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

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**Form 10-Q**

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

For the quarterly period ended September 30, 2023

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

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**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.)

**6312 South Fiddler's Green Circle, Suite 100N**  
**Greenwood Village, Colorado 80111**  
(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 October 31, 2023, there were 47,424,371 shares of the registrant's common stock outstanding.

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**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
**SEPTEMBER 30, 2023 FORM 10-Q**  
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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**  
**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 151,583	\$ 153,435
Accounts receivable, net of allowance of \$2,502 and \$3,524	379,755	417,637
Prepays and other current assets	118,956	133,365
Income and other tax receivables	11,832	45,533
Total current assets	662,126	749,970
<b>Long-term assets</b>		
Property, plant and equipment, net	192,554	183,360
Operating lease assets	119,544	92,431
Goodwill	806,400	807,845
Deferred tax assets, net	44,474	18,713
Other intangible assets, net	206,800	233,909
Other long-term assets	96,697	67,734
Income and other tax receivables, long-term	39,595	—
Total long-term assets	1,506,064	1,403,992
Total assets	\$ 2,168,190	\$ 2,153,962
<b>LIABILITIES, STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 105,519	\$ 93,937
Accrued employee compensation and benefits	128,731	145,096
Other accrued expenses	53,975	34,451
Income tax payable	9,055	7,166
Deferred revenue	82,529	87,846
Current operating lease liabilities	37,297	35,271
Other current liabilities	5,691	7,597
Total current liabilities	422,797	411,364
<b>Long-term liabilities</b>		
Line of credit	964,000	960,000
Deferred tax liabilities, net	3,284	3,829
Non-current income tax payable	2,880	9,140
Non-current operating lease liabilities	97,899	69,575
Other long-term liabilities	69,845	66,304
Total long-term liabilities	1,137,908	1,108,848
Total liabilities	1,560,705	1,520,212
<b>Commitments and contingencies (Note 10)</b>		
Redeemable noncontrolling interest	4,310	55,645
<b>Stockholders' equity</b>		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; zero shares outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock; \$0.01 par value; 150,000,000 shares authorized; 47,418,697 and 47,224,074 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	474	472
Additional paid-in capital	398,384	367,673
Treasury stock at cost; 34,633,556 and 34,828,179 shares as of September 30, 2023 and December 31, 2022, respectively	(589,948)	(593,164)
Accumulated other comprehensive income (loss)	(103,039)	(126,301)
Retained earnings	880,328	911,233
Noncontrolling interest	16,976	18,192
Total stockholders' equity	603,175	578,105
Total liabilities, stockholders' equity and mezzanine equity	\$ 2,168,190	\$ 2,153,962

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)

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>	\$ 602,956	\$ 592,453	\$ 1,836,636	\$ 1,785,429
<b>Operating expenses</b>				
Cost of services (exclusive of depreciation and amortization presented separately below)	479,699	450,454	1,427,064	1,361,179
Selling, general and administrative	66,781	75,226	216,129	206,831
Depreciation and amortization	25,595	27,117	76,368	80,061
Restructuring charges, net	1,369	1,113	4,895	4,261
Impairment losses	4,124	2,939	11,083	13,299
Total operating expenses	<u>577,568</u>	<u>556,849</u>	<u>1,735,539</u>	<u>1,665,631</u>
<b>Income from operations</b>	25,388	35,604	101,097	119,798
<b>Other income (expense)</b>				
Interest income	1,342	519	3,632	990
Interest expense	(20,327)	(10,565)	(56,709)	(20,525)
Other income (expense), net	687	3,946	(2,232)	11,317
Total other income (expense)	<u>(18,298)</u>	<u>(6,100)</u>	<u>(55,309)</u>	<u>(8,218)</u>
<b>Income before income taxes</b>	7,090	29,504	45,788	111,580
Provision for income taxes	(5,294)	(4,489)	(19,318)	(19,797)
<b>Net income</b>	1,796	25,015	26,470	91,783
Net income attributable to noncontrolling interest	(3,326)	(2,766)	(8,142)	(10,896)
<b>Net income (loss) attributable to TTEC stockholders</b>	<u>\$ (1,530)</u>	<u>\$ 22,249</u>	<u>\$ 18,328</u>	<u>\$ 80,887</u>
<b>Other comprehensive income (loss)</b>				
Net income	\$ 1,796	\$ 25,015	\$ 26,470	\$ 91,783
Foreign currency translation adjustments	(10,312)	(23,123)	18,453	(46,197)
Derivative valuation, gross	(3,752)	(4,430)	5,821	(12,096)
Derivative valuation, tax effect	976	1,150	(1,521)	3,138
Other, net of tax	119	70	299	424
Total other comprehensive income (loss)	<u>(12,969)</u>	<u>(26,333)</u>	<u>23,052</u>	<u>(54,731)</u>
<b>Total comprehensive income (loss)</b>	<u>(11,173)</u>	<u>(1,318)</u>	<u>49,522</u>	<u>37,052</u>
Less: Comprehensive income attributable to noncontrolling interest	(2,620)	(2,929)	(7,005)	(8,678)
<b>Comprehensive income (loss) attributable to TTEC stockholders</b>	<u>\$ (13,793)</u>	<u>\$ (4,247)</u>	<u>\$ 42,517</u>	<u>\$ 28,374</u>
<b>Weighted average shares outstanding</b>				
Basic	47,415	47,207	47,305	47,087
Diluted	47,488	47,314	47,417	47,354
<b>Net income (loss) per share attributable to TTEC stockholders</b>				
Basic	\$ (0.03)	\$ 0.47	\$ 0.39	\$ 1.72
Diluted	\$ (0.03)	\$ 0.47	\$ 0.39	\$ 1.71

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

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

Three months ended September 30, 2022 and 2023

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

	Stockholders' Equity of the Company									Mezzanine Equity
	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling interest	Total Equity		
	Shares	Amount								
<b>Balance as of June 30, 2023</b>	47,276	\$ 473	\$ (592,306)	\$ 396,444	\$ (90,463)	\$ 906,518	\$ 16,876	\$ 637,542	\$ 3,997	
Net income	—	—	—	—	—	(1,530)	3,013	1,483	313	
Dividends to shareholders (\$0.52 per common share)	—	—	—	—	—	(24,660)	—	(24,660)	—	
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(2,520)	(2,520)	—	
Foreign currency translation adjustments	—	—	—	—	(9,919)	—	(393)	(10,312)	—	
Derivatives valuation, net of tax	—	—	—	—	(2,776)	—	—	(2,776)	—	
Vesting of restricted stock units	143	1	2,358	(4,668)	—	—	—	(2,309)	—	
Equity-based compensation expense	—	—	—	6,608	—	—	—	6,608	—	
Other, net of tax	—	—	—	—	119	—	—	119	—	
<b>Balance as of September 30, 2023</b>	<u>47,419</u>	<u>\$ 474</u>	<u>\$ (589,948)</u>	<u>\$ 398,384</u>	<u>\$ (103,039)</u>	<u>\$ 880,328</u>	<u>\$ 16,976</u>	<u>\$ 603,175</u>	<u>\$ 4,310</u>	

Nine months ended September 30, 2022 and 2023

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

	Stockholders' Equity of the Company									Mezzanine Equity
	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling interest	Total Equity		
	Shares	Amount								
<b>Balance as of December 31, 2022</b>	47,224	\$ 472	\$ (593,164)	\$ 367,673	\$ (126,301)	\$ 911,233	\$ 18,192	\$ 578,105	\$ 55,645	
Noncontrolling interest adjustment due to buyout	—	—	—	20,457	—	—	—	20,457	(20,457)	
Net income	—	—	—	—	—	18,328	7,215	25,543	927	
Dividends to shareholders (\$1.04 per common share)	—	—	—	—	—	(49,233)	—	(49,233)	—	
Buyout of noncontrolling interest	—	—	—	—	—	—	—	—	(31,619)	
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(8,221)	(8,221)	(186)	
Foreign currency translation adjustments	—	—	—	—	18,663	—	(210)	18,453	—	
Derivatives valuation, net of tax	—	—	—	—	4,300	—	—	4,300	—	
Vesting of restricted stock units	195	2	3,216	(6,156)	—	—	—	(2,938)	—	
Equity-based compensation expense	—	—	—	16,410	—	—	—	16,410	—	
Other, net of tax	—	—	—	—	299	—	—	299	—	
<b>Balance as of September 30, 2023</b>	<u>47,419</u>	<u>\$ 474</u>	<u>\$ (589,948)</u>	<u>\$ 398,384</u>	<u>\$ (103,039)</u>	<u>\$ 880,328</u>	<u>\$ 16,976</u>	<u>\$ 603,175</u>	<u>\$ 4,310</u>	

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)**

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 26,470	\$ 91,783
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76,368	80,061
Amortization of contract acquisition costs	1,596	1,345
Amortization of debt issuance costs	801	735
Imputed interest expense and fair value adjustments to contingent consideration	6,864	2,070
Provision for credit losses	1,677	1,561
Loss on disposal of assets	1,176	1,587
Loss on dissolution of subsidiary	301	—
Impairment losses	11,083	13,299
Deferred income taxes	(12,288)	(8,216)
Excess tax benefit from equity-based awards	1,807	(1,256)
Equity-based compensation expense	16,410	13,240
Loss on foreign currency derivatives	552	269
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	34,995	(37,987)
Prepays and other assets	(1,620)	38,594
Accounts payable and accrued expenses	(8,453)	1,483
Deferred revenue and other liabilities	(44,508)	(79,755)
Net cash provided by operating activities	<u>113,231</u>	<u>118,813</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of long-lived assets	246	189
Purchases of property, plant and equipment, net of acquisitions	(54,722)	(64,564)
Acquisitions, net of cash acquired of zero and zero, respectively	—	(142,420)
Net cash used in investing activities	<u>(54,476)</u>	<u>(206,795)</u>
<b>Cash flows from financing activities</b>		
Proceeds from/(repayments of) line of credit, net	4,000	164,000
Payments on other debt	(1,929)	(2,568)
Payments of contingent consideration and hold back payments to acquisitions	(37,676)	(9,600)
Dividends paid to shareholders	(24,572)	(23,518)
Payments to noncontrolling interest	(8,407)	(9,562)
Tax payments related to issuance of restricted stock units	(2,938)	(6,980)
Net cash (used in)/provided by financing activities	<u>(71,522)</u>	<u>111,772</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>3,889</u>	<u>(22,226)</u>
(Decrease)/increase in cash, cash equivalents and restricted cash	(8,878)	1,564
Cash, cash equivalents and restricted cash, beginning of period	167,064	180,682
Cash, cash equivalents and restricted cash, end of period	<u>\$ 158,186</u>	<u>\$ 182,246</u>
<b>Supplemental disclosures</b>		
Cash paid for interest	<u>\$ 55,810</u>	<u>\$ 19,699</u>
Cash paid for income taxes	<u>\$ 35,542</u>	<u>\$ 32,705</u>
<b>Non-cash investing and financing activities</b>		
Acquisition of long-lived assets through finance leases	<u>\$ 1,560</u>	<u>\$ 461</u>
Acquisition of equipment through increase in accounts payable, net	<u>\$ 3,534</u>	<u>\$ 6,625</u>
Dividend declared but not paid	<u>\$ 24,660</u>	<u>\$ 24,554</u>

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 (“CX”) as a service (“CXaaS”) partner for many of the world’s most iconic companies, disruptive hypergrowth brands, and large public sector agencies. TTEC designs, builds, orchestrates, and delivers seamless digitally-enabled customer experiences that 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 CX across numerous real-time digital and live interaction channels and different phases of the customer lifecycle. TTEC’s 64,400 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, and travel and transportation industries via operations in the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Colombia, Costa Rica, Germany, Greece, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, 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, digitization, analytics, process optimization, system integration, cloud-based technology solutions, and transformation enabled by the Company’s 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, technology 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, and fraud management services.

TTEC Digital and TTEC Engage strategically come together under our unified offering, Humanify<sup>®</sup> CXaaS, which drives measurable customer results for clients through the delivery of personalized and seamless, omnichannel experiences. Our Humanify<sup>®</sup> 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, hypergrowth companies and public sector agencies 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 through March 31, 2023 and then 100% owned subsequently, and its 70% equity owned subsidiary Serendebyte, Inc. (see Note 2). 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, 2023.

