be a breach of this Agreement and shall constitute Constructive Termination entitling the Executive to resign, within thirty (30) calendar days of consummation of such Change in Control event or business combination, and receive compensation and benefits as provided in Paragraph 6(g).

This Agreement is for personal services and Mr. Seybold's may not and shall not assign his rights or obligations hereunder.

c. **IRSC Section 409A.**

(i) Interpretation. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from, or complies with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the Internal Revenue Service guidance and Treasury Regulations thereunder (collectively, "Section 409A"). It is the Parties' intention that salary continuation payments under the Agreement will be exempt from the requirements of Section 409A because they are short term deferrals under Treas. Reg. Sec. 1.409A-1(b)(4) or payments under a separation pay plan within the meaning of Treas. Reg. Sec. 1.409A-1(b)(9) and the Agreement shall be construed and administered in a manner consistent with such intent.

(ii) Separation from Service; Separate Payments. Notwithstanding anything in this Agreement to the contrary, to the extent that any payment or benefit subject to Section 409A, including an exemption from Section 409A, and such payment or benefit would otherwise be payable or distributable hereunder by reason of Executive's termination of employment, all references to the Executive's "termination of employment" shall be construed to mean a "separation from service," as defined in Treasury Regulation Section 1.409A-1(h), and Executive shall not be considered to have had a termination of employment unless such termination constitutes a "separation from service" with respect to Executive. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(iii) Specified Employee. Notwithstanding anything in this Agreement to the contrary, if the Executive is a “specified employee” (within the meaning of Treasury Regulation Section 1.409A-1(i)) on the date of the Executive’s “separation from service”, any benefit or payment that constitutes non-exempt “nonqualified deferred compensation” (within the meaning of Section 409A) and is payable on account of the Executive’s separation from service shall be delayed in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i), and any such delayed payment shall be paid to the Executive in a lump sum during the ten (10) day period commencing on the earlier of (i) the expiration of a six-month period from the date of Executive’s “separation from service,” or (ii) Executive’s death. To the greatest extent permitted under Section 409A, any separate payment or benefit under the Agreement will not be deemed to constitute “nonqualified deferred compensation” subject to Section 409A and the six-month delay requirement to the extent provided in the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) or 1.409A-1(b)(9), or in any other applicable exception or provision of Section 409A.

(iv) Reimbursements. With regard to any provision in this Agreement that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (x) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (y) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that the foregoing clause (y) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such arrangement provides for a limit on the amount of expenses that may be reimbursed over some or all of the period the arrangement is in effect and (z) such payments shall be made on or before the last day of Seybold’s taxable year following the taxable year in which the expenses were incurred.

(v) . If the Parties hereto determine that any payments or benefits payable under this Agreement intended to comply with Section 409A do not so comply, the Executive and the Company agree to amend this Agreement, or take such other actions as the Executive and the Company deem necessary or appropriate, to comply with the requirements of Section 409A, while preserving benefits that are, in the aggregate, no less favorable than the benefits as provided to the Executive under this Agreement. If any provision of this Agreement would cause such payments or benefits to fail to so comply, such provision shall not be effective and shall be null and void with respect to such payments or benefits, and such provision shall otherwise remain in full force and effect.

d. **Governing Law and Dispute Resolution**.

(i) Good Faith Negotiation Requirement. Mr. Seybold, TTEC Parent and the Company agree that in the event of any controversy or claim arising out of or relating to Mr. Seybold’s employment with and/or separation from the Company, they shall negotiate in good faith to resolve the controversy or claim privately, amicably and confidentially. Each Party may consult with counsel in connection with such negotiations.

(ii) Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Colorado without regard to conflict of law principles.

