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 June 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 August 2, 2022, there were 47,209,213 shares of the registrant's common stock outstanding.

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

		Page No.
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements	
	Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021 (unaudited)	1
	Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2022 and 2021 (unaudited)	2
	Consolidated Statements of Stockholders' Equity and Mezzanine Equity as of and for the three and six months ended June 30, 2022 and 2021 (unaudited)	3
	Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021 (unaudited)	4
	Notes to the Consolidated Financial Statements (unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	38
Item 4.	Controls and Procedures	40
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	40
Item 1A.	Risk Factors	41
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 5.	Other Information	41
Item 6.	Exhibits	41
SIGNATURES		43

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 163,204	$ 158,205
Accounts receivable, net of allowance of $5,406 and $5,409	391,587	357,310
Prepaids and other current assets	142,947	134,333
Income and other tax receivables	43,095	48,139
Total current assets	740,833	697,987
Long-term assets		
Property, plant and equipment, net	167,293	168,404
Operating lease assets	99,731	90,180
Goodwill	810,929	739,481
Deferred tax assets, net	21,409	11,130
Other intangible assets, net	252,943	212,349
Other long-term assets	72,055	77,273
Total long-term assets	1,424,360	1,298,817
Total assets	$ 2,165,193	$ 1,996,804
LIABILITIES, STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY		
Current liabilities		
Accounts payable	$ 98,241	$ 70,415
Accrued employee compensation and benefits	148,432	156,324
Other accrued expenses	52,640	63,369
Income tax payable	11,670	9,471
Deferred revenue	97,740	95,608
Current operating lease liabilities	43,721	44,460
Other current liabilities	8,920	4,749
Total current liabilities	461,364	444,396
Long-term liabilities		
Line of credit	930,000	791,000
Deferred tax liabilities, net	4,685	5,335
Non-current income tax payable	13,313	17,486
Non-current operating lease liabilities	72,288	64,419
Other long-term liabilities	76,752	79,827
Total long-term liabilities	1,097,038	958,067
Total liabilities	1,558,402	1,402,463
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest	55,752	56,316
Stockholders' equity		
Preferred stock; $0.01 par value; 10,000,000 shares authorized; zero shares outstanding as of June 30, 2022 and December 31, 2021	—	—
Common stock; $0.01 par value; 150,000,000 shares authorized; 47,092,968 and 46,990,031 shares outstanding as of June 30, 2022 and December 31, 2021, respectively	471	470
Additional paid-in capital	364,251	361,135
Treasury stock at cost; 34,959,285 and 35,062,222 shares as of June 30, 2022 and December 31, 2021, respectively	(595,331)	(597,031)
Accumulated other comprehensive income (loss)	(125,450)	(98,426)
Retained earnings	891,185	856,065
Noncontrolling interest	15,913	15,812
Total stockholders' equity	551,039	538,025
Total liabilities, stockholders' equity and mezzanine equity	$ 2,165,193	$ 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 June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Revenue	$ 604,250	$ 554,794	$ 1,192,976	$ 1,094,013
Operating expenses				
Cost of services (exclusive of depreciation and amortization presented separately below)	463,510	400,323	910,725	788,983
Selling, general and administrative	66,766	61,300	131,605	114,057
Depreciation and amortization	26,314	24,916	52,944	45,376
Restructuring charges, net	2,528	1,725	3,148	2,126
Impairment losses	9,248	700	10,360	4,217
Total operating expenses	568,366	488,964	1,108,782	954,759
Income from operations	35,884	65,830	84,194	139,254
Other income (expense)				
Interest income	271	230	471	409
Interest expense	(6,194)	(3,381)	(9,960)	(5,183)
Other income (expense), net	6,111	1,047	7,371	249
Total other income (expense)	188	(2,104)	(2,118)	(4,525)
Income before income taxes	36,072	63,726	82,076	134,729
Provision for income taxes	(7,274)	(11,353)	(15,308)	(27,332)
Net income	28,798	52,373	66,768	107,397
Net income attributable to noncontrolling interest	(3,564)	(5,004)	(8,130)	(9,610)
Net income attributable to TTEC stockholders	$ 25,234	$ 47,369	$ 58,638	$ 97,787
Other comprehensive income (loss)				
Net income	$ 28,798	$ 52,373	$ 66,768	$ 107,397
Foreign currency translation adjustments	(23,370)	2,263	(23,074)	(3,490)
Derivative valuation, gross	(8,515)	219	(7,666)	(3,446)
Derivative valuation, tax effect	2,208	(59)	1,988	892
Other, net of tax	313	(24)	354	12
Total other comprehensive income (loss)	(29,364)	2,399	(28,398)	(6,032)
Total comprehensive income (loss)	(566)	54,772	38,370	101,365
Less: Comprehensive income attributable to noncontrolling interest	(2,134)	(3,668)	(5,749)	(6,702)
Comprehensive income (loss) attributable to TTEC stockholders	$ (2,700)	$ 51,104	$ 32,621	$ 94,663
Weighted average shares outstanding				
Basic	47,047	46,840	47,026	46,792
Diluted	47,383	47,409	47,381	47,388
Net income per share attributable to TTEC stockholders				
Basic	$ 0.54	$ 1.01	$ 1.25	$ 2.09
Diluted	$ 0.53	$ 1.00	$ 1.24	$ 2.06
Dividends declared and not paid per share outstanding	$ —	$ —	$ —	$ —