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, 2022.

#### **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.

#### **Out-of-period Adjustment**

The Consolidated Financial Statements for the three months ended June 30, 2023 included an adjustment of \$13.8 million to other comprehensive income and deferred tax assets, to correct for an error identified by management during the preparation of the financial statements. This adjustment was to reflect the deferred tax impact of currency translation adjustments, of which \$0.5 million related to the three months ended March 31, 2023, and the remaining \$13.3 million related to prior annual fiscal periods. Management has determined that this error was not material to the historical financial statements in any individual period or in the aggregate and did not result in the previously issued financial statements being materially misstated. The impact to the three and six month periods ended June 30, 2023 is not material. As such, management recorded the correction as an out-of-period adjustment in the three months ended June 30, 2023.

#### **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 three months or less. 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 Consolidated Balance Sheets that sum to the amounts reported in the Consolidated Statement of Cash Flows (in thousands):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Cash and cash equivalents	\$ 151,583	\$ 153,435
Restricted cash included in "Prepaid and other current assets"	6,603	13,629
Total	<u>\$ 158,186</u>	<u>\$ 167,064</u>



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

**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 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 adopted the standard effective April 1, 2023 and the adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

**(2) ACQUISITIONS AND DIVESTITURES**

*FCR*

Pursuant to the Membership Interest Purchase Agreement of October 26, 2019 between Ortana Holdings, Inc. and TTEC Services Corporation for the acquisition by TTEC of 70% interest in First Call Resolution, LLC ("FCR" and "FCR MIPA", respectively), Ortana Holdings exercised its put rights in January 2023, which required TTEC to acquire Ortana Holdings' remaining 30% interest in FCR. The purchase price for the remaining 30% interest was determined based on the express provisions of the FCR MIPA and was based on FCR's performance during 2022. The buyout agreement was signed on April 4, 2023 and reflected a buyout purchase of \$22.4 million.

In connection with the triggering of the option, as of March 31, 2023, the \$22.4 million purchase price was reclassified from Redeemable noncontrolling interest to Accrued expenses and the remaining balance of \$20.5 million was reclassified to Additional paid in capital. In February 2023, a \$9.2 million payment related to excess cash distribution was completed and in April 2023 the final payment of \$22.4 million was completed.

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

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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The fair value of the two contingent payments was 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 ranged from a minimum of zero to an unlimited maximum. Based on the model, a combined \$8.8 million expected future payment was calculated and recorded as of the acquisition date. During the third quarter of 2022, a \$2.4 million net gain was recorded related to fair value adjustments for the estimated contingent payments based on the timing of cash flows and market interest rates which resulted in an updated discount factor for one contract, and a complete reduction for the second contract as it was not awarded to the Company. During the fourth quarter of 2022, a \$0.5 million net gain was recorded related to a fair value adjustment for the estimated contingent payment based on changes in estimated EBITDA and the timing of cash flows. During the first quarter of 2023, a \$0.6 million net expense was recorded related to a fair value adjustment for the estimated contingent payment based on the timing of cash flows and market interest rate changes. During the second quarter of 2023, an amendment to the agreement was signed which modified the contingent payment for a minimum payment of \$7.4 million and a maximum payment of \$10.4 million. Based on this modification, an updated estimated EBITDA and the revised timing of cash flows, a \$1.7 million expense was recorded as of June 30, 2023. An initial payment of \$7.4 million was completed in May 2023. During the third quarter of 2023, a \$0.1 million net expense was recorded related to a fair value adjustment for the estimated contingent payment based on the timing of cash flows and market interest rate changes. These benefits (expenses) were included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss). As of September 30, 2023, the contingent payment is accrued at \$0.9 million and 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 \$270 thousand asset was recorded as of the acquisition date which is included in Other long-term assets in the accompanying Consolidated Balance Sheets. During the fourth quarter of 2022 and the first quarter of 2023, reductions in fair value of \$52 thousand and \$140 thousand, respectively, were recorded due to changes in estimated revenue, which were included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss). During the second quarter of 2023, an amendment to the agreement was signed which cancelled the option to purchase the additional assets in certain verticals, and thus the remaining \$78 thousand accrual was removed and included in Other income. As of September 30, 2023, the fair value is zero.

The Faneuil Transaction included an indemnity escrow which was disbursed as a holdback payment on the acquisition date. The indemnity payments relate to real estate and technology funds that will be spent post-close related to various IT upgrades and real estate expenses, and indemnity related to potential future employee wage increases. The indemnity payments were valued based on a weighted average of several current scenarios and a receivable of \$10.4 million was recorded as of the acquisition date. During the third and fourth quarters of 2022 and the first quarter of 2023, reductions in the fair value were calculated and a \$4.4 million expense, a \$0.2 million expense and a \$2.5 million expense, respectively, were recorded related to fair value adjustments for the receivable based on current information reflecting a better outcome with the contract negotiations and lower anticipated IT and facilities spending. During the second quarter of 2023, the payout value related to the IT and Facilities reimbursement was finalized at \$1.3 million, and an expense of \$1.9 million was recorded. The payment was received by TTEC in May 2023 and as of June 30, 2023, the receivables were reduced to zero on the Consolidated Balance Sheet. The reductions in fair value related expenses were included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss).

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

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

	<b>Acquisition Date Fair Value</b>
Cash	\$ —
Accounts receivable, net	704
Prepaid and other assets	8,420
Net fixed assets	5,622
Right of use lease assets	17,778
Other assets	2,572
Customer relationships	61,310
Goodwill	75,902
	<u>\$ 172,308</u>
Accrued employee compensation	\$ 202
Accrued expenses	2,763
Right of use lease liability – current	3,129
Right of use lease liability – non-current	14,092
Deferred income	811
Other liabilities	8,891
	<u>\$ 29,888</u>
Total purchase price	<u><u>\$ 142,420</u></u>

In the first quarter of 2023, the Company finalized the valuation of Faneuil for the acquisition date assets acquired and liabilities assumed and determined that no material adjustments to any of the balances were required.

The Faneuil customer relationships are being amortized over a useful life of 10 years. The goodwill recognized from the Faneuil acquisition is attributable to, 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.

#### **Financial Impact of Acquired Businesses**

The acquired business purchased in 2022 noted above contributed revenues of \$45.3 million and net income of \$0.4 million to the Company for the three months ended September 30, 2023, and revenues of \$138.2 million and net income of \$4.3 million to the Company for the nine months ended September 30, 2023.

The unaudited proforma financial results for the three and nine months ended September 30, 2022 combines the consolidated results of the Company and Faneuil assuming the acquisition had been completed on January 1, 2021. The reported revenue and net income of \$592.5 million and \$22.2 million would have been \$592.5 million and \$22.2 million for the three months ended September 30, 2022, respectively, on an unaudited proforma basis. The reported revenue and net income of \$1,785.4 million and \$80.9 million would have been \$1,827.4 million and \$84.3 million for the nine months ended September 30, 2022, respectively, on an unaudited proforma basis.

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

The Company did not have any material, nonrecurring proforma adjustments directly attributable to the business combination included in the reported proforma revenue earnings. These proforma amounts have been calculated after applying the Company's accounting policies and adjusting the acquired business 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 the acquisition 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 acquisition.

**(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, digitization, analytics, process optimization, systems integration, cloud-based technology solutions, and transformation enabled by the Company's 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:** The technology services design, build, 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, among others.
- **Professional Services:** The management consulting practices deliver customer experience strategy, analytics, process optimization, and system integration, among others.

**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, technology 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, and fraud management services.

- **Customer Acquisition, Growth, and Retention Services:** The 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, Technology Support, and Order Fulfillment Services:** The customer care, technology 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:** The digital AI operations and fraud detection and prevention services provide clients with data tagging and annotation capabilities to train and enable AI platforms, community content moderation, and compliance to meet client content standards, and proactive fraud solutions to assist our clients in the detection and prevention of fraud.

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

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

Effective January 1, 2023, the Company completed a small reorganization of the internal reporting structure and one component from the TTEC Digital segment was reclassified and will now be included in the TTEC Engage segment. All balances have been recast for 2022 to conform to the updated segment presentation.

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

**Three Months Ended September 30, 2023**

	<b>Gross Revenue</b>	<b>Intersegment Sales</b>	<b>Net Revenue</b>	<b>Depreciation &amp; Amortization</b>	<b>Income from Operations</b>
TTEC Digital	\$ 133,252	\$ —	\$ 133,252	\$ 6,801	\$ 11,925
TTEC Engage	469,704	—	469,704	18,794	13,463
Total	<u>\$ 602,956</u>	<u>\$ —</u>	<u>\$ 602,956</u>	<u>\$ 25,595</u>	<u>\$ 25,388</u>

**Three Months Ended September 30, 2022**

	<b>Gross Revenue</b>	<b>Intersegment Sales</b>	<b>Net Revenue</b>	<b>Depreciation &amp; Amortization</b>	<b>Income from Operations</b>
TTEC Digital	\$ 116,208	\$ (35)	\$ 116,173	\$ 7,340	\$ 8,015
TTEC Engage	476,280	—	476,280	19,777	27,589
Total	<u>\$ 592,488</u>	<u>\$ (35)</u>	<u>\$ 592,453</u>	<u>\$ 27,117</u>	<u>\$ 35,604</u>

**Nine months Ended September 30, 2023**

	<b>Gross Revenue</b>	<b>Intersegment Sales</b>	<b>Net Revenue</b>	<b>Depreciation &amp; Amortization</b>	<b>Income from Operations</b>
TTEC Digital	\$ 367,764	\$ —	\$ 367,764	\$ 20,384	\$ 19,864
TTEC Engage	1,468,872	—	1,468,872	55,984	81,233
Total	<u>\$ 1,836,636</u>	<u>\$ —</u>	<u>\$ 1,836,636</u>	<u>\$ 76,368</u>	<u>\$ 101,097</u>

**Nine Months Ended September 30, 2022**

	<b>Gross Revenue</b>	<b>Intersegment Sales</b>	<b>Net Revenue</b>	<b>Depreciation &amp; Amortization</b>	<b>Income from Operations</b>
TTEC Digital	\$ 342,055	\$ (35)	\$ 342,020	\$ 24,023	\$ 24,971
TTEC Engage	1,443,409	—	1,443,409	56,038	94,827
Total	<u>\$ 1,785,464</u>	<u>\$ (35)</u>	<u>\$ 1,785,429</u>	<u>\$ 80,061</u>	<u>\$ 119,798</u>

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Capital Expenditures</b>				
TTEC Digital	\$ 1,461	\$ 3,408	\$ 6,087	\$ 6,880
TTEC Engage	20,307	25,366	48,635	57,684
Total	<u>\$ 21,768</u>	<u>\$ 28,774</u>	<u>\$ 54,722</u>	<u>\$ 64,564</u>
		<b>September 30, 2023</b>	<b>December 31, 2022</b>	
<b>Total Assets</b>				
TTEC Digital		\$ 809,741	\$ 807,247	
TTEC Engage		1,358,449	1,346,715	
Total		<u>\$ 2,168,190</u>	<u>\$ 2,153,962</u>	

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>				
United States / Canada	\$ 415,463	\$ 416,815	\$ 1,274,353	\$ 1,262,559
Philippines / Asia Pacific / India	117,204	110,381	354,981	336,658
Europe / Middle East / Africa	37,095	34,507	107,574	100,307
Latin America	33,194	30,750	99,728	85,905
Total	<u>\$ 602,956</u>	<u>\$ 592,453</u>	<u>\$ 1,836,636</u>	<u>\$ 1,785,429</u>

**(4) SIGNIFICANT CLIENTS AND OTHER CONCENTRATIONS**

The Company had one client that contributed in excess of 10% of total revenue for the nine months ended September 30, 2023; this client operates in the automotive industry and is included in the TTEC Engage segment. This client contributed 10.1% and 10.5% of total revenue for the nine months ended September 30, 2023 and 2022, respectively. In addition, the Company has other 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's business arrangements with these larger clients are structured as multiple contracts with different statements of work that are specific to a different line of business or service; each of these contracts have different durations and renewal dates and a revenue opportunity 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 whose financial stability or payment practices raise concern. Based on currently available information, management does not believe significant credit risk existed as of September 30, 2023.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance, beginning of period	\$ 2,347	\$ 5,406	\$ 3,524	\$ 5,409
Provision for credit losses	(27)	1,363	1,677	1,561
Uncollectible receivables written-off	183	(890)	(2,702)	(1,110)
Effect of foreign currency	(1)	(24)	3	(5)
Balance, end of period	<u>\$ 2,502</u>	<u>\$ 5,855</u>	<u>\$ 2,502</u>	<u>\$ 5,855</u>

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
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**Accounts Receivable Factoring Agreement**

The Company is party to an Uncommitted Receivables Purchase Agreement (“Agreement”) with BMO Bank, N.A. (“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.