(iii) Disputes. The Parties agree that any action arising from or relating in any way to this Agreement, shall be resolved and tried in the state or federal courts situated in Denver, Colorado. The parties consent to jurisdiction and venue of those courts to the greatest extent allowed by law. In this regard, the Executive acknowledges and admits to all or a combination of several following substantial contacts with Colorado; the Executive is employed, provides services for or otherwise is affiliated with an legal entity headquartered in the state of Colorado; the Executive receives the compensation in a form of checks or wire transfers that are drawn either directly or indirectly, from bank accounts in Colorado; the Executive regularly interacts with, contacts and is contacted by other TTEC and Company employees and executives in Colorado; the Executive either routinely travels to or attends business meetings in Colorado; and the Executive receives substantial compensation and benefits as a result of TTEC Parent being a corporation headquartered in and subject to the laws of Colorado. Based on these and other contacts, the Executive acknowledges that he could reasonably be subject to the laws of Colorado.

e. **Severability.** If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of the Agreement shall remain fully enforceable. To the extent that any court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable.

f. **Modification of Agreement.** This Agreement or any other term or condition of employment may not be modified by word or deed, except in writing signed by the Executive and the Global Chief Operating Officer, Chief People Officer, or Chief Executive Officer for TTEC Parent.

g. **Waiver.** No provision of this Agreement shall be deemed waived, nor shall there be an estoppel against the enforcement of any such provision, except by a writing signed by the party charged with the waiver or estoppel. No waiver shall be deemed continuing unless specifically stated therein, and the written waiver shall operate only as to the specific term or condition waived, and not for the future or as to any act other than that specifically waived.

h. **Construction.** Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The Parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate the agreement's terms and to consult with counsel of their own choosing. Therefore, the Parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against the agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

i. **Dodd-Frank Recoupment Provisions.** TTEC Incentive Recoupment Policy, noted as *Exhibit H*, is incorporated in this Agreement by reference.

j. **Greatest Net Benefit.**

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the Executive determines (at his discretion and expense) that the receipt of any payments hereunder would subject the Executive to tax under Internal Revenue Code (the "Code") Section 4999 or a successor provision, the Executive shall have the option at his discretion to cause TTEC Parent or successor to reduce the payment due to the Executive under this Agreement so that the net (after tax) benefit of the payments to the Executive is maximized ("Reduced Payment Election"). The Executive shall have forty-five (45) calendar days from receipt of notice of the payment due under this Agreement or the payment itself under this Agreement, as the case may be, to advise TTEC Parent or successor of such election.

(ii) If the Executive accepts the full payment hereunder and thereafter within the period provided above determines that he/she wants to make the Reduced Payment Election, any payments received by the Executive in excess of the amount payable under Reduced Payment Election shall be treated for all purposes as a loan *ab initio* to the Executive, which the Executive shall repay to TTEC Parent or successor, together with appropriate interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code, within sixty (60) days of the Reduced Payment Election.

(iii) Nothing in this Paragraph 8(h) shall be interpreted to compel the Executive to make the Reduced Payment Election.

Mr. Seybold acknowledges and agrees that he reviewed and fully understands the terms and provisions of this Agreement; that he enters into it freely, knowingly, and mindful of the fact that it creates important legal obligations and affects his legal rights; and that he understands the need to and has had the opportunity to consult with counsel (if he so wishes) concerning this Agreement with legal counsel.

Executive

____
David Seybold

Date: _________________

TTEC Digital LLC

Regina Paolillo

____
Regina M. Paolillo, Global Chief Operating Officer

Date: October 27, 2022

List of Exhibits

Exhibit A: Directors & Executive Officers U.S. Securities Laws Handbook
Attached in a separate document

Exhibit B: TTEC Ethics Code: How TTEC Does Business
https://www.ttec.com/sites/default/files/how-ttec-does-business-our-ethics-code-for-employees-suppliers-and-partners.pdf

Exhibit C: TTEC Executive and Senior Financial Officers Ethics Code
https://investors.ttec.com/static-files/1cc30592-98f2-45ff-8679-5ea0dbf24e37

Exhibit D: Executive Stock Holding Ownership Guidelines
Incorporated in this document

Exhibit E: Value Creation Performance Restricted Stock Unit Award Agreement
Attached in a separate document

Exhibit F: Welcome Restricted Stock Unit Award Agreement
Attached in a separate document

Exhibit G: Sample Separation and Release Agreement
Incorporated in this document

Exhibit H: TTEC Executive Incentive Recoupment Policy
https://investors.ttec.com/static-files/c8d8459a-049e-472a-a3ef-35654486a970

Exhibit I: Assurance in Connection with Obligations to Prior Employers
Attached in a separate document

Exhibit D

Executive Stock Ownership Guidelines

Equity provides the opportunity for the company to further invest in the employees who passionately uphold our values while driving the business with an entrepreneurial spirit. Company leaders who think and act like owners are crucial to our success and encouraging star players to actively participate in company growth is key to building our future together.