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 June 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 March 31, 2021	46,819	$ 468	$ (599,851)	$ 359,030	$ (80,713)	$ 787,598	$ 13,709	$ 480,241	$ 54,674
Net income	—	—	—	—	—	47,369	3,654	51,023	1,350
Dividends to shareholders ($0.00 per common share)	—	—	—	—	—	—	—	—	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(1,980)	(1,980)	(1,224)
Foreign currency translation adjustments	—	—	—	—	2,249	—	14	2,263	—
Derivatives valuation, net of tax	—	—	—	—	160	—	—	160	—
Vesting of restricted stock units	74	1	1,224	(3,978)	—	—	—	(2,753)	—
Equity-based compensation expense	—	—	—	3,371	—	—	—	3,371	—
Other, net of tax	—	—	—	—	(24)	—	—	(24)	—
Balance as of June 30, 2021	46,893	$ 469	$ (598,627)	$ 358,423	$ (78,328)	$ 834,967	$ 15,397	$ 532,301	$ 54,800

	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 March 31, 2022	47,036	$ 470	$ (596,279)	$ 362,601	$ (97,464)	$ 865,951	$ 16,547	$ 551,826	$ 56,666
Net income	—	—	—	—	—	25,234	3,512	28,746	51
Dividends to shareholders ($0.00 per common share)	—	—	—	—	—	—	—	—	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(2,768)	(2,768)	(965)
Foreign currency translation adjustments	—	—	—	—	(21,992)	—	(1,378)	(23,370)	—
Derivatives valuation, net of tax	—	—	—	—	(6,307)	—	—	(6,307)	—
Vesting of restricted stock units	57	1	948	(2,493)	—	—	—	(1,544)	—
Equity-based compensation expense	—	—	—	4,143	—	—	—	4,143	—
Other, net of tax	—	—	—	—	313	—	—	313	—
Balance as of June 30, 2022	47,093	$ 471	$ (595,331)	$ 364,251	$ (125,450)	$ 891,185	$ 15,913	$ 551,039	$ 55,752

Six months ended June 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	—	—	—	—	—	97,787	6,562	104,349	3,048
Dividends to shareholders ($0.43 per common share)	—	—	—	—	—	(20,132)	—	(20,132)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(4,365)	(4,365)	(1,224)
Foreign currency translation adjustments	—	—	—	—	(3,630)	—	140	(3,490)	—
Derivatives valuation, net of tax	—	—	—	—	(2,554)	—	—	(2,554)	—
Vesting of restricted stock units	156	2	2,587	(9,269)	—	—	—	(6,680)	—
Equity-based compensation expense	—	—	—	7,399	—	—	—	7,399	—
Other, net of tax	—	—	—	—	12	—	—	12	—
Balance as of June 30, 2021	46,893	$ 469	$ (598,627)	$ 358,423	$ (78,328)	$ 834,967	$ 15,397	$ 532,301	$ 54,800

	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	—	—	—	—	—	58,638	7,123	65,761	1,006
Dividends to shareholders ($0.50 per common share)	—	—	—	—	—	(23,518)	—	(23,518)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(5,648)	(5,648)	(1,570)
Foreign currency translation adjustments	—	—	—	—	(21,700)	—	(1,374)	(23,074)	—
Derivatives valuation, net of tax	—	—	—	—	(5,678)	—	—	(5,678)	—
Vesting of restricted stock units	103	1	1,700	(4,766)	—	—	—	(3,065)	—
Equity-based compensation expense	—	—	—	7,882	—	—	—	7,882	—
Other, net of tax	—	—	—	—	354	—	—	354	—
Balance as of June 30, 2022	47,093	$ 471	$ (595,331)	$ 364,251	$ (125,450)	$ 891,185	$ 15,913	$ 551,039	$ 55,752