The balances related to the Agreement are as follows (in thousands):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Total accounts receivable factored	\$ 91,526	\$ 99,503
Total amounts collected from clients not yet remitted to Bank	\$ 6,577	\$ 13,602

The unremitted cash is restricted cash and is included within Prepaid and other current assets with the corresponding liability included in Accrued expenses on the Consolidated Balance Sheet. The Company has not recorded any servicing assets or liabilities as of September 30, 2023 as the fair value of the servicing arrangement as well as the fees earned were not material to the financial statements.

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

On July 21, 2023, BMO Financial Group completed its acquisition of the Bank from PNB Bank Paribas. The Agreement transitioned with the acquisition and TTEC has no reason to believe that the new owner of the Bank would not wish to continue its business arrangements with the Company.

**(5) GOODWILL**

Goodwill consisted of the following (in thousands):

	<u>December 31,</u> <u>2022</u>	<u>Acquisitions /</u> <u>Adjustments</u>	<u>Impairments</u>	<u>Effect of</u> <u>Foreign</u> <u>Currency</u>	<u>September 30,</u> <u>2023</u>
TTEC Digital	\$ 502,806	\$ (2,763)	\$ —	\$ (1,058)	\$ 498,985
TTEC Engage	305,039	2,763	—	(387)	307,415
Total	<u>\$ 807,845</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,445)</u>	<u>\$ 806,400</u>

The Company performs a goodwill impairment assessment on at least an annual basis. The Company conducts its annual goodwill impairment assessment during the fourth quarter, or more frequently, if indicators of impairment exist. During the quarter ended September 30, 2023, the Company assessed whether any such indicators of impairment existed and concluded there were none.

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
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Effective January 1, 2023, the Company completed a small reorganization of the internal reporting structure and one component from the TTEC Digital segment was reclassified and will now be included in the TTEC Engage segment. Given the modification in reporting units, the Company conducted an impairment test before and after the change, and it was concluded that the fair value of the reporting units exceeded the carrying value on both testing dates. With the change in reporting units, the Company performed a relative fair value valuation calculation to allocate a portion of the Company's historical goodwill to this specific component, which was then reallocated from the TTEC Digital segment to the TTEC Engage segment.

**(6) DERIVATIVES**

**Cash Flow Hedges**

The Company enters into foreign exchange related derivatives. Foreign exchange derivatives entered into consist of forward and option contracts to reduce the Company's exposure to foreign currency exchange rate fluctuations that are associated with forecasted revenue earned in foreign locations. Upon proper qualification, these contracts are designated as cash flow hedges. It is the Company's policy to only enter into derivative contracts with investment grade counterparty financial institutions, and correspondingly, the fair value of derivative assets considers, among other factors, the creditworthiness of these counterparties. Conversely, the fair value of derivative liabilities reflects the Company's creditworthiness. As of September 30, 2023, the Company has not experienced, nor does it anticipate, any issues related to derivative counterparty defaults. The following table summarizes the aggregate unrealized net gain or loss in Accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2023 and 2022 (in thousands and net of tax):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Aggregate unrealized net gain/(loss) at beginning of period	\$ 7,164	\$ (5,718)	\$ 89	\$ (40)
Add: Net gain/(loss) from change in fair value of cash flow hedges	(3,764)	(2,004)	2,288	(7,774)
Less: Net (gain)/loss reclassified to earnings from effective hedges	989	(1,276)	2,012	(1,184)
Aggregate unrealized net gain/(loss) at end of period	<u>\$ 4,389</u>	<u>\$ (8,998)</u>	<u>\$ 4,389</u>	<u>\$ (8,998)</u>

The Company's foreign exchange cash flow hedging instruments as of September 30, 2023 and December 31, 2022 are summarized as follows (amounts in thousands). All hedging instruments are forward contracts.

<b>As of September 30, 2023</b>	<b>Local Currency Notional Amount</b>	<b>U.S. Dollar Notional Amount</b>	<b>% Maturing in the next 12 months</b>	<b>Contracts Maturing Through</b>
Canadian Dollar	5,250	\$ 3,893	100.0 %	September 2024
Philippine Peso	8,466,000	150,988 <sup>(1)</sup>	57.7 %	July 2026
Mexican Peso	863,000	38,700	60.8 %	April 2026
		<u>\$ 193,581</u>		



**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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<b>As of December 31, 2022</b>	<b>Local Currency Notional Amount</b>	<b>U.S. Dollar Notional Amount</b>
Canadian Dollar	12,000	\$ 9,177
Philippine Peso	8,617,000	157,855 <sup>(1)</sup>
Mexican Peso	1,024,500	44,690
		<u>\$ 211,722</u>

(1) Includes contracts to purchase Philippine pesos in exchange for New Zealand dollars and Australian dollars, which are translated into equivalent U.S. dollars on September 30, 2023 and December 31, 2022.

**Fair Value Hedges**

The Company enters into foreign exchange forward contracts to economically hedge against foreign currency exchange gains and losses on certain receivables and payables of the Company's foreign operations. Changes in the fair value of derivative instruments designated as fair value hedges are recognized in earnings in Other income (expense), net. As of September 30, 2023 and December 31, 2022 the total notional amounts of the Company's forward contracts used as fair value hedges were \$76.4 million and \$80.8 million, respectively.

**Derivative Valuation and Settlements**

The Company's derivatives as of September 30, 2023 and December 31, 2022 were as follows (in thousands):

<b>Designation:</b>	<b>September 30, 2023</b>	
	<b>Designated as Hedging Instruments</b>	<b>Not Designated as Hedging Instruments</b>
<b>Derivative contract type:</b>	<b>Foreign Exchange Cash Flow</b>	<b>Foreign Exchange Fair Value</b>
<b>Derivative classification:</b>		
<b>Fair value and location of derivative in the Consolidated Balance Sheet:</b>		
Prepays and other current assets	\$ 7,003	\$ 72
Other long-term assets	2,683	—
Other current liabilities	(3,184)	(419)
Other long-term liabilities	(565)	—
Total fair value of derivatives, net	<u>\$ 5,937</u>	<u>\$ (347)</u>

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

	<b>December 31, 2022</b>	
	<b>Designated as Hedging Instruments</b>	<b>Not Designated as Hedging Instruments</b>
<b>Designation:</b>		
<b>Derivative contract type:</b>	<b>Foreign Exchange</b>	<b>Foreign Exchange</b>
<b>Derivative classification:</b>	<b>Cash Flow</b>	<b>Fair Value</b>
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepays and other current assets	\$ 4,001	\$ 281
Other long-term assets	3,019	—
Other current liabilities	(5,157)	(76)
Other long-term liabilities	(1,748)	—
Total fair value of derivatives, net	\$ 115	\$ 205

The effects of derivative instruments on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended September 30, 2023 and 2022 were as follows (in thousands):

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Designation:</b>	<b>Designated as Hedging Instruments</b>	
<b>Derivative contract type:</b>	<b>Foreign Exchange</b>	
<b>Derivative classification:</b>	<b>Cash Flow</b>	
Amount of gain or (loss) recognized in Other comprehensive income (loss) - effective portion, net of tax	\$ 989	\$ (1,276)
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	\$ 1,336	\$ (1,724)

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Designation:</b>	<b>Not Designated as Hedging Instruments</b>	
<b>Derivative contract type:</b>	<b>Foreign Exchange</b>	
<b>Derivative classification:</b>	<b>Fair Value</b>	
Amount and location of net gain or (loss) recognized in the Consolidated Statement of Comprehensive Income (Loss):		
Other income (expense), net	\$ (369)	\$ 15



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

*Debt* - The Company's debt consists primarily of the Company's Credit Facility, which permits floating-rate borrowings based upon the current Prime Rate or SOFR plus a credit spread as determined by the Company's leverage ratio calculation (as defined in the Credit Agreement). As of September 30, 2023 and December 31, 2022, the Company had \$964.0 million and \$960.0 million, respectively, of borrowings outstanding under the Credit Facility. During the third quarter of 2023 outstanding borrowings accrued interest at an average rate of 6.9% per annum, excluding unused commitment fees. The amounts recorded in the accompanying Balance Sheets approximate fair value due to the variable nature of the debt based on Level 2 inputs.

*Derivatives* - Net derivative assets (liabilities) are measured at fair value on a recurring basis. The portfolio is valued using models based on market observable inputs, including both forward and spot foreign exchange rates, interest rates, implied volatility, and counterparty credit risk, including the ability of each party to execute its obligations under the contract. As of September 30, 2023, 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 September 30, 2023 and December 31, 2022 (in thousands):

**As of September 30, 2023**

	<b>Fair Value Measurements Using</b>			<b>At Fair Value</b>
	<b>Quoted Prices in Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs</b>	<b>Significant Unobservable Inputs</b>	
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
Cash flow hedges	\$ —	\$ 5,937	\$ —	\$ 5,937
Fair value hedges	—	(347)	—	(347)
<b>Total net derivative asset (liability)</b>	<b>\$ —</b>	<b>\$ 5,590</b>	<b>\$ —</b>	<b>\$ 5,590</b>

**As of December 31, 2022**

	<b>Fair Value Measurements Using</b>			<b>At Fair Value</b>
	<b>Quoted Prices in Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs</b>	<b>Significant Unobservable Inputs</b>	
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
Cash flow hedges	\$ —	\$ 115	\$ —	\$ 115
Fair value hedges	—	205	—	205
<b>Total net derivative asset (liability)</b>	<b>\$ —</b>	<b>\$ 320</b>	<b>\$ —</b>	<b>\$ 320</b>

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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The following is a summary of the Company's fair value measurements as of September 30, 2023 and December 31, 2022 (in thousands):

**As of September 30, 2023**

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>			
Derivative instruments, net	\$ —	\$ —	\$ —
Deferred compensation plan asset	28,341	—	—
Contingent consideration	—	—	—
<b>Total assets</b>	<b>\$ 28,341</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities</b>			
Derivative instruments, net	\$ —	\$ 5,590	\$ —
Contingent consideration	—	—	(880)
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 5,590</b>	<b>\$ (880)</b>
Redeemable noncontrolling interest	\$ —	\$ —	\$ (4,310)

**As of December 31, 2022**

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>			
Derivative instruments, net	\$ —	\$ 320	\$ —
Deferred compensation plan asset	25,046	—	—
Contingent consideration	—	—	5,724
<b>Total assets</b>	<b>\$ 25,046</b>	<b>\$ 320</b>	<b>\$ 5,724</b>
<b>Liabilities</b>			
Derivative instruments, net	\$ —	\$ —	\$ —
Contingent consideration	—	—	(5,916)
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (5,916)</b>
Redeemable noncontrolling interest	\$ —	\$ —	\$ (55,645)

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

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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*Contingent Consideration* - The Company recorded contingent consideration payable related to the acquisition of Faneuil that closed in 2022. 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 third and fourth quarters of 2022, and the first, second and third quarters of 2023, fair value adjustments of a \$2.4 million benefit, a \$0.5 million benefit, \$0.6 million expense, \$1.7 million expense and \$0.1 million expense, respectively, were recorded related to fair value adjustments of the estimated contingent payments associated with the Faneuil acquisition based on updated discount factors, the passage of time, updated EBITDA estimates and a modification to the agreement (see Note 2) for one contract, and a complete reduction for the second contract as it was not awarded to the Company. The fair value adjustment benefits(expenses) were included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss).

*Contingent Receivables* – The Company recorded a contingent receivable related to the Faneuil acquisition. During the third and fourth quarters of 2022, and the first and second quarters of 2023, the Company recorded fair value adjustments for the receivable based on current information which caused the receivable to decrease, and a \$4.4 million expense, a \$0.2 million expense, a \$2.5 million expense, and a \$1.9 million expense, respectively, were included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss).