When a company's board of directors, shareholders and employees align their interest in organization's long-term success, the stage is set for true transformation. To that end, TTEC has adopted Stock Ownership Guidelines to encourage company leaders (vice president-level and above) to align their interests with TTEC and our stockholders and to focus on value creation, while sharing in the company's success. The following are answers to questions you may have about TTEC's new Executive Stock Ownership Guidelines.

Q. Why are we implementing an Ownership Guideline?

A. The Guidelines are designed to align our senior leaders' interests with our shareholders' interest, driving a long-term vision and commitment to creating company value. The Executive Ownership Guidelines are also designed to:

- Support confidence in company strategy to execute our business transformation
- Allow us to remain an attractive and competitive choice for executive-level talent by adopting best practices
- Align executive behavior with external shareholder expectation
- Drive long-term accountability
- Enable company success

Q. Do I have to buy TTEC stock to meet this holding Guideline?

A. TTEC does not expect you to buy TTEC stock to meet the holdings Guidelines, and how you meet them is entirely up to you. Most employees will be able to meet the requirement by holding a portion of their annual equity grant (net of tax), as it vests.

Q. How much stock should I hold as a company leader?

A. The new Executive Stock Ownership Guidelines call for TTEC vice presidents and above to hold a multiplier of base compensation in TTEC stock (based on Fair Market Value (FMV) of stock as it trades on NASDAQ). Employees will have five years from the start of this requirement (or promotion into a new role) to meet the holding Guidelines.

Executive Level	Target Holding Amount within 5 Years
Chief Executive Officer for a Business Segment **Global Chief Operating Officer**	**4x current Base Salary**
Chief Financial Officer	**3x current Base Salary**
Chief Revenue Officer and **Other Executive Vice President level Executives**	**2.5x current Base Salary**
General Counsel **Chief Information Officer** **Chief Security Officer** **Chief People Officer** **Business Segment Chief Operating Officers and** **Other Senior Vice President level Executives**	**1.5x current Base Salary**
Group Vice President	**0.5x current Base Salary**

Q. How many shares should I consider holding from each RSU grant to meet the holding Guidelines?

A. How much you hold from each grant and from each vesting event is entirely up to you. Based on basic modeling, however, we believe that if you hold a percentage of each vesting event from annual Equity Grants (net of tax as indicated in the table below) you should comfortably reach the holding requirement in five years or sooner.

The holding guideline can be satisfied with any stock you hold including:

- the exercise of options to purchase the company's common stock
- the vesting of restricted stock; and
- the vesting of performance shares.

Executive Level	Guideline of Percentage of Net Shares to Hold
All Senior Vice President and Above Executives	75%
Group Vice President	50%

Once the holding target is reached, you should maintain it during your entire tenure in the role; and as your role changes be aware of the changes in the holding guidelines as well.

Q. Which holdings are considered in calculating my target holding amount?

A. The following holdings will be considered when measuring stock ownership:

shares owned outright, including shares owned jointly with a spouse;

- shares obtained through the exercise of stock options;
- shares issued upon the vesting of restricted stock and performance shares; and
- earned performance shares.

Q. What happens if I don't reach my target holding amount within the five-year time frame due to market volatility or amount of my equity awards?

A. If the actual Equity Grants you receive and/or market price volatility does not allow an employee to reach the target holding level within the required five-year time frame, the company does not expect employees to invest out of pocket. The company expects the Equity Grants you receive to be the source for the holding requirement and we look to you as a leader to exercise a good faith effort to honor the requirements. If the Equity Grants you receive or market volatility creates a challenge, discuss the matter with your supervisor and your HC partner for a practical resolution.