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)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities		
Net income	$ 66,768	$ 107,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,944	45,376
Amortization of contract acquisition costs	1,063	350
Amortization of debt issuance costs	500	447
Imputed interest expense and fair value adjustments to contingent consideration	—	1,046
Provision for credit losses	198	155
(Gain) loss on disposal of assets	1,116	386
Impairment losses	10,360	4,217
Deferred income taxes	(9,161)	(5,522)
Excess tax benefit from equity-based awards	(913)	(3,340)
Equity-based compensation expense	7,882	7,399
(Gain) loss on foreign currency derivatives	224	21
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(38,271)	48,515
Prepaids and other assets	35,866	3,175
Accounts payable and accrued expenses	21,041	(18,062)
Deferred revenue and other liabilities	(58,345)	(58,721)
Net cash provided by operating activities	91,272	132,839
Cash flows from investing activities		
Proceeds from sale of long-lived assets	102	29
Purchases of property, plant and equipment, net of acquisitions	(35,790)	(23,593)
Acquisitions, net of cash acquired of zero and $18,638, respectively	(142,420)	(481,718)
Net cash used in investing activities	(178,108)	(505,282)
Cash flows from financing activities		
Net proceeds (borrowings) from line of credit	139,000	449,000
Payments on other debt	(1,877)	(3,522)
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	(7,219)	(5,589)
Tax payments related to issuance of restricted stock units	(3,065)	(6,680)
Payments of debt issuance costs	—	(1,102)
Net cash provided by (used in) financing activities	93,721	400,458
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12,350)	(1,930)
(Decrease)/increase in cash, cash equivalents and restricted cash	(5,465)	26,085
Cash, cash equivalents and restricted cash, beginning of period	180,682	159,015
Cash, cash equivalents and restricted cash, end of period	$ 175,217	$ 185,100
Supplemental disclosures		
Cash paid for interest	$ 9,394	$ 4,637
Cash paid for income taxes	$ 19,882	$ 46,723
Non-cash investing and financing activities		
Acquisition of long-lived assets through finance leases	$ 202	$ 625
Acquisition of equipment through increase in accounts payable, net	$ 467	$ (2,727)

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 59,600 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):

	June 30, 2022	December 31, 2021
Cash and cash equivalents	$ 163,204	$ 158,205
Restricted cash included in "Prepaid and other current assets"	12,013	22,477
Total	$ 175,217	$ 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 $142.3 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, which is included in Other long-term liabilities in the accompanying Consolidated Balance Sheets.

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.

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

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 which is included in Other current assets in the accompanying Balance Sheets.

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.

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	8,473
Net fixed assets	5,993
Right of use lease assets	16,526
Other assets	2,572
Customer relationships	61,150
Goodwill	76,311
	$ 171,729
Accrued employee compensation	$ 202
Accrued expenses	2,675
Right of use lease liability - current	3,129
Right of use lease liability - non-current	13,601
Deferred income	811
Other liabilities	8,891
	$ 29,309
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 contract 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 $90.6 million and net income of $21.1 million, to the Company for the three months ended June 30, 2022 and revenues of $143.9 million and net income $38.9 million, to the Company for the six months ended June 30, 2022, respectively.

The unaudited proforma financial results for the three and six months ended June 30, 2022 combines the consolidated results of the Company, Avtex and Faneuil assuming the acquisition had been completed on January 1, 2021. The reported revenue and net income of $604.3 million and $25.2 million would have been $604.3 million and $25.3 million for the three months ended June 30, 2022, respectively, on an unaudited proforma basis. The reported revenue and net income of $1,193.0 million and $58.6 million would have been $1,235.0 million and $63.1 million for the six months ended June 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.

Table of Contents

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 June 30, 2022

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 116,591	$ —	$ 116,591	$ 7,834	$ 10,879
TTEC Engage	487,659	—	487,659	18,480	25,005
Total	$ 604,250	$ —	$ 604,250	$ 26,314	$ 35,884

Three Months Ended June 30, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 108,017	$ (22)	$ 107,995	$ 8,489	$ 9,565
TTEC Engage	446,799	—	446,799	16,427	56,265
Total	$ 554,816	$ (22)	$ 554,794	$ 24,916	$ 65,830

Six Months Ended June 30, 2022

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 230,174	$ —	$ 230,174	$ 17,245	$ 17,226
TTEC Engage	962,802	—	962,802	35,699	66,968
Total	$ 1,192,976	$ —	$ 1,192,976	$ 52,944	$ 84,194

Six Month Ended June 30, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 171,626	$ (44)	$ 171,582	$ 12,377	$ 13,767
TTEC Engage	922,431	—	922,431	32,999	125,487
Total	$ 1,094,057	$ (44)	$ 1,094,013	$ 45,376	$ 139,254

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Capital Expenditures				
TTEC Digital	$ 2,476	$ 1,898	$ 3,473	$ 3,430
TTEC Engage	16,623	10,130	32,317	20,163
Total	$ 19,099	$ 12,028	$ 35,790	$ 23,593

	June 30, 2022	December 31, 2021
Total Assets		
TTEC Digital	$ 822,199	$ 828,255
TTEC Engage	1,342,994	1,168,549
Total	$ 2,165,193	$ 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue				
United States	$ 417,174	$ 372,851	$ 811,786	$ 731,180
Philippines	90,424	102,472	190,454	204,724
Europe / Middle East / Africa	34,233	27,640	65,797	53,557
Latin America	27,772	27,354	55,154	56,791
Asia Pacific / India	18,326	16,404	35,824	32,571
Canada	16,321	8,073	33,961	15,190
Total	$ 604,250	$ 554,794	$ 1,192,976	$ 1,094,013