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

	<u>December 31, 2022</u>	<u>Acquisitions</u>	<u>Payments</u>	<u>Imputed Interest / Adjustments</u>	<u>September 30, 2023</u>
Faneuil	\$ (5,916)	\$ —	\$ 7,400	\$ (2,364)	\$ (880)
Total	<u>\$ (5,916)</u>	<u>\$ —</u>	<u>\$ 7,400</u>	<u>\$ (2,364)</u>	<u>\$ (880)</u>

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

	<u>December 31, 2022</u>	<u>Acquisitions</u>	<u>Payments</u>	<u>Imputed Interest / Adjustments</u>	<u>September 30, 2023</u>
Faneuil	\$ 5,724	\$ —	\$ (1,343)	\$ (4,381)	\$ —
Total	<u>\$ 5,724</u>	<u>\$ —</u>	<u>\$ (1,343)</u>	<u>\$ (4,381)</u>	<u>\$ —</u>

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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**(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, building and land assets, as well as all internally developed software projects. An asset group is considered to be impaired when the anticipated undiscounted future cash flows of its asset group is estimated to be less than the asset group's carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. To determine fair value, the Company used Level 3 inputs in its discounted cash flows analysis. Assumptions included the amount and timing of estimated future cash flows and assumed discount rates. During the three and nine months ended September 30, 2023, the Company recognized impairment losses, net related to leasehold improvements assets, right of use lease assets, internally developed software and certain computer equipment of \$4.1 million and \$11.1 million, respectively, across the TTEC Digital and TTEC Engage segments.

**(9) INCOME TAXES**

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

As of September 30, 2023, the Company had \$44.5 million of net deferred tax assets (after a \$34.0 million valuation allowance) and a net deferred tax asset of \$41.2 million (after deferred tax liabilities of \$3.3 million) related to the United States and international tax jurisdictions whose recoverability is dependent upon future profitability.

The effective tax rate for the three and nine months ended September 30, 2023 was 74.7% and 42.2%, respectively. The effective tax rate for the three and nine months ended September 30, 2022 was 15.2% and 17.7%, 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 in the United States for tax years 2017 and 2018, the State of Illinois in the United States for tax year 2020, Canada for tax year 2021, and India for tax years 2017 through 2022. 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, second and third quarters of 2022, \$1.3 million, \$0.6 million and \$2.5 million, respectively, were released from the valuation allowance for assets that are expected to be recognized in the future. During the first, second and third quarters of 2023, a \$1.3 million, a \$3.1 million and a \$4.4 million valuation allowance were recorded, respectively, for assets that are not expected to be recovered in future periods. Additionally, during the third quarter 2023, a valuation allowance in the amount of \$1.7 million was released for assets now expected to be recovered in future periods.

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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The Company has been granted “Tax Holidays” as an incentive to attract foreign investment by the governments of the Philippines and Costa Rica. 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 under local laws which result in an overall reduced tax rate. These incentives have varying benefit year over year and expire at various times beginning in 2030. The aggregate benefit to income tax expense for the three months ended September 30, 2023 and 2022 was approximately \$0.8 million and \$0.3 million, respectively, which had an impact on diluted net income per share of \$0.02 and \$0.01, respectively. The aggregate benefit to income tax expense for the nine months ended September 30, 2023 and 2022 was approximately \$1.8 million and \$1.3 million, respectively, which had an impact on diluted net income per share of \$0.04 and \$0.03, respectively.

**(10) COMMITMENTS AND CONTINGENCIES**

**Credit Facility**

On November 23, 2021, the Company entered into a Sixth Amendment to the Amended and Restated Credit Agreement (the “Credit Agreement”) originally dated June 3, 2013, (collectively, the “Credit Facility”) to convert the \$300 million term loan included in the total Credit Facility commitments, that was previously agreed on March 25, 2021 as part of the Fifth Amendment to the Credit Agreement, into a \$1.5 billion senior secured revolving Credit Facility with a syndicate of lenders led by Wells Fargo, National Association, as agent, swingline and fronting lender. The Credit Facility matures on November 23, 2026.

On April 3, 2023, the Company entered into a Seventh Amendment to the Credit Agreement which replaces the use of LIBOR with SOFR as of the date of the amendment, thus will affect the interest rates paid for a portion of the Credit Facility starting in the second quarter of 2023.

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.

As defined in the Credit Agreement, base rate loans bear interest at a rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 0.50%, or (c) SOFR in effect on such day plus 1.0%. Base rate loans shall be based on the base rate, plus the applicable credit margin which ranges from 0% to 0.875% based on the Company’s net leverage ratio. SOFR loans bear interest at a rate equal to the applicable spread adjusted SOFR plus applicable credit margin which ranges from 1.0% to 1.875% based on the Company’s net leverage ratio. Alternative currency loans (not denominated in U.S. Dollars) 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 SOFR loans.



**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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The Company primarily utilizes its Credit Facility to fund working capital, general operations, dividends and other strategic activities, such as the acquisitions described in Note 2. As of September 30, 2023 and December 31, 2022, the Company had borrowings of \$964.0 million and \$960.0 million, respectively, under its Credit Facility, and its average daily utilization was \$1,057.6 million and \$1,023.6 million for the nine months ended September 30, 2023 and 2022, respectively. Based on the current level of availability based on the covenant calculations, the Company's remaining borrowing capacity was approximately \$215 million as of September 30, 2023. As of September 30, 2023, the Company was in compliance with all covenants and conditions under its Credit Agreement.

**Letters of Credit**

As of September 30, 2023, outstanding letters of credit under the Credit Facility totaled \$0.2 million and primarily guaranteed workers' compensation and other insurance related obligations. As of September 30, 2023, letters of credit and contract performance guarantees issued outside of the Credit Agreement totaled \$0.3 million.

**Guarantees**

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

**Legal Proceedings**

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

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

**(11) DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS**

Revenue recognized for the nine months ended September 30, 2023 from amounts included in deferred revenue as of December 31, 2022 was \$230.0 million. Revenue recognized for the nine months ended September 30, 2022 from amounts included in deferred revenue as of December 31, 2021 was \$196.5 million.

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

As of September 30, 2023, the Company's RPO was \$337.0 million, which will be delivered and recognized within the next nine 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**  
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**(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
<b>Accumulated other comprehensive income (loss) at December 31, 2021</b>	\$ (95,547)	\$ (40)	\$ (2,839)	\$ (98,426)
Other comprehensive income (loss) before reclassifications	(44,944)	(7,774)	627	(52,091)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1,184)	(203)	(1,387)
Net current period other comprehensive income (loss)	<u>(44,944)</u>	<u>(8,958)</u>	<u>424</u>	<u>(53,478)</u>
<b>Accumulated other comprehensive income (loss) at September 30, 2022</b>	<u>\$ (140,491)</u>	<u>\$ (8,998)</u>	<u>\$ (2,415)</u>	<u>\$ (151,904)</u>
<b>Accumulated other comprehensive income (loss) at December 31, 2022</b>	<u>\$ (123,734)</u>	<u>\$ 89</u>	<u>\$ (2,656)</u>	<u>\$ (126,301)</u>
Other comprehensive income (loss) before reclassifications	18,362	2,288	566	21,216
Amounts reclassified from accumulated other comprehensive income (loss)	301	2,012	(267)	2,046
Net current period other comprehensive income (loss)	<u>18,663</u>	<u>4,300</u>	<u>299</u>	<u>23,262</u>
<b>Accumulated other comprehensive income (loss) at September 30, 2023</b>	<u>\$ (105,071)</u>	<u>\$ 4,389</u>	<u>\$ (2,357)</u>	<u>\$ (103,039)</u>

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):

	<b>For the Three Months Ended September 30,</b>		<b>Statement of</b>
	<b>2023</b>	<b>2022</b>	<b>Comprehensive Income</b>
			<b>(Loss) Classification</b>
<b>Derivative valuation</b>			
Gain on foreign currency forward exchange contracts	\$ 1,336	\$ (1,724)	Revenue
Tax effect	(347)	448	Provision for income taxes
	<u>\$ 989</u>	<u>\$ (1,276)</u>	Net income (loss)
<b>Other</b>			
Actuarial loss on defined benefit plan	\$ (69)	\$ (75)	Cost of services
Tax effect	7	8	Provision for income taxes
	<u>\$ (62)</u>	<u>\$ (67)</u>	Net income (loss)

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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	<b>For the Nine Months Ended September 30,</b>		<b>Statement of</b>
	<b>2023</b>	<b>2022</b>	<b>Comprehensive Income</b>
			<b>(Loss) Classification</b>
<b>Derivative valuation</b>			
Gain on foreign currency forward exchange contracts	\$ 2,719	\$ (1,598)	Revenue
Tax effect	(707)	414	Provision for income taxes
	\$ 2,012	\$ (1,184)	Net income (loss)
<b>Other</b>			
Actuarial loss on defined benefit plan	\$ (297)	\$ (226)	Cost of services
Tax effect	30	23	Provision for income taxes
	\$ (267)	\$ (203)	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):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Shares used in basic earnings per share calculation	47,415	47,207	47,305	47,087
Effect of dilutive securities:				
Restricted stock units	73	107	104	258
Performance-based restricted stock units	—	—	8	9
Total effects of dilutive securities	73	107	112	267
Shares used in diluted earnings per share calculation	47,488	47,314	47,417	47,354

For the three months ended September 30, 2023 and 2022, there were Restricted Stock Units (“RSUs”) of 950 thousand and 542 thousand, respectively, outstanding which were excluded from the computation of diluted net income per share because the effect would have been anti-dilutive. For the nine months ended September 30, 2023 and 2022, there were RSUs of 992 thousand and 377 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.

The following tables present the total equity-based compensation expense (stock options and RSUs) for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Equity-based compensation expense recognized in Cost of services	\$ 3,009	\$ 2,155
Equity-based compensation expense recognized in Selling, general and administrative	3,599	3,202
Total equity-based compensation expense	\$ 6,608	\$ 5,357

**TTEC HOLDINGS, INC. AND SUBSIDIARIES**  
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	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Equity-based compensation expense recognized in Cost of services	\$ 7,407	\$ 5,390
Equity-based compensation expense recognized in Selling, general and administrative	9,003	7,850
Total equity-based compensation expense	<u>\$ 16,410</u>	<u>\$ 13,240</u>

### Restricted Stock Unit Grants

During the nine months ended September 30, 2023 and 2022, the Company granted 587,490 and 365,515 RSUs, respectively, to new and existing employees, which vest over four to five years. The Company recognized compensation expense related to RSUs of \$6.5 million and \$15.8 million for the three and nine months ended September 30, 2023, respectively. The Company recognized compensation expense related to RSUs of \$5.0 million and \$12.4 million for the three and nine months ended September 30, 2022, respectively. As of September 30, 2023, there was approximately \$41.2 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 2020, the Company awarded Performance Restricted Stock Units ("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 \$0.0 million and \$0.1 million, respectively, for the three and nine months ended September 30, 2023. The Company recognized compensation expense related to the 2020 PRSUs of \$0.3 million and \$0.8 million, respectively, for the three and nine months ended September 30, 2022.

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. The Company recognized compensation expense related to the 2021 PRSUs of \$0.1 million and \$0.5 million for the three and nine months ended September 30, 2023, respectively.

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.

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During 2023, 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 zero and \$8.9 million and vest immediately. 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 2025. Expense for these awards will begin at the start of the requisite service period, beginning January 1, 2025.

**(15) RELATED PARTY TRANSACTIONS**

The Company entered into an agreement under which Avion, LLC ("Avion") and Airmax LLC ("Airmax") provide certain aviation flight services as requested by the Company. Such services include the use of an aircraft and flight crew. Kenneth D. Tuchman, Chairman and Chief Executive Officer of the Company, has an indirect 100% beneficial ownership interest in Avion and Airmax. During the nine months ended September 30, 2023 and 2022, the Company expensed \$0.8 million and \$0.4 million, respectively, to Avion and Airmax for services provided to the Company. There was \$104 thousand in payments due and outstanding to Avion and Airmax as of September 30, 2023.

Ms. Michelle Swanback, President of the Company, is a member of the board of directors of WTW (NYSE: WTW) (fka "Willis Towers Watson"), that provides compensation consulting and insurance brokerage services to the Company. During the nine months ended September 30, 2023 and 2022, the Company expensed \$2.8 million and \$2.2 million, respectively, for these services.