Q. What if I have a special situation (hardship) that makes maintaining the holding requirement difficult for me?

A. The Executive Ownership Guidelines is designed to align your interests with the company's interests and position you to share in our success. If your personal situation makes the compliance with the Ownership Guidelines a hardship, speak to your HC partner and the Executive Committee level executive responsible for your business segment for guidance and support.

Q. Whom should I contact with questions?

A. If you have questions, please contact Pam LeMasters, vice president, Total Rewards via email or by phone at 303.397.8531.

Exhibit G
To Executive Employment Agreement
(*Sample* Severance Agreement and Release of Claims
Not Customized for Mr. Seybold)

[DATE]

PERSONAL & CONFIDENTIAL

[NAME]
[ADDRESS]

Dear [NAME]:

As you have been advised, your employment with TTEC Services Corporation ("TTEC" or "the Company") will terminate effective the close of business on ____________ ("Termination Date"). This letter contains a Settlement Agreement and Release of Claims ("Agreement") intended to resolve any and all disputes arising from your employment and your separation from employment with TTEC on mutually agreeable terms as set forth below. Please review it carefully, and if it is acceptable to you, sign and return an original copy to TTEC Human Capital Department, 9197 S. Peoria Street, Englewood, Colorado 80112 Attn: Settlement Agreements, either by mail or by hand delivery. If you are 40 or over, you have been provided 21 days from the date of this Agreement to consider whether to enter into this Agreement.

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Agreement is made between ______________ ("you") and TTEC (collectively, the "Parties"). In consideration of the mutual promises and other benefits set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Settlement Payment:** Provided that you sign and return this Agreement, and it thereafter becomes effective as described below, you will receive a settlement payment equivalent to ___________________of your base salary, for a total amount of $__________________ ("Settlement Payment"). Payment shall be made in bi-weekly installments in accordance with the Company's normal payroll schedule, less applicable federal, state, and local taxes and other authorized deductions and shall be started within 15 days of the Termination Date.
2. **Benefits:** Your current medical, dental, vision and healthcare flexible spending account coverage (to the extent that you have a positive balance in that account as of today's date) will be continued until the Termination Date. After the Termination Date, you may continue your existing medical insurance coverage at your own expense pursuant to your rights under federal law (commonly referred to as "COBRA"). You will receive information on COBRA in a later mailing.
3. **Other Compensation Due You:** You will receive payment for any salary earned through the date of your separation from the Company, less applicable taxes and authorized or required withholding deductions. You understand that you will be paid your earned wages and commissions, if any, set forth in this paragraph regardless of whether you sign this Agreement.
4. **Reimbursement for Business Expenses:** Within five days of the Termination Date, you will provide to the Company expense reports detailing all items, if any, for which you seek reimbursement, and the required supporting documentation for such expenses. If you hold a corporate credit card account, and there is an outstanding amount due and owing on that account, you must submit documentation showing that the account

has been paid in full within five days of the Termination Date and understand and agree that if you do not, the Company may withhold any amounts due and owing on that account from the Settlement Payment. Your expense reports and supporting documentation will be subject to the same level of review that all other similar submissions receive from the Company's Accounting Department. The Company will reimburse you in accordance with its existing policies and procedures. In addition, you will provide supporting documentation for all previously filed expense reports and agree to cooperate with the Company's Accounting Department to resolve in good faith any issues relating to expenses.

5. **Return and Prohibition of Removal of Company Property and Records.** Except as otherwise specifically provided in this Agreement, you shall return all Company property and records on the Termination Date. In the event you fail to return such property or records provided herein, you shall be liable to the Company for the value of all such property and records, and all reasonable costs, including attorneys' fees, incurred by the Company in recovering such property or records. Company property and records shall include, but is not limited to, cell phones, pagers, BlackBerry devices, tablets, laptops, printers, fax machines, and any Company related document whether in written or electronic form and whether created by you or another person or entity. Company equipment, files or business information of any kind, whether written, electronic, digital, or otherwise, shall not be copied, taken or otherwise used by you without the prior written consent of the Company. In addition, the Company reserves the right to pursue all legal and equitable relief available for breach of this paragraph.