(4) SIGNIFICANT CLIENTS AND OTHER CONCENTRATIONS

The Company had one client that contributed in excess of 10% of total revenue for the six months ended June 30, 2022; this client operates in the automotive industry and is included in the TTEC Engage segment. This client contributed 10.5% and 9.0% of total revenue for the six months ended June 30, 2022 and 2021, respectively. The Company had one client that contributed in excess of 10% of total revenue for the six months ended June 30, 2021; this client operates in the financial services sector. This client contributed 7.4% and 14.2% of total revenue for the six months ended June 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 June 30, 2022.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Balance, beginning of period	$ 5,032	$ 4,997	$ 5,409	$ 5,067
Provision for credit losses	383	135	198	155
Uncollectible receivables written-off	(6)	(178)	(218)	(261)
Effect of foreign currency	(3)	(2)	17	(9)
Acquisition	—	988	—	988
Balance, end of period	$ 5,406	$ 5,940	$ 5,406	$ 5,940

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 June 30, 2022 and December 31, 2021, the Company had factored $95.1 million and $97.7 million, respectively, of accounts receivable; under the Agreement discounts on these receivables were not material during the quarter. As of June 30, 2022, the Company had collected $11.8 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 June 30, 2022 as the fair value of the servicing arrangement as well as the fees earned were not material to the financial statements.

(5) GOODWILL

Goodwill consisted of the following (in thousands):

	December 31, 2021	Acquisitions / Adjustments	Impairments	Effect of Foreign Currency	June 30, 2022
TTEC Digital	$ 505,222	$ —	$ —	$ (2,138)	$ 503,084
TTEC Engage	234,259	76,311	—	(2,725)	307,845
Total	$ 739,481	$ 76,311	$ —	$ (4,863)	$ 810,929

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 June 30, 2022, the Company assessed whether any such indicators of impairment existed and concluded there were none.

(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 June 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 six months ended June 30, 2022 and 2021 (in thousands and net of tax):

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Aggregate unrealized net gain/(loss) at beginning of period	$ 589	$ 5,717	$ (40)	$ 8,431
Add: Net gain/(loss) from change in fair value of cash flow hedges	(6,160)	(1,194)	(5,770)	(4,967)
Less: Net (gain)/loss reclassified to earnings from effective hedges	(147)	1,354	92	2,413
Aggregate unrealized net gain/(loss) at end of period	$ (5,718)	$ 5,877	$ (5,718)	$ 5,877

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

As of June 30, 2022	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	9,000	$ 7,136	100.0 %	December 2022
Philippine Peso	8,505,000	162,100 (1)	54.1 %	March 2025
Mexican Peso	1,339,500	58,906	47.9 %	March 2025
		$ 228,142		

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 June 30, 2022 and December 31, 2021.

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 June 30, 2022 and December 31, 2021 the total notional amounts of the Company's forward contracts used as fair value hedges were $46.6 million and $32.9 million, respectively.

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

Derivative Valuation and Settlements

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

	June 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	$ 1,967	$ 101
Other long-term assets	804	—
Other current liabilities	(6,138)	(127)
Other long-term liabilities	(4,361)	—
Total fair value of derivatives, net	$ (7,728)	$ (26)

	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

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

	Three Months Ended June 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	$ (146)	$ 1,354
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ (197)	$ 1,830

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

	Three Months Ended June 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	$ (41)	$ 375

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

	Six Months Ended June 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	$ 93	$ 2,413
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ 126	$ 3,260

	Six Months Ended June 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	$ 259	$ 38

(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.

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

The following presents information as of June 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. As of March 31, 2018, the investment in CaféX Communication, Inc., which consisted of the Company's total $15.6 million investment, was fully impaired to zero.

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 June 30, 2022 and December 31, 2021, the Company had $930.0 million and $791.0 million, respectively, of borrowings outstanding under the Credit Facility. During the second quarter of 2022 outstanding borrowings accrued interest at an average rate of 2.0% 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 June 30, 2022, credit risk did not materially change the fair value of the Company's derivative contracts.

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

As of June 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	$ —	$ (7,728)	$ —	$ (7,728)
Fair value hedges	—	(26)	—	(26)
Total net derivative asset (liability)	$ —	$ (7,754)	$ —	$ (7,754)

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

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

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

As of June 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	$ —	$ —	$ —
Contingent consideration	—	—	10,370
Total assets	$ —	$ —	$ 10,370
Liabilities			
Deferred compensation plan liability	$ —	$ (24,916)	$ —
Derivative instruments, net	—	(7,754)	—
Contingent consideration	—	—	(8,816)
Total liabilities	$ —	$ (32,670)	$ (8,816)
Redeemable noncontrolling interest	$ —	$ —	$ (55,752)

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	$ —
Total assets	$ —	$ 136	$ —
Liabilities			
Deferred compensation plan liability	$ —	$ (30,012)	$ —
Derivative instruments, net	—	—	—
Contingent consideration	—	—	(9,600)
Total liabilities	$ —	$ (30,012)	$ (9,600)
Redeemable noncontrolling interest	$ —	$ —	$ (56,316)

Deferred Compensation Plan — The Company maintains a non-qualified deferred compensation plan structured as a Rabbi trust for certain eligible employees. Participants in the deferred compensation plan select from a menu of phantom investment options for their deferral dollars offered by the Company each year, which are based upon changes in value of complementary, defined market investments. The deferred compensation liability represents the combined values of market investments against which participant accounts are tracked.