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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

We caution you not to rely unduly on any forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements, and you should review and consider carefully the risks, uncertainties and other factors that affect our business and may cause such differences as outlined in Part II. Item 1A Risk Factors of this report and Item 1A. Risk Factors in our Annual Report on [Form 10-K](#) for the year ended December 31, 2022. 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 in a competitive market; our ability to innovate and introduce disruptive technologies that would allow us to maintain and grow our market share (e.g., effective adoption of artificial intelligence into our solutions); risks that may arise in connection with events outside of our control (e.g. macroeconomic conditions, geopolitical tensions, outbreaks of infectious diseases); risks inherent in a disruption and cybersecurity of our information technology systems, including as a result of criminal or other unauthorized activity, which can impact our ability to consistently deliver uninterrupted service to our clients or unauthorized access to data, any of which may result in government investigations and enforcement actions, and private legal actions; risks inherent in the delivery of services by employees working from home; our ability to attract and retain qualified personnel at a price point that we can afford and our clients are willing to pay; our M&A activity, including our ability to properly integrate acquired businesses; our reliance on a relatively small number of TTEC Engage clients to generate the majority of our revenue and our reliance on technology partners to generate a large portion of TTEC Digital’s revenue; changes in laws and regulations that impact our and our clients’ businesses, including rapidly changing data privacy and data protection laws, healthcare business regulations, and financial and public sector specific regulations; the cost of labor and data privacy litigation and other class action litigation; the risks related to our international operations including the stress that geographic expansion may have on our business, the impact if we are unable to expand geographically to meet our clients’ demand or our clients’ reluctance to expand the delivery of their services in certain parts of the world due to conflict or other disruptions; 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 ("CX") as a service ("CXaaS") partner for many of the world's most iconic companies, disruptive hypergrowth brands, and large public sector agencies. TTEC designs, builds, orchestrates, and delivers seamless digitally enabled customer experiences that 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 CX across numerous real-time digital and live interaction channels and different phases of the customer lifecycle.

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

- **TTEC Digital** is one of the largest pure-play CX technology service providers with expertise in CX strategy, digitization, analytics, process optimization, system integration, cloud-based technology solutions, and transformation enabled by our 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, technology 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, 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 and seamless 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, hypergrowth companies and public sector agencies on a global scale.

During 2023, 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, Colombia, Costa Rica, Germany, Greece, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, South Africa, Thailand, and the United Kingdom with the help of 64,400 consultants, technologists, and CX professionals.

Our revenue for third quarter 2023 was \$603.0 million, approximately \$133.3 million, or 22% which came from our TTEC Digital segment and \$469.7 million, or 78%, which came from our TTEC Engage segment.

To improve our competitive position in a rapidly changing market and to lead our clients with emerging CX methodologies, 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 were highly acquisitive in the last several years, including our acquisition in April 2022 of certain public sector assets of Faneuil, Inc. that included healthcare exchange and transportation services contracts. The acquisition expanded our capabilities in the growing public sector market by adding the building and operating of technology-enabled citizen engagement solutions to our offerings. We also completed an acquisition early in the second quarter of 2021 of a provider of Genesys and Microsoft cloud contact center services.

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.

### **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, digitization, analytics, process optimization, system integration, cloud-based technology solutions, and transformation enabled by our 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, build, 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, among others.
- **Professional Services:** Our management consulting practices deliver customer experience strategy, analytics, process optimization, and system integration, among others.

**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, technology 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, 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, Technology Support, and Order Fulfillment Services:** Our customer care, technology 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, and fraud detection and prevention services provide clients with data tagging and annotation capabilities to train and enable AI platforms, community content moderation, and compliance to meet client content standards, and proactive fraud solutions to assist our clients in the detection and prevention of fraud.

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



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

### **Financial Highlights**

In the third quarter of 2023, our revenue increased \$10.5 million, or 1.8%, to \$603.0 million over the same period in 2022 including an increase of \$6.0 million, or 1.1%, due to foreign currency fluctuations. The increase in revenue was comprised of a \$17.1 million, or 14.7%, increase for TTEC Digital offset by a decrease of \$6.6 million, or 1.4%, for TTEC Engage.

Our third quarter 2023 income from operations decreased \$10.2 million, or 28.7%, to \$25.4 million or 4.2% of revenue, compared to \$35.6 million or 6.0% of revenue in the third quarter of 2022. The decrease in operating income is comprised of a number of factors across the segments. The TTEC Digital operating income increased 48.8% over the same period last year primarily driven by increased revenue, increased offshore footprint in the center for excellence contributing to a healthier margin percentage, one-time product sales, and reductions in overhead expenses. The TTEC Engage operating income decreased 51.2% over the same period last year primarily driven by lower revenue, training costs related to existing programs, geographic expansion, and the impairment of real estate leases.

Income from operations in the third quarter of 2023 and 2022 included \$5.5 million and \$4.1 million of restructuring charges and asset impairments, respectively.

Our offshore customer experience centers spanning nine countries serve clients based in the U.S. and in other countries with 21,550 workstations, representing 68% of our global delivery capability. Revenue for our TTEC Engage segment provided in these offshore locations represented 32% of our revenue for the third quarter of 2023, as compared to 28% of our revenue for the corresponding period in 2022.

Our seat utilization is defined as the total number of utilized workstations compared to the total number of available production workstations. As of September 30, 2023, the total production workstations for our TTEC Engage segment was 31,600, a net decrease of 2,500 workstations over the same period last year, with an overall capacity utilization 76% versus 72% 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 and a gradual return to sites in certain locations.

Post COVID-19, our clients started to leverage a more diversified geographic footprint and an increased mix of work from home versus brick and mortar seats in comparison to pre-COVID. 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 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, 2022.

## Results of Operations

### Three months ended September 30, 2023 compared to three months ended September 30, 2022

The tables included in the following sections are presented to facilitate an understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and present certain information by segment for the three months ended September 30, 2023 and 2022 (amounts in thousands). All inter-company transactions between the reported segments for the periods presented have been eliminated.

#### *TTEC Digital*

	<b>Three Months Ended September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2023</b>	<b>2022</b>		
Revenue	\$ 133,252	\$ 116,173	\$ 17,079	14.7 %
Operating Income	11,925	8,015	3,910	48.8 %
Operating Margin	8.9 %	6.9 %		

The increase in revenue for the TTEC Digital segment was driven by an increase in recurring revenue offerings and one-time product sales.

The operating income increase is primarily attributable to the higher percentage of offshore delivery and decreased overhead expenses. Operating income as a percentage of revenue increased to 8.9% in the third quarter of 2023 as compared to 6.9% in the prior period. Included in operating income was amortization expense related to acquired intangibles of \$4.3 million and \$4.4 million for the quarters ended September 30, 2023 and 2022, respectively.

#### *TTEC Engage*

	<b>Three Months Ended September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2023</b>	<b>2022</b>		
Revenue	\$ 469,704	\$ 476,280	\$ (6,576)	(1.4)%
Operating Income	13,463	27,589	(14,126)	(51.2)%
Operating Margin	2.9 %	5.8 %		

The decrease in revenue for the TTEC Engage segment was due to a net increase of \$8.6 million in client programs and a \$5.8 million increase due to foreign currency fluctuations offset by a decrease for program completions of \$21.0 million.

The operating income decreased primarily attributable to decreased revenue, training costs related to existing programs, incremental growth-oriented investments, geographic expansion, and \$4.8 million of restructuring and impairment charges. As a result, operating income as a percentage of revenue decreased to 2.9% in the third quarter of 2023 as compared to 5.8% in the prior period. Included in operating income was amortization expense related to acquired intangibles of \$4.6 million and \$4.6 million for the quarters ended September 30, 2023 and 2022, respectively.

#### *Interest Income (Expense)*

For the three months ended September 30, 2023 interest income increased to \$1.3 million from \$0.5 million in the same period in 2022. Interest expense increased to \$20.3 million during 2023 from \$10.6 million during 2022 due to higher utilization of the line of credit and higher interest rates.

#### *Other Income (Expense)*

For the three months ended September 30, 2023 Other income (expense), net decreased to income of \$0.7 million from income of \$3.9 million during the prior year quarter.

Included in the three months ended September 30, 2023 was a \$0.1 million expense related to the fair value adjustments of contingent consideration for the Faneuil acquisition (see Part I. Item 1. Financial Statements, Note 2 to the Consolidated Financial Statements).

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

*Income Taxes*

The effective tax rate for the three months ended September 30, 2023 was 74.7%. This compares to an effective tax rate of 15.2% for the comparable period of 2022. The effective tax rate for the three months ended September 30, 2023 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. After Non-GAAP adjustments, the Company's normalized tax rate for the third quarter of 2023 was 20.5%.

**Nine months ended September 30, 2023 compared to nine months ended September 30, 2022**

The tables included in the following sections are presented to facilitate an understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and present certain information by segment for the nine months ended September 30, 2023 and 2022 (in thousands). All intercompany transactions between the reported segments for the periods presented have been eliminated.

*TTEC Digital*

	<b>Nine Months Ended September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2023</b>	<b>2022</b>		
Revenue	\$ 367,764	\$ 342,020	\$ 25,744	7.5 %
Operating Income	19,864	24,971	(5,107)	(20.5)%
Operating Margin	5.4 %	7.3 %		

The increase in revenue for the TTEC Digital segment was driven by increases in the recurring revenue offerings, professional services, and one-time product sales.

The operating income decrease is primarily attributable to continued investments in CX leadership, engineering talent, sales and marketing, product engineering, and \$5.3 million of restructuring and impairment charges. These additional expenses more than offset the higher revenue, favorable revenue mix from the growing professional services, higher percentage of offshore delivery, and decreased amortization expense. Operating income as a percentage of revenue decreased to 5.4% for the nine months ended September 30, 2023 as compared to 7.3% in the prior period. Included in operating income was amortization expense related to acquired intangibles of \$13.0 million and \$15.5 million for the nine months ended September 30, 2023 and 2022, respectively.

*TTEC Engage*

	<b>Nine Months Ended September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2023</b>	<b>2022</b>		
Revenue	\$ 1,468,872	\$ 1,443,409	\$ 25,463	1.8 %
Operating Income	81,233	94,827	(13,594)	(14.3)%
Operating Margin	5.5 %	6.6 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of \$102.9 million in client programs including the acquisition of Faneuil offset by a \$0.3 million decrease due to foreign currency fluctuations and a decrease for program completions of \$77.1 million.

Operating income decreased due to the ramp costs for new programs, training costs related to existing programs, incremental growth-oriented investments, geographic expansion, increase in amortization expense, and \$10.7 million of restructuring and impairment charges. These were partially offset by the acquisition of Faneuil, other revenue increases, a reduction in total facility costs and a net reimbursement from insurance of \$7.3 million from the cybersecurity incident. As a result, operating income as a percentage of revenue decreased to 5.5% for the nine months ended September 30, 2023 as compared to 6.6% in the prior period. Included in operating income was amortization expense related to acquired intangibles of \$14.0 million and \$12.6 million for the nine months ended September 30, 2023 and 2022, respectively.

*Interest Income (Expense)*

For the nine months ended September 30, 2023 interest income increased to \$3.6 million from \$1.0 million in the same period in 2022. Interest expense increased to \$56.7 million during 2023 from \$20.5 million during 2022 due to higher utilization of the line of credit and higher interest rates.

*Other Income (Expense)*

For the nine months ended September 30, 2023 Other income (expense), net decreased to net expense of \$2.2 million from net income of \$11.3 million during the prior year period.

Included in the nine months ended September 30, 2023 was a gain of \$4.5 million due to insurance recovery related to property damages and a net \$6.9 million expense related to the fair value adjustments of contingent consideration accruals and receivables for one acquisition.

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

*Income Taxes*

The effective tax rate for the nine months ended September 30, 2023 was 42.2%. This compared to an effective tax rate of 17.7% for the comparable period of 2022. The effective tax rate for the nine months ended September 30, 2023 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. After Non-GAAP adjustments, the Company's normalized tax rate for 2023 was 23.5%.

**Liquidity and Capital Resources**

Our principal sources of liquidity are our cash generated from operations, our cash and cash equivalents, and borrowings under our Credit Facility. During the nine months ended September 30, 2023, we generated positive operating cash flows of \$113.2 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. 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. We are also exposed to higher interest rates associated with our variable rate debt.