6. **Agreement to Protect Confidential Information, Assign Inventions, and Prevent Unfair Competition and Unfair Solicitation.** You understand that all terms and conditions of your "Agreement to Protect Confidential Information, Assign Inventions, and Prevent Unfair Competition and Unfair Solicitation" (the "Non-Compete Agreement") and any other applicable employment documents you signed during your employment at TTEC, survive Termination and shall remain in full force and effect.

7. **Acknowledgment:** You understand and agree that, absent this Agreement, you would not otherwise be entitled to the payment specified in Paragraph 1. Further, by signing this Agreement, you agree that you are entitled only to the payments described in this Agreement and that you are not entitled to any payments that are not specifically listed in this Agreement, excluding vested rights you may have pursuant to the Company's 401(k), Stock Option, Restricted Stock Units and Life Insurance plans.

8. **General Release of All Claims:** In exchange for the Company's payments in Paragraph 1, you promise that you will not sue TTEC Services Corporation, including its past and present parents, subsidiaries, partnerships, affiliated companies, officers, directors, employees, or agents. By signing below, you release TTEC Services Corporation, including its past and present parents, subsidiaries, partnerships, affiliated companies, officers, directors, employees or agents (collectively, the "Released Parties"), from any and all claims you may have, known or unknown, that are releasable by private agreement, arising at any time through the date that this Agreement becomes effective, which is eight [8] days after you sign it without revoking it. The release specifically includes and is not limited to:

   a. any and all rights or claims under any of the following laws: Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000-e, as amended; the Civil Rights Act of 1991; Sections 1981 through 1988 of Title 42 of the United States Code, as amended; the Family and Medical Leave Act of 1993, as amended; the Worker Adjustment and Retraining Notification Act, as amended; the Fair Labor Standards Act of 1938, as amended; the National Labor Relations Act; the Occupational Safety and Health Act, as amended; the Age Discrimination in Employment Act; the Americans with Disabilities Act of 1990, as amended; the Civil Rights Acts of 1866, 1871, and 1991; the Equal Pay Act of 1963; the Employment Retirement and Income Security Act of 1974, as amended; the Immigration Reform and Control Act, as amended; the Conscientious Employment Protection Act, the Colorado Anti-Discrimination Act and any other federal, state, or local employment statute, law, or ordinance, including any and all claims of employment discrimination based on race, color, creed, religion, national origin, sex, age, marital status, disability, sexual orientation, lawful off-duty conduct, or retaliation; and

b. any and all common-law claims such as wrongful discharge, violation of public policy, breach of contract, promissory estoppel, defamation, negligence, infliction of emotional distress, any intentional torts, outrageous conduct, interference with contract, fraud, misrepresentation, and invasion of privacy; and

c. any and all claims for any of the following: money damages (including actual, compensatory, liquidated or punitive damages), equitable relief such as reinstatement or injunctive relief, front or back pay, wages, commissions, bonuses, benefits, sick pay, PTO pay, vacation pay, costs, interest, expenses, attorney fees, or any other remedies; and

d. any and all claims arising under any federal or state "whistleblower" law, including without limitation the Sarbanes-Oxley Act of 2002, the Whistleblower Protection Act, and common-law wrongful discharge in violation of public policy.

9. **Age Waiver for Executive 40 Years Old or More:** By signing this Agreement, you acknowledge that:

a. The General Release in this Agreement includes a waiver and release of all claims you may have under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621 et seq.);

b. You have carefully read, and understand, this Agreement;

c. You have twenty-one (21) days from the date of this Agreement to consider your rights and obligations under this Agreement and if you elect to sign it sooner, have done so knowingly, voluntarily, and after giving it your due consideration;

d. You were, and hereby are, advised to consult with an attorney and/or any other advisors of your choice before signing this Agreement;

e. You understand that this Agreement is legally binding and by signing it you give up certain rights;

f. You have voluntarily chosen to enter into this Agreement and have not been forced or pressured in any way to sign it;

g. You knowingly and voluntarily release the Released Parties from any and all claims you may have, known or unknown, in exchange for the payments and benefits you have obtained by signing this Agreement, and that these payments are in addition to any payments or benefits you would have otherwise received if you did not sign this Agreement;