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

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.

Contingent receivables – The Company recorded a contingent receivable related to the acquisition of Faneuil that closed in 2022. The contingent receivable was valued based on a weighted average of several current scenarios and a receivable of $10.4 million was recorded as of the acquisition date.

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

	December 31, 2021	Acquisitions	Payments	Imputed Interest / Adjustments	June 30, 2022
VF US	$ (7,414)	$ —	$ 7,414	$ —	$ —
VF ASEAN	(2,186)	—	2,186	—	—
Faneuil	—	(8,816)	—	—	(8,816)
Faneuil receivable	—	10,370	—	—	10,370
Total	$ (9,600)	$ 1,554	$ 9,600	$ —	$ 1,554

(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 is considered to be impaired when the anticipated undiscounted future cash flows of its asset group are 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 six months ended June 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 $9.2 million and $10.4 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 June 30, 2022, the Company had $21.4 million of net deferred tax assets (after a $28.1 million valuation allowance) and a net deferred tax asset of $16.7 million (after deferred tax liabilities of $4.7 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 six months ended June 30, 2022 was 20.2% and 18.7%, respectively. The effective tax rate for the three and six months ended June 30, 2021 was 17.8% and 20.3%, 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 quarter of 2022, $1.3 million, and in the second quarter of 2022, $0.6 million was 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 June 30, 2022 and 2021 was approximately $0.0 million and $2.6 million, respectively, which had an impact on diluted net income per share of $0.00 and $0.05, respectively. The aggregate effect on income tax expense for the six months ended June 30, 2022 and 2021, was approximately $1.0 million and $3.7 million benefit, respectively, which had an impact on diluted net income per share of $0.02 and $0.08, respectively.

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

(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.

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 June 30, 2022 and December 31, 2021, the Company had borrowings of $930.0 million and $791.0 million, respectively, under its Credit Facility, and its average daily utilization was $966.3 million and $662.8 million for the six months ended June 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 $425 million as of June 30, 2022. As of June 30, 2022, the Company was in compliance with all covenants and conditions under its Credit Agreement.

Letters of Credit

As of June 30, 2022, outstanding letters of credit under the Credit Facility totaled $12.6 million and primarily guaranteed workers' compensation and other insurance related obligations. As of June 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.

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

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.

(11) DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Revenue recognized for the six months ended June 30, 2022 from amounts included in deferred revenue as of December 31, 2021 was $134.8 million. Revenue recognized for the six months ended June 30, 2021 from amounts included in deferred revenue as of December 31, 2020 was $67.4 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 June 30, 2022, the Company's RPO was $288.2 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.

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

(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	(3,630)	(4,967)	156	(8,441)
Amounts reclassified from accumulated other comprehensive income (loss)	—	2,413	(144)	2,269
Net current period other comprehensive income (loss)	(3,630)	(2,554)	12	(6,172)
Accumulated other comprehensive income (loss) at June 30, 2021	$ (81,769)	$ 5,877	$ (2,436)	$ (78,328)
Accumulated other comprehensive income (loss) at December 31, 2021	$ (95,547)	$ (40)	$ (2,839)	$ (98,426)
Other comprehensive income (loss) before reclassifications	(21,700)	(5,770)	490	(26,980)
Amounts reclassified from accumulated other comprehensive income (loss)	—	92	(136)	(44)
Net current period other comprehensive income (loss)	(21,700)	(5,678)	354	(27,024)
Accumulated other comprehensive income (loss) at June 30, 2022	$ (117,247)	$ (5,718)	$ (2,485)	$ (125,450)

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 June 30,		Statement of Comprehensive Income (Loss) Classification
	2022	2021	
Derivative valuation			
(Loss)/gain on foreign currency forward exchange contracts	$ (197)	$ 1,830	Revenue
Tax effect	50	(476)	Provision for income taxes
	$ (147)	$ 1,354	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)

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

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021	Statement of Comprehensive Income (Loss) Classification
Derivative valuation			
Gain on foreign currency forward exchange contracts	$ 126	$ 3,260	Revenue
Tax effect	(34)	(847)	Provision for income taxes
	$ 92	$ 2,413	Net income (loss)
Other			
Actuarial loss on defined benefit plan	$ (151)	$ (160)	Cost of services
Tax effect	15	16	Provision for income taxes
	$ (136)	$ (144)	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 June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Shares used in basic earnings per share calculation	47,047	46,840	47,026	46,792
Effect of dilutive securities:				
Restricted stock units	336	569	342	596
Performance-based restricted stock units	—	—	13	—
Total effects of dilutive securities	336	569	355	596
Shares used in dilutive earnings per share calculation	47,383	47,409	47,381	47,388