The following discussion highlights our cash flow activities during the nine months ended September 30, 2023 and 2022.

### *Cash and Cash Equivalents*

We consider all liquid investments purchased within three months of their original maturity to be cash equivalents. Our cash and cash equivalents totaled \$151.6 million and \$153.4 million as of September 30, 2023 and December 31, 2022, respectively. We diversify the holdings of such cash and cash equivalents considering the financial condition and stability of the counterparty institutions.

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

### *Cash Flows from Operating Activities*

For the nine months ended September 30, 2023 and 2022, net cash flows provided by operating activities was \$113.2 million and \$118.8 million, respectively. The decrease is primarily due to a \$63.7 million decrease in net cash income from operations offset by a \$58.1 million variance in net working capital.

### *Cash Flows from Investing Activities*

For the nine months ended September 30, 2023 and 2022, net cash flows used in investing activities was \$54.5 million and \$206.8 million, respectively. The decrease was due to a \$142.4 million decrease in acquisitions and a \$9.8 million decrease in capital expenditures.

### *Cash Flows from Financing Activities*

For the nine months ended September 30, 2023 and 2022, net cash flows (used in)/provided by financing activities was (\$71.5) million and \$111.8 million, respectively. The change in net cash flows from 2022 to 2023 was primarily due to a \$160.0 million net change in the line of credit and an increase of \$28.1 million related to payments of contingent consideration offset by a \$4.0 million decrease 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) increased for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 primarily due to a decrease in net cash from operations, an increase in working capital and lower capital expenditures. Free cash flow was \$58.5 million and \$54.2 million for the nine months ended September 30, 2023 and 2022, respectively.

## **Presentation of Non-GAAP Measurements**

### *Free Cash Flow*

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net cash (used in) provided by operating activities	\$ (31,718)	\$ 27,542	\$ 113,231	\$ 118,813
Less: Purchases of property, plant and equipment	21,768	28,774	54,722	64,564
Free cash flow	<u>\$ (53,486)</u>	<u>\$ (1,232)</u>	<u>\$ 58,509</u>	<u>\$ 54,249</u>

### 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 2022 [Form 10-K](#) filing on February 28, 2023 through the filing of this report.

#### *Future Capital Requirements*

We expect total capital expenditures in 2023 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 2023 capital expenditures is primarily driven by new client contracts and the corresponding requirements for additional customer experience center capacity as well as enhancements to our technological infrastructure.

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

### Client Concentration

During the nine months ended September 30, 2023, one of our clients represented more than 10% of our total revenue. Our five largest clients, collectively, accounted for 34.5% and 34.3% of our consolidated revenue for the three months ended September 30, 2023 and 2022, respectively and 35.1% and 35.3% of our consolidated revenue for the nine months ended September 30, 2023 and 2022, respectively. We have had long-term relationships with our top five TTEC Engage clients, ranging from 17 to 24 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 2023 and 2025, but many of our largest clients have multiple contracts with us with different expiration dates for different lines of work. We have historically renewed most of our contracts with our largest clients, but there can be no assurance that future contracts will be renewed or, if renewed, will be on terms as favorable as the existing contracts.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

#### **Interest Rate Risk**

The interest rate on our Credit Agreement is variable based upon the Prime Rate and SOFR and, therefore, is affected by changes in market interest rates. As of September 30, 2023, we had \$964.0 million of outstanding borrowings under the Credit Agreement. Based upon average outstanding borrowings during the three months ended September 30, 2023, interest accrued at a rate of approximately 6.9% per annum. If the Prime Rate or SOFR increased by 100 basis points, there would be an annualized \$1.0 million of additional interest expense per \$100.0 million of outstanding borrowing under the Credit Agreement.

#### **Foreign Currency Risk**

Our subsidiaries in the Philippines, Mexico, India, Bulgaria and Poland use the local currency as their functional currency for paying labor and other operating costs. Conversely, revenue for these foreign subsidiaries is derived principally from client contracts that are invoiced and collected in U.S. dollars or other foreign currencies. As a result, we may experience foreign currency gains or losses, which may positively or negatively affect our results of operations attributed to these subsidiaries. For the nine months ended September 30, 2023 and 2022, revenue associated with this foreign exchange risk was 19% and 21% of our consolidated revenue, respectively.

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

#### *Cash Flow Hedging Program*

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

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

Our cash flow hedging instruments as of September 30, 2023 and December 31, 2022 are summarized as follows (in thousands). All hedging instruments are forward contracts, except as noted.

<b>As of September 30, 2023</b>	<b>Local Currency Notional Amount</b>	<b>U.S. Dollar Notional Amount</b>	<b>% Maturing in the next 12 months</b>	<b>Contracts Maturing Through</b>
Canadian Dollar	5,250	\$ 3,893	100.0 %	September 2024
Philippine Peso	8,466,000	150,988 <sup>(1)</sup>	57.7 %	July 2026
Mexican Peso	863,000	38,700	60.8 %	April 2026
		<u>\$ 193,581</u>		

<b>As of December 31, 2022</b>	<b>Local Currency Notional Amount</b>	<b>U.S. Dollar Notional Amount</b>		
Canadian Dollar	12,000	\$ 9,177		
Philippine Peso	8,617,000	157,855 <sup>(1)</sup>		
Mexican Peso	1,024,500	44,690		
		<u>\$ 211,722</u>		

<sup>(1)</sup> Includes contracts to purchase Philippine pesos in exchange for New Zealand dollars and Australian dollars, which are translated into equivalent U.S. dollars on September 30, 2023 and December 31, 2022.

The fair value of our cash flow hedges as of September 30, 2023 was assets/(liabilities) (in thousands):

	<b>September 30, 2023</b>	<b>Maturing in the Next 12 Months</b>
Canadian Dollar	\$ (18)	\$ (19)
Philippine Peso	(2,094)	(2,356)
Mexican Peso	8,049	6,194
	<u>\$ 5,937</u>	<u>\$ 3,819</u>

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 increase in fair value from December 31, 2022 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/(losses) of \$2.7 million and \$(1.6) million for settled cash flow hedge contracts and the related premiums for the nine months ended September 30, 2023 and 2022, 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 nine months ended September 30, 2023 and 2022, approximately 14% and 14%, respectively, of revenue was derived from contracts denominated in currencies other than the U.S. dollar. Our results from operations and revenue could be adversely affected if the U.S. dollar strengthens significantly against foreign currencies.



### **Fair Value of Debt and Equity Securities**

We did not have any investments in marketable debt or equity securities as of September 30, 2023 or December 31, 2022.

## **ITEM 4. CONTROLS AND PROCEDURES**

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

### **Disclosure Controls and Procedures**

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

We carried out an evaluation under the supervision and with the participation of management, including the CEO and CFO, of the effectiveness of our disclosure controls and procedures, as of September 30, 2023, 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 were effective at the reasonable assurance level.

### **Inherent Limitations of Internal Controls**

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

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

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

### **ITEM 1A. RISK FACTORS**

There were no material changes to the Risk Factors described in Item 1A. Risk Factors included in our Annual Report on [Form 10-K](#) for the year ended December 31, 2022.

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

### Issuer Purchases of Equity Securities

In November 2001, our Board of Directors (“Board”) authorized a stock repurchase program with the objective of increasing stockholder returns. The Board periodically authorizes additional increases to the program. The most recent Board authorization to purchase additional common stock occurred in February 2017, whereby the Board increased the program allowance by \$25.0 million. Since inception of the program through September 30, 2023, the Board has authorized the repurchase of shares up to a total value of \$762.3 million, of which we have purchased 46.1 million shares on the open market for \$735.8 million. The Company did not repurchase any of its shares during the three months ended September 30, 2023. As of September 30, 2023 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

During the three months ended September 30, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408 of Regulation S-K.

## ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated Herein by Reference		
		Form	Exhibit	Filing Date
10.33*	<a href="#">Form of Indemnification Agreement with Directors and Officers</a>			
10.83*	<a href="#">Amendment #1 to Employment Agreement between David Seybold and TTEC Digital, LLC</a>			
31.1*	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)</a>			
31.2*	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)</a>			
32.1*	<a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)</a>			
32.2*	<a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)</a>			
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Label Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			
104	The cover page from TTEC Holdings, Inc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL			

\* Filed or furnished herewith.

**SIGNATURES**

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

TTEC HOLDINGS, INC.  
(Registrant)

Date: November 8, 2023

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

Date: November 8, 2023

By: /s/ Francois Bourret  
Francois Bourret  
Interim Chief Financial Officer

## INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**"), dated the \_\_\_\_ day of \_\_\_\_\_, 2023, is by and between TTEC Holdings, Inc., a Delaware corporation (the "**Corporation**"), and XX, an individual ("**Indemnitee**").

### RECITALS

A. Competent and experienced persons may be reluctant to serve, or to continue to serve, as directors and/or officers of legal entities or in other capacities unless they are provided with adequate protection through insurance or indemnification (or both) against claims against them arising out of their service and activities on behalf of such entities.

B. The Board has determined that enhancing the ability of the Corporation to retain and attract as directors and/or officers the most capable persons is in the best interests of the Corporation, and that the Corporation therefore should seek to assure such persons that indemnification and insurance coverage is available.

C. As a supplement to and in the furtherance of the Corporation's Amended and Restated Certificate of Incorporation (as may be amended or restated from time to time, the "**Certificate of Incorporation**"), the Corporation's Amended and Restated Bylaws (as may be amended or restated from time to time, the "**Bylaws**"), the organizational documents of any direct or indirect subsidiary of the Corporation (such organizational documents, together with the Certificate of Incorporation and the Bylaws, the "**Constituent Documents**") and the coverage of Indemnitee under the Corporation's directors' and officers' liability or similar insurance policies ("**D&O Insurance**"), it is reasonable, prudent, desirable and necessary for the Corporation contractually to obligate itself to indemnify, and to pay in advance expenses and losses on behalf of, directors, officers and other persons serving in a Corporate Status (as defined below) to the fullest extent permitted by law so that they will serve or continue to serve the Corporation free from concern that they will not be so indemnified and that their expenses will not be so paid in advance. Further, this Agreement is intended to be enforceable irrespective of, among other things, any amendment to the Constituent Documents, any change in the composition of the Board or any Change in Control (as defined below), business combination or similar transaction relating to the Corporation.

D. This Agreement is not a substitute for, nor does it diminish or abrogate any rights of Indemnitee under, the Constituent Documents or any resolutions adopted pursuant thereto (including any contractual rights of Indemnitee that may exist) other than any Existing Agreement (as defined below) which shall be replaced in its entirety by this Agreement. In the event of conflict of any provision(s) of any Constituent Document and this Agreement, the provision(s) of the Constituent Document and this Agreement shall be interpreted together in the manner that is most favorable to the Indemnitee.

E. Indemnitee is or will be a director of the Corporation or one of its direct or indirect subsidiaries (and will have such other role as may be set forth in the definition of Corporate Status) and his or her willingness to serve or continue to serve in such capacity is predicated, in substantial part, upon the Corporation's willingness to indemnify him or her to the fullest extent permitted by the laws of the State of Delaware and upon the other undertakings set forth in this Agreement.

F. Indemnitee may have certain rights to indemnification and/or insurance provided by the Other Indemnitors (as defined below), which Indemnitee and the Other Indemnitors intend to be secondary to the primary obligation of the Corporation to indemnify Indemnitee as provided herein, with the Corporation's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the premises and covenants contained herein and the Indemnitee's agreement to provide services to the Corporation, the Corporation and Indemnitee hereby agree as follows:

## CERTAIN DEFINITIONS

Capitalized terms used but not otherwise defined in this Agreement have the meanings set forth below:

**"Applicable Proceeding"** means (i) any threatened, pending or completed action, suit, claim, demand, arbitration, alternate dispute resolution mechanism, request to toll the statute of limitations, investigation, inquiry, hearing or any other actual, threatened or completed proceeding, including any and all appeals, in each case, whether brought by or in the right of the Corporation (or any of its direct or indirect subsidiaries) or otherwise, whether civil, criminal, administrative, regulatory, arbitrate or investigative, whether formal or informal, whether made pursuant to federal, state, local, or foreign law or otherwise, and whether or not commenced prior to the date of this Agreement, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of or arising from Indemnitee's Corporate Status and by reason of or relating to either (a) any action or alleged action taken by Indemnitee (or failure or alleged failure to act) or any action or alleged action (or failure or alleged failure to act) on Indemnitee's part, while acting in his or her Corporate Status at any time or (b) the fact that Indemnitee is or was or will be serving at the request of the Corporation (or any of its direct or indirect subsidiaries) in an Enterprise Corporate Status, in each case, whether or not serving in such capacity at the time any Loss or Expense is paid or incurred for which indemnification or advancement of Expenses can be provided under this Agreement, or (ii) any inquiry, hearing or investigation that Indemnitee determines might reasonably lead to the institution of any such action, suit, proceeding or alternative dispute resolutions mechanism. For purposes of this Agreement, the term "threatened" will be deemed to include Indemnitee's good faith belief that a claim or other assertion might lead to institution of an Applicable Proceeding.