h. You have seven (7) days from the date you sign this Agreement to change your mind and revoke your acceptance. To be effective, your revocation must be in writing and tendered to TTEC Corporate Headquarters, Human Capital Department, 9197 S. Peoria Street, Englewood, Colorado 80112 Attn: Settlement Agreements, either by mail or by hand delivery, within the seven (7) day period. If by mail, the revocation must be: 1) postmarked within the seven (7) day period; 2) properly addressed; and 3) sent by Certified Mail, Return Receipt Requested. The Agreement will become effective on the eighth day after you sign it, provided you do not revoke your acceptance. You understand that the Company is not required to make the payments described herein unless and until this Agreement becomes effective; and

i. You understand that this Agreement does not waive any rights or claims that may arise after this Agreement is signed and becomes effective, which is after the Company's actual receipt of your signed signature page and after the 7-day revocation period has expired.

10. **No Admission of Wrongdoing:** By entering into this Agreement, neither you nor the Company nor any of the Released Parties suggest or admit any wrongdoing or violation of law.

11. **No Claims Filed:** As a condition of the Company entering into this Agreement, you represent that you have not filed, and do not intend to file, any lawsuit against the Company, or any of the other Released Parties. This Agreement shall not be construed to prohibit you from filing a charge or complaint with the National Labor Relations Board, the Equal Employment Opportunity Commission, or participating in any investigation or proceedings conducted by either entity.

12. **Confidentiality:** You agree that the terms of this Agreement are confidential. You also agree not to tell anyone about this Agreement and not to disclose any information contained in this Agreement to anyone, other than your lawyer, financial advisor and immediate family members, unless you are compelled to do so by law. If you do tell your lawyer, financial advisor or immediate family members about this Agreement or its contents, you must immediately tell them that they must keep it confidential as well.

13. **Breach of this Agreement:** You promise to abide by the terms and conditions in this Agreement and understand that if you do not, the Company is entitled to seek damages and injunctive relief.

14. **Entire Agreement:** This Agreement, together with the Arbitration Agreement, Agreement to Protect Confidential Information, Assign Inventions and Non-Solicitation (collectively, the "Executive Agreements") constitute the complete understanding between the Parties concerning all matters affecting your employment with the Company, the termination thereof and any ongoing responsibilities. You hereby affirm and will comply with any and all ongoing obligations contained in the Executive Agreements, including obligations relating to confidentiality of Company information and binding arbitration. Moreover, you acknowledge that no promises or representations have been made to induce you to sign this Agreement other than as expressly set forth herein and that you have signed this Agreement as a free and voluntary act.

15. **Severability.** If any clause, provision or paragraph of this Agreement is found to be void, invalid or unenforceable, such finding shall have no effect on the remainder of this Agreement, which shall continue to be in full force and effect. Each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

16. **Changes to the Agreement:** This Agreement may not be changed unless the changes are in writing and signed by you and an authorized representative of the Company.

17. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Colorado, excluding its choice of law rules, and shall be binding upon the parties hereto and their respective successors and assigns.

If you agree, please sign and return to the Company as instructed above.

By signing below, you accept this Agreement and all of the terms herein.

TTEC Services Corporation

By: Regina Paolillo ______________________________

By: ______________________________

Date: October 19, 2022

Date: ______________________________

CERTIFICATIONS

I, Kenneth D. Tuchman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TTEC Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ KENNETH D. TUCHMAN
Kenneth D. Tuchman
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Dustin J. Semach, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TTEC Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ DUSTIN J. SEMACH
Dustin J. Semach
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of TTEC Holdings, Inc. (the “Company”), hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the quarter ended September 30, 2022 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ KENNETH D. TUCHMAN
Kenneth D. Tuchman
Chairman and Chief Executive Officer

Date: November 9, 2022

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer of TTEC Holdings, Inc. (the “Company”), hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the quarter ended September 30, 2022 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DUSTIN J. SEMACH
Dustin J. Semach
Chief Financial Officer

Date: November 9, 2022