For the three months ended June 30, 2022 and 2021, there were Restricted Stock Units ("RSUs") of 281 thousand and one 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 six months ended June 30, 2022 and 2021, there were RSUs of 239 thousand and two 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 six months ended June 30, 2022 and 2021, the Company recognized total equity-based compensation expense of $4.1 million and $7.9 million and $3.3 million and $7.4 million, respectively. Of the total compensation expenses, $1.6 million and $3.2 million were recognized in Cost of services and $2.5 million and $4.7 million were recognized in Selling, general and administrative during the three and six months ended June 30, 2022, respectively. During the three and six months ended June 30, 2021, the Company recognized compensation expense of $1.1 million and $2.5 million in Cost of services and $2.2 million and $4.9 million in Selling, general and administrative, respectively.

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

Restricted Stock Unit Grants

During the six months ended June 30, 2022 and 2021, the Company granted 155,897 and 11,656 RSUs, respectively, to new and existing employees, which vest over four to five years. The Company recognized compensation expense related to RSUs of $3.8 million and $7.4 million for the three and six months ended June 30, 2022, respectively. The Company recognized compensation expense related to RSUs of $2.6 million and $5.9 million for the three and six months ended June 30, 2021, respectively. As of June 30, 2022, there was approximately $56.2 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 $0.7 million for the three and six months ended June 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 $0.4 million and $0.5 million, respectively, for the three and six months ended June 30, 2022. The Company recognized compensation expense related to the 2020 PRSUs of $0.5 million and $1.0 million, respectively, for the three and six months ended June 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.

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.

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

(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 six months ended June 30, 2022 and 2021, the Company expensed $0.3 million and $0.5 million, respectively, to Avion and Airmax for services provided to the Company. There was $139 thousand in payments due and outstanding to Avion and Airmax as of June 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 six months ended June 30, 2022 and 2021, the Company recorded revenue of $0.5 million and $0.9 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, a global information technology company. During the six months ended June 30, 2022 and 2021, the Company recorded revenue of $0.1 million and $0.3 million, respectively, in connection with services performed for Unisys.

Ms. Michelle Swanback, Chief Executive Officer of TTEC Engage, is a member of the board of directors of Willis Towers Watson, who provides compensation consulting and insurance services to the Company. During the six month ended June 30, 2022, the Company expenses $0.8 million.

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; 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, regulatory changes impacting our healthcare businesses, financial and public sector specific regulations, our ability to comply with these laws timely and cost effectively; and 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 Digita**l 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 59,600 consultants, technologists, and CX professionals.

Our revenue for second quarter 2022 was $604.3 million, approximately $116.6 million, or 19% which came from our TTEC Digital segment and $487.7 million, or 81%, 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 760 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, 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 to move to a 'zero trust' environment 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 expect to make further investments in 2022. We anticipate the likely investment to be at least $6 million in 2022 and beyond. The incident and any failure or perceived failure by us to comply with applicable privacy laws in connection with this incident could result in government enforcement actions, regulatory investigations, fines, penalties, and private legal actions, which could impact our results of operations and expenses associated with the incident. In the first half of 2022, we have been served with certain lawsuits alleging data privacy failures, which are typical when cybersecurity incidents result in data exfiltration. Other actual and potential consequences of the incident 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 June 30, 2022 the COVID-19 pandemic has not had a material adverse impact on our operational or financial results. As of June 30, 2022 only some of our COVID-19 specific surge work has transitioned to more traditional business activities for the same clients, and our clients continue to reposition their work in post-pandemic environment, leveraging new ways of working, and evolving the use of technology. These changes bring more opportunities to the Company, while at the same time temporarily or permanently diverting certain business volumes. 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.

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 second quarter of 2022, our revenue increased $49.5 million, or 8.9%, to $604.3 million over the same period in 2021 including a decrease of $10.5 million, or 1.9%, due to foreign currency fluctuations. The increase in revenue was comprised of an $8.6 million, or 8.0%, increase for TTEC Digital and an increase of $40.9 million, or 9.1%, for TTEC Engage.

Our second quarter 2022 income from operations decreased $29.9 million, or 45.5%, to $35.9 million or 5.9% of revenue, compared to $65.8 million or 11.9% of revenue in the second quarter of 2021. The decrease in operating income is comprised of a number of factors across the segments. The TTEC Digital operating income increased 13.7% due to growth in the cloud revenue platform partially offset by a continued investment in sales and marketing, product engineering, and geographic expansion. The TTEC Engage operating income decreased 55.6% over the same period last year primarily related to 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, offset by the acquisition of Faneuil.