**"Board"** means the Board of Directors of the Corporation or any committee designated by the Board of Directors of the Corporation in respect hereof.

**"Change in Control"** means the occurrence of any of the following: (i) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions (including, without limitation, any merger, consolidation or liquidation whether by operation of law or otherwise), of all or substantially all of the properties or assets of the Corporation and its subsidiaries, taken as a whole, to a third party purchaser (or group of affiliated third party purchasers), (ii) the consummation of any transaction (including, without limitation, any merger or consolidation or whether by operation of law or otherwise), the result of which is that a third party purchaser (or group of affiliated third party purchasers) becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the then outstanding Shares or of the surviving entity of any such merger or consolidation, (iii) any change of more than fifty percent (50%) of the individuals who comprise the Board relative to the composition of the Board as of the date hereof or (iv) the commencement of, or filing for, any bankruptcy, insolvency proceeding or assignment for the benefit of creditors, or the appointment of any receiver, trustee or liquidator, whether voluntary or involuntary, in each case with respect to the Corporation.

**"Controlled Affiliate"** means any corporation, limited liability company, partnership, joint venture, trust or other Enterprise, whether or not for profit, that is, directly or indirectly, controlled by the Corporation. For purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of an Enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise.

**“Corporate Status”** means the status of a person as a director, officer, member or chairman of any committee or subcommittee, lead director or chairman of the Board of Directors of the Corporation (or a similar governing body of a subsidiary of the Corporation or Controlled Affiliate) or any of the Corporation’s direct or indirect subsidiaries or Controlled Affiliates, in each case subject to the following proviso, whether before or after the date hereof; provided that “Corporate Status” shall not include any status as chairman of the Board of Directors of the Corporation (or a similar governing body of a subsidiary of the Corporation or Controlled Affiliate other than a committee or subcommittee) prior to the date hereof. Notwithstanding anything in this Agreement to the contrary, for the purposes of this Agreement, the term “Corporate Status” shall not be deemed to include any other status a person may hold or may have held (other than such person’s status as set forth in the previous sentence) with the Corporation or any of the Corporation’s direct or indirect subsidiaries or Controlled Affiliates or otherwise, including, without limitation, a person’s status as chairman of the Board of Directors of the Corporation (or a similar governing body of a subsidiary of the Corporation or Controlled Affiliate other than a committee or subcommittee) prior to the date hereof, founder, manager (other than in a limited liability company), officer, employee, shareholder, lessor, lessee, agent, trustee or other unspecified fiduciary of or licensor to the Corporation or any of the Corporation’s direct or indirect subsidiaries or Controlled Affiliates or as a counterparty pursuant to any agreement or contract including, without limitation, any license, lease, sublease, founder, chairman or other contract or agreement.

**“Disinterested Director”** means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

**“Enterprise”** means the Corporation, any subsidiary of the Corporation or any other corporation, partnership, limited liability company, joint venture, employee benefit plan, trust or other entity or other enterprise.

**“Enterprise Corporate Status”** means the status of a person as a director, officer, member or chairman of any committee or subcommittee, lead director and chairman of the board of directors (or a similar governing body) of any Enterprise or any of the Enterprise’s direct or indirect subsidiaries or controlled affiliates, in each case subject to the following proviso, whether before or after the date hereof; provided that “Enterprise Corporate Status” shall not include any status as chairman of the board of directors (or a similar governing body other than a committee or subcommittee) of any Enterprise prior to the date hereof. Notwithstanding anything in this Agreement to the contrary, for the purposes of this Agreement, the term “Enterprise Corporate Status” shall not be deemed to include any other status a person may hold or may have held (other than such person’s status as set forth in the previous sentence) with an Enterprise or any of the Enterprise’s direct or indirect subsidiaries or controlled affiliates or otherwise, including, without limitation, a person’s status as chairman of the board of directors (or a similar governing body other than a committee or subcommittee) of any Enterprise prior to the date hereof, founder, manager (other than in a limited liability company), officer, employee, shareholder, lessor, lessee, agent, trustee or other unspecified fiduciary of or licensor to any Enterprise or any of the Enterprise’s direct or indirect subsidiaries or controlled affiliates or as a counterparty pursuant to any agreement or contract including, without limitation, any license, lease, sublease, founder, chairman or other contract or agreement.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended, or any successor statute thereto, and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder.

**“Existing Agreement”** means any agreement primarily in respect of indemnification or reimbursement of expenses between Indemnitee and the Corporation existing prior to the date hereof. For the avoidance of doubt, “Existing Agreement” does not include any Constituent Documents or D&O Insurance.

**"Expenses"** means any and all fees, expenses, and disbursements, including any and all attorney's fees, disbursements and retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, arbitrator's and mediator's fees and expenses, duplicating costs, printing and binding costs, court costs, discovery fees and costs awards, including sanctions, filing fees, transcript costs, travel expenses, computer legal research costs telephone charges, postage, fax transmission charges, secretarial services, delivery service fees and all other fees, expenses or disbursements, paid or incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or in connection with seeking indemnification or other rights under this Agreement. Expenses will also include (a) Expenses paid or incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent, (b) Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by Proceeding or otherwise and (c) all Expenses incurred by Indemnitee in connection with Article 5. Expenses, however, will not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

**"Independent Counsel"** means an attorney or firm of attorneys that is experienced in matters of corporation law and neither currently is, nor in the past five (5) years has been, retained to represent: (a) the Corporation, any subsidiary of the Corporation, or Indemnitee in any matter material to any such party (other than with respect to matters concerning the Indemnitee under this Agreement and/or the indemnification provisions of the Constituent Documents, or of other indemnitees under similar indemnification agreements) or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing the Corporation, any subsidiary of the Corporation, or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

**"Losses"** means any and all (a) losses, liabilities, judgments, pre-judgment and post-judgment interest, damages, any amounts paid or payable in settlement, fines (including excise taxes and penalties assessed with respect to employee benefit plans and ERISA excise taxes), penalties (in each case, whether civil, criminal or otherwise), and Expenses, (b) interest, assessments, federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt thereof or hereunder, (c) other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, by a witness or participate in, any Proceeding and (d) other charges paid or payable in connection with or in respect of any of the foregoing.

**"Officer(s)"** means Executive Officers holding the following positions: (i) TTEC Holdings, Inc. President; (ii) CEO of each Business Unit; (iii) Chief Financial Officer; (iv) General Counsel; (v) Chief People Officer; (vi) Chief of Staff for TTEC CEO.

**"Other Indemnitors"** means (a) any former, current or future employer of Indemnitee; (b) any Enterprise in which an Indemnitee is, was or will be a partner, member or equity holder; (c) any Enterprise for whom Indemnitee is, was or will be serving in a Corporate Status at the request of such Enterprise; (d) any other source of indemnification to or any Person required to provide indemnification for the benefit of the Indemnitee; (e) any affiliate of any Person described in the foregoing clauses (a), (b), (c) or (d); and (f) any insurer of any Person described in the foregoing clauses (a), (b), (c), (d) or (e), in each such case, to the extent Indemnitee has rights to indemnification and/or insurance provided by such Enterprise, insurer or other Person in connection with his or her Corporate Status.

**"Person"** means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

**“Proceeding”** means (i) any threatened, pending or completed action, suit, claim, demand, arbitration, alternate dispute resolution mechanism, request to toll the statute of limitations, investigation, inquiry, hearing or any other actual, threatened or completed proceeding, including any and all appeals, in each case, whether brought by or in the right of the Corporation (or any of its direct or indirect subsidiaries) or otherwise, whether civil, criminal, administrative, regulatory, arbitral or investigative, whether formal or informal, whether made pursuant to federal, state, local, or foreign law or otherwise, and whether or not commenced prior to the date of this Agreement, or (ii) any inquiry, hearing or investigation that Indemnitee determines might reasonably lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism. For purposes of this definition, the term “threatened” will be deemed to include Indemnitee’s good faith belief that a claim or other assertion might lead to institution of a Proceeding.

References to **“serving at the request of the Corporation”** include any service in a Corporate Status which imposes duties on, or involves services by, such person with respect to any employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in and not opposed to the best interests of the participants and beneficiaries of an employee benefit plan will be deemed to have acted in a manner **“not opposed to the best interests of the Corporation”** as referred to under applicable law or in this Agreement.

## INDEMNIFICATION

**Corporation Indemnification.** Subject to Section 2.4 and Article 5, the Corporation hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time to increase the scope of such permitted indemnification, against any and all Losses and Expenses if Indemnitee was, is, or becomes or was, is, or becomes threatened to be, made a party to or participant in, any Applicable Proceeding. For purposes of this Agreement, the meaning of the phrase **“to the fullest extent permitted by law”** will include to the fullest extent permitted by the General Corporation Law of the State of Delaware (as amended from time to time, the **“DGCL”**) or any statute that replaces or succeeds the relevant sections of the DGCL with respect to such matters. In the event of any change in the DGCL or any other applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a person serving in an Enterprise Corporate Status, such change, to the extent not otherwise prohibited by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties’ rights and obligations hereunder. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

Proceedings Other Than Proceedings by or in the Right of the Corporation. Except as otherwise provided in this Article 2 (including pursuant to Section 2.4), Indemnitee shall be entitled to the rights of indemnification provided in this Section 2.1 if, the Indemnitee was, is, or becomes or was, is, or becomes threatened to be made, a party to or participant in any Applicable Proceeding other than an Applicable Proceeding by or in the right of the Corporation (which is covered by Section 2.1(b)). Pursuant to this Section 2.1(a), but subject to Section 2.4, Indemnitee shall be indemnified to the fullest extent permitted by law against all Losses and Expenses, and any and all federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, that are actually and reasonably paid or incurred by him, or on his behalf, in connection with such Applicable Proceeding.

Proceedings by or in the Right of the Corporation. Except as otherwise provided in this Article 2 (including pursuant to Section 2.4), Indemnitee shall be entitled to the rights of indemnification provided in this Section 2.1 if, the Indemnitee was, is, or becomes or was, is, or becomes threatened to be made, a party to or participant in any Applicable Proceeding brought by or in the right of the Corporation. Pursuant to this Section 2.1(b), but subject to Section 2.4, Indemnitee shall be indemnified to the fullest extent permitted by law against all Losses and Expenses, and any and all federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, that are actually and reasonably paid or incurred by him or her, or on his or her behalf, in connection with such Applicable Proceeding.



Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification otherwise provided for in this Section 2.1, but subject to Section 2.4 and Article 5, the Corporation shall and hereby does indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and Losses, and any and all federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement actually and reasonably paid or incurred by him or on his behalf if, he was, is, or becomes or was, is, or becomes threatened to be, made a party to or participant in any Applicable Proceeding (including an Applicable Proceeding by or in the right of the Corporation). Subject to Section 2.4, the only limitation that shall exist upon the Corporation's obligations pursuant to this Agreement shall be that the Corporation shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Articles 5 and Section 7.2 hereof) to be unlawful. For the avoidance of doubt, the indemnification rights and obligations contained herein shall also extend to any Applicable Proceeding in which the Indemnitee was, is or becomes a party to, was, is or becomes threatened to be made a party to or was or is otherwise involved in any capacity in by reason of Indemnitee's Corporate Status as a fiduciary with respect to an employee benefit plan. In connection therewith, if the Indemnitee has acted in good faith and in a manner which appeared to be consistent with the best interests of the participants and beneficiaries of an employee benefit plan and not opposed thereto, the Indemnitee shall be deemed to have acted in a manner not opposed to the best interests of the Corporation.