Income from operations in the second quarter of 2022 and 2021 included $11.8 million and $2.4 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 21,600 workstations, representing 59% of our global delivery capability. Revenue for our TTEC Engage segment provided from these offshore locations represented 26% of our revenue for the second quarter of 2022, as compared to 30% 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 June 30, 2022, the total production workstations for our TTEC Engage segment was 36,800 and the overall capacity utilization in our centers was 69% 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 June 30, 2022 compared to three months ended June 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 June 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 June 30,			
	2022	2021	$ Change	% Change
Revenue	$ 116,591	$ 107,995	$ 8,596	8.0 %
Operating Income	10,879	9,565	1,314	13.7 %
Operating Margin	9.3 %	8.9 %		

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

The operating income increase is primarily attributable to an increase in the cloud revenue platform partially offset by a continued investment in sales and marketing, product engineering and geographic expansion. Operating income as a percentage of revenue increased to 9.3% in the second quarter of 2022 as compared to 8.9% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $4.8 million and $5.7 million for the quarters ended June 30, 2022 and 2021, respectively.

TTEC Engage

	Three Months Ended June 30,			
	2022	2021	$ Change	% Change
Revenue	$ 487,659	$ 446,799	$ 40,860	9.1 %
Operating Income	25,005	56,265	(31,260)	(55.6)%
Operating Margin	5.1 %	12.6 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of $92.0 million in client programs including the acquisition of Faneuil, offset by a decrease for program completions of $41.4 million and a $9.7 million decrease due to foreign currency fluctuations.

The operating income decreased primarily 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, and $11.7 million of restructuring and impairment charges related to several real estate leases and internally developed software that will not be used in the future. As a result, operating income as a percentage of revenue decreased to 5.1% in the second quarter of 2022 as compared to 12.6% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $4.8 million and $3.3 million for the quarters ended June 30, 2022 and 2021, respectively.

Interest Income (Expense)

For the three months ended June 30, 2022 interest income increased to $0.3 million from $0.2 million in the same period in 2021. Interest expense increased to $6.2 million during 2022 from $3.4 million during 2021 due to higher utilization of the line of credit and higher interest rates.

Other Income (Expense)

For the three months ended June 30, 2022 Other income (expense), net increased to net income of $6.1 million from net income of $1.0 million during the prior year quarter.

Included in the three months ended June 30, 2022 was a gain of $2.1 million due to insurance recovery related to property damages.

Included in the three months ended June 30, 2021 was a $0.2 million expense related to the fair value adjustment of contingent consideration for two acquisitions.

Income Taxes

The effective tax rate for the three months ended June 30, 2022 was 20.2%. This compares to an effective tax rate of 17.8% for the comparable period of 2021. The effective tax rate for the three months ended June 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 $1.5 million benefit related to equity compensation, a $0.6 million benefit from changes to valuation allowances, a $2.5 million benefit related to the amortization of purchased intangibles, a $3.1 million benefit related to restructuring, $0.3 million of expense related to tax contingencies, and a $0.2 million benefit related to other items, the Company's normalized tax rate for the second quarter of 2022 was 24.3%.

Results of Operations

Six months ended June 30, 2022 compared to six months ended June 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 six months ended June 30, 2022 and 2021 (in thousands). All intercompany transactions between the reported segments for the periods presented have been eliminated.

TTEC Digital

	Six Months Ended June 30,			
	2022	2021	$ Change	% Change
Revenue	$ 230,174	$ 171,582	$ 58,592	34.1 %
Operating Income	17,226	13,767	3,459	25.1 %
Operating Margin	7.5 %	8.0 %		

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 due to the acquisition 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 7.5% for the six months ended June 30, 2022 as compared to 8.0% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $11.1 million and $6.9 million for the six months ended June 30, 2022 and 2021, respectively.

TTEC Engage

	Six Months Ended June 30,			
	2022	2021	$ Change	% Change
Revenue	$ 962,802	$ 922,431	$ 40,371	4.4 %
Operating Income	66,968	125,487	(58,519)	(46.6)%
Operating Margin	7.0 %	13.6 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of $138.7 million in client programs including the acquisition of Faneuil, and offset by a $14.8 million decrease due to foreign currency fluctuations and a decrease for program completions of $83.5 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, and $13.4 million of restructuring and impairment charges related to several real estate leases and internally developed software that will not be used in the future, offset by the acquisition of Faneuil, other revenue increases and reduction of the facility costs. As a result, operating income as a percentage of revenue decreased to 7.0% for the six months ended June 30, 2022 as compared to 13.6% in the prior period. Included in operating income was amortization expense related to acquired intangibles of $8.0 million and $6.6 million for the six months ended June 30, 2022 and 2021, respectively.

Interest Income (Expense)

For the six months ended June 30, 2022 interest income increased to $0.5 million from $0.4 million in the same period in 2021. Interest expense increased to $10.0 million during 2022 from $5.2 million during 2021 due to higher utilization of the line of credit offset by lower interest rates.

Other Income (Expense)

For the six months ended June 30, 2022 Other income (expense), net increased to net income of $7.4 million from net income of $0.2 million during the prior year period.

Included in the six months ended June 30, 2022 was a gain of $2.1 million due to insurance recovery related to property damages.

Included in the six months ended June 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 six months ended June 30, 2022 was 18.7%. This compared to an effective tax rate of 20.3% for the comparable period of 2021. The effective tax rate for the six months ended June 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 $3.5 million benefit from restructuring expenses, a $1.0 million benefit related to the cybersecurity incident, a $1.9 million benefit related to changes in valuation allowances, a $5.0 million benefit related to the amortization of purchased intangibles, a $2.9 million benefit related to equity-based compensation, $0.3 million of expense related to tax contingencies, and $0.5 million of expense related to other items, the Company's normalized tax rate for 2022 was 22.8%.

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 six months ended June 30, 2022, we generated positive operating cash flows of $91.3 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 six months ended June 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 $163.2 million and $158.2 million as of June 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 six months ended June 30, 2022 and 2021, net cash flows provided by operating activities was $91.3 million and $132.8 million, respectively. The decrease is primarily due to a $27.0 million decrease in net cash income from operations and a $14.6 million reduction in net working capital.

Cash Flows from Investing Activities

For the six months ended June 30, 2022 and 2021, net cash flows used in investing activities was $178.1 million and $505.3 million, respectively. The decrease was due to a decrease related to acquisitions of $339.3 million offset by a $12.2 million increase in capital expenditures.

Cash Flows from Financing Activities

For the six months ended June 30, 2022 and 2021, net cash flows provided by financing activities was $93.7 million and $400.5 million, respectively. The change in net cash flows from 2021 to 2022 was primarily due to a $310.0 million net change in the line of credit and a $3.4 million increase in dividends to shareholders, offset by a $3.6 million increase in tax payments related to restricted stock units.

Free Cash Flow

Free cash flow (see “Presentation of Non-GAAP Measurements” below for the definition of free cash flow) decreased for the six months ended June 30, 2022 compared to the six months ended June 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 $55.5 million and $109.2 million for the six months ended June 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	$ 77,585	$ 63,052	$ 91,271	$ 132,839
Less: Purchases of property, plant and equipment	19,099	12,028	35,790	23,593
Free cash flow	$ 58,486	$ 51,024	$ 55,481	$ 109,246

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 six months ended June 30, 2022, one of our clients represented more than 10% of our total revenue. Our five largest clients, collectively, accounted for 34.7% and 36.4% of our consolidated revenue for the three months ended June 30, 2022 and 2021, respectively and 35.8% and 39.0% of our consolidated revenue for the six months ended June 30, 2022 and 2021, respectively. We have had long-term relationships with our top five TTEC Engage clients, ranging from 16 to 22 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. We enter into interest rate derivative instruments to reduce our exposure to interest rate fluctuations associated with our variable rate debt. 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

We have previously entered into interest rate derivative instruments to reduce our exposure to interest rate fluctuations associated with our variable rate debt. 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 June 30, 2022, we had $930.0 million of outstanding borrowings under the Credit Agreement. Based upon average outstanding borrowings during the three months ended June 30, 2022, interest accrued at a rate of approximately 2.0% 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 six months ended June 30, 2022 and 2021, revenue associated with this foreign exchange risk was 18% 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 June 30, 2022 and December 31, 2021 are summarized as follows (in thousands). All hedging instruments are forward contracts, except as noted.

As of June 30, 2022	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	9,000	$ 7,136	100.0 %	December 2022
Philippine Peso	8,505,000	162,100 (1)	54.1 %	March 2025
Mexican Peso	1,339,500	58,906	47.9 %	March 2025
		$ 228,142		

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 June 30, 2022 and December 31, 2021.

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

	June 30, 2022	Maturing in the Next 12 Months
Canadian Dollar	$ (141)	$ (141)
Philippine Peso	(10,323)	(5,983)
Mexican Peso	2,736	1,953
	$ (7,728)	$ (4,171)

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 gains of $126 thousand and $3.3 million for settled cash flow hedge contracts and the related premiums for the six months ended June 30, 2022 and 2021, respectively. These 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 six months ended June 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 June 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 June 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 June 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 9 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 June 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 June 30, 2022. As of June 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
10.35	Form of TTEC Holdings, Inc. Performance Restricted Stock Unit Agreement (Value Creation Program) effective March 15, 2022	10-Q	10.35	5/05/2022
10.84	Employment Agreement between Michelle Swanback and TTEC Services Corporation effective May 2, 2022	10-Q	10.84	5/05/2022
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 June 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: August 9, 2022	By:	/s/ Kenneth D. Tuchman
		Kenneth D. Tuchman Chairman and Chief Executive Officer
Date: August 9, 2022	By:	/s/ Dustin J. Semach
		Dustin J. Semach Chief Financial Officer

Exhibit 31.1

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: August 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: August 9, 2022

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

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 June 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: August 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 June 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: August 9, 2022