**Mandatory Indemnification if Indemnitee is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement (other than Section 5.9), but subject to Section 2.4, to the extent that Indemnitee has been successful, on the merits or otherwise, in defense of any Applicable Proceeding or any part thereof, the Corporation will indemnify Indemnitee to the fullest extent permitted by law against all Losses and Expenses that are actually and reasonably paid or incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Applicable Proceeding, but is successful, on the merits or otherwise, as to one or more but fewer than all claims, issues or matters in such Applicable Proceeding, the Corporation will indemnify and hold harmless Indemnitee against all Expenses paid or incurred by Indemnitee in connection with each successfully resolved claim, issue or matter on which Indemnitee was successful. For purposes of this Section 2.2, the termination of any Applicable Proceeding, or any claim, issue or matter in such Applicable Proceeding, by dismissal with or without prejudice will be deemed to be a successful result as to such Applicable Proceeding, claim, issue or matter.

**Indemnification for Expenses of a Witness.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, the Corporation will indemnify Indemnitee to the fullest extent permitted by law against all Losses and Expenses actually and reasonably paid or incurred by Indemnitee on his or her behalf in connection therewith.

**Exclusions.** Notwithstanding any other provision of this Agreement, the Corporation will not be obligated under this Agreement to provide indemnification in connection with the following:

Any Proceeding (or part of any Proceeding) initiated or brought voluntarily by Indemnitee against the Corporation or its directors, officers, employees or other indemnities, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, (iii) the Proceeding was initiated to establish or enforce a right to indemnification or advancement of expenses under this Agreement, any other agreement or insurance policy (other than an Existing Agreement), under the Constituent Documents or under any statutory authority, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification or advancement of expenses, or recovery from the Corporation's D&O Insurance, as the case may be, or (iv) such payment arises in connection with any mandatory counterclaim or cross claim brought or raised by Indemnitee in any Proceeding (or any part of any Proceeding); *provided, however*, that nothing in this Section 2.4(a) shall limit the right of Indemnitee to be indemnified under Section 7.4.

In respect of any claim, issue or matter if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

For an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Exchange Act or any similar successor statute.

#### ADVANCEMENT OF EXPENSES

**Expense Advances.** Except in the circumstances set forth in Section 2.4 and subject to Article 5, the Corporation will, if requested by Indemnitee, advance, to the fullest extent permitted by law, to Indemnitee (hereinafter an "**Expense Advance**") any and all Expenses actually and reasonably paid or incurred (even if unpaid) by or on behalf of Indemnitee in connection with any Applicable Proceeding (whether prior to or after its final disposition). Indemnitee's right to each Expense Advance will not be subject to the satisfaction of any standard of conduct and will be made without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement, or under provisions of the Constituent Documents or otherwise. Each Expense Advance will be unsecured and interest free and will be made by the Corporation without regard to Indemnitee's ability to repay the Expense Advance. An Expense eligible for an Expense Advance will include any and all reasonable Expenses incurred pursuing an action to enforce the right of advancement provided for in this Article 3, including Expenses incurred preparing and forwarding statements to the Corporation to support the Expense Advances claimed. Execution and delivery to the Corporation of this Agreement by Indemnitee constitutes an undertaking by the Indemnitee to repay any amounts paid, advanced or reimbursed by the Corporation pursuant to this Section 3 in respect of Expenses relating to, arising out of or resulting from any Proceeding in respect of which it shall be determined, pursuant to Article 7, following the final disposition of such Proceeding, that Indemnitee is not entitled to indemnification hereunder. No other form of undertaking shall be required other than the execution of this Agreement.

**Timing.** Without limiting the generality or effect of the foregoing and except in the circumstances set forth in Section 2.4, within five (5) business days after any request by Indemnitee, the Corporation shall, in accordance with such request, (a) pay such Expenses payable in accordance with this Article 3 on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses payable in accordance with this Article 3, or (c) reimburse Indemnitee for such Expenses payable in accordance with this Article 3. In connection with any request for an Expense Advance, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege.

#### CONTRIBUTION IN THE EVENT OF JOINT LIABILITY

##### **Contribution by Corporation.**

Whether or not the indemnification or Expense Advance provided in Articles 2 or 3, respectively, is available (other than when not available as a result of the circumstances set forth in Section 2.4), in respect of any Applicable Proceeding in which the Corporation is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Corporation shall, to the fullest extent permitted by law, settle and/or pay, in the first instance, the entire amount of any Expenses or Losses of such Applicable Proceeding (including whether payment is sought by the judgment creditor, or his, her or its successor or assigns, to be collected against the Corporation or the Indemnitee alone, or together) without requiring Indemnitee to contribute to such settlement or payment and the Corporation hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Corporation shall not enter into any settlement of any Applicable Proceeding in which the Corporation is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

Without diminishing or impairing the obligations of the Corporation set forth in the preceding Section 4.1(a), if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed Applicable Proceeding in which the Corporation is jointly liable with Indemnitee (or would be if joined in such Proceeding), except in the circumstances set forth in Section 2.4, the Corporation shall, to the fullest extent permitted by law, pay to Indemnitee the entire amount of any judgment or settlement of such Applicable Proceeding without requiring Indemnitee to contribute to such payment and the Corporation hereby waives and relinquishes any right of contribution it may have against Indemnitee. Indemnitee shall not enter into any settlement of any Applicable Proceeding in which the Corporation is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against the Corporation.

To the fullest extent permitted by law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever (including due to an election by Indemnitee), except in the circumstances set forth in Section 2.4, the Corporation, in lieu of indemnifying Indemnitee, will contribute to the amount of Expenses and Losses incurred or paid by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Applicable Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Applicable Proceeding in order to reflect (i) the relative benefits received by the Corporation (and its officers, directors, employees and agents) and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Applicable Proceeding and/or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, both the relative benefits referred to in clause (i) and the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s). In connection with the registration of the Corporation's securities, the relative benefits received by the Corporation and Indemnitee shall be deemed to be in the same respective proportions that the net proceeds from the offering (before deducting expenses) received by the Corporation and Indemnitee, in each case as set forth in the table on the cover page of the applicable prospectus, bear to the aggregate public offering price of the securities so offered. The relative fault of the Corporation and Indemnitee shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Corporation or Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Corporation and Indemnitee agree that it would not be just and equitable if contribution pursuant to this Section 4.1 were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 4.1. In connection with the registration of the Corporation's securities, in no event shall Indemnitee be required to contribute any amount under this Section 4.1 in excess of the lesser of (i) that proportion of the total of such losses, claims, damages or liabilities indemnified against equal to the proportion of the total securities sold under such registration statement which is being sold by Indemnitee or (ii) the proceeds received by Indemnitee from its sale of securities under such registration statement. No person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation.

**Indemnification for Contribution Claims by Others.** Except in the circumstances set forth in Section 2.4, to the fullest extent permitted by law, the Corporation will fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by other officers, directors or employees of the Corporation who may be jointly liable with Indemnitee for any Loss or Expense arising from an Applicable Proceeding.

**Partial Indemnity.** Except in the circumstances set forth in Section 2.4, if Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for a portion of any Losses in respect of an Applicable Proceeding but not for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

**PROCEDURES AND PRESUMPTIONS FOR THE  
DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION**

**Notification of Claims; Request for Indemnification.** Indemnitee agrees to notify promptly the Corporation in writing, which may include via electronic means, of any claim made against Indemnitee for which indemnification or Expense Advance will or could be sought under this Agreement, which shall include a description of the nature of the Applicable Proceeding and the facts underlying the Applicable Proceeding, in each case, to the extent available; *provided, however*, that a delay in giving such notice will not deprive Indemnitee of any right to be indemnified under this Agreement unless, and then only to the extent that, the Corporation did not otherwise learn of the Applicable Proceeding and such delay is materially prejudicial to the Corporation's ability to defend such Applicable Proceeding; and, *provided, further, however*, that notice will be deemed to have been given without any action on the part of Indemnitee in the event the Corporation is a party to the same Applicable Proceeding. The omission to notify the Corporation will not relieve the Corporation from any liability which it may have to Indemnitee otherwise than under this Agreement. Indemnitee may deliver to the Corporation a written request to have the Corporation indemnify and hold harmless Indemnitee in accordance with this Agreement. Subject to Section 5.9, such request may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written request for indemnification, Indemnitee's entitlement to indemnification shall be determined according to Section 5.2. The Secretary of the Corporation will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. The Corporation will be entitled to participate in any Applicable Proceeding at its own expense. If at the time of the receipt of such notice, the Corporation has D&O Insurance or any other insurance in effect under which coverage for Applicable Proceedings is potentially available, the Corporation shall give prompt written notice to the applicable insurers in accordance with the procedures, provisions, and terms set forth in the applicable policies. The Corporation shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Corporation and such insurers regarding such Applicable Proceeding, in each case substantially concurrently with the delivery or receipt thereof by the Corporation. The Corporation shall keep Indemnitee substantially concurrently advised of all communications, regardless of method, with such insurers. Indemnification shall be made insofar as the Corporation determines Indemnitee is entitled to indemnification in accordance with Section 5.2 below.

**Determination of Right to Indemnification.** Upon written request by Indemnitee for indemnification pursuant to Section 5.1 with respect to any Applicable Proceeding, a determination with respect to Indemnitee's entitlement thereto will be made by one of the following, at the election of Indemnitee: (a) so long as there are Disinterested Directors with respect to such Applicable Proceeding, a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (b) so long as there are Disinterested Directors with respect to such Applicable Proceeding, a committee of such Disinterested Directors designated by a majority vote of such Disinterested Directors, even though less than a quorum of the Board or (c) Independent Counsel in a writing delivered to the Board, a copy of which will also be delivered to Indemnitee. The election by Indemnitee to use a particular person, persons or Enterprise to make such determination is to be included in the written request for indemnification submitted by Indemnitee (and if no election is made in the request it will be assumed that Indemnitee has elected the Independent Counsel to make such determination). The person, persons or Enterprise chosen to make a determination under this Agreement of the Indemnitee's entitlement to indemnification will act reasonably and in good faith in making such determination.

**Selection of Independent Counsel.** If the determination of entitlement to indemnification pursuant to Section 5.2 will be made by an Independent Counsel, the Independent Counsel will be selected as provided in this Section 5.3. The Independent Counsel will be selected by the Board within the later of fifteen (15) days of receipt from the Indemnitee of a written request for indemnification pursuant to Section 5.1 and the final disposition of the Applicable Proceeding. The Corporation will give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. The Indemnitee may, within ten (10) days after such written notice of selection is given, deliver to the Corporation a written objection, which may be made via electronic means, to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the

requirements of "Independent Counsel" as defined in this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within thirty (30) days after the later of the submission by Indemnitee of a written request for indemnification pursuant to Section 5.1 and the final disposition of the Applicable Proceeding, no Independent Counsel is selected, or an Independent Counsel for which an objection thereto has been properly made remains unresolved, either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection that has been made by Indemnitee to the Corporation's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court may designate, and the person with respect to whom all objections are so resolved or the person so appointed will act as Independent Counsel under Section 5.2. Except in the circumstances set forth in Section 2.4, the Corporation will pay any and all fees and expenses incurred by such Independent Counsel in connection with acting pursuant to Section 5.2, and the Corporation will pay all fees and expenses incident to the procedures of this Section 5.3, regardless of the manner in which such Independent Counsel was selected or appointed.

**Burden of Proof.** In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination will, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, except in the circumstances set forth in Section 2.4. Anyone seeking to overcome this presumption will, to the fullest extent not prohibited by law, have the burden of proof and the burden of persuasion, by clear and convincing evidence. In making a determination with respect to entitlement to indemnification hereunder which under this Agreement, the Constituent Documents, the D&O Insurance or applicable law requires a determination of Indemnitee's good faith and/or whether Indemnitee acted in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and/or with respect to any criminal Proceeding, whether Indemnitee had reasonable cause to believe his or her conduct was unlawful, the person, persons or Enterprise making such determination will, to the fullest extent not prohibited by law, presume that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Anyone seeking to overcome this presumption will, to the fullest extent not prohibited by law, have the burden of proof and the burden of persuasion, by clear and convincing evidence. Indemnitee will be deemed to have acted in good faith if Indemnitee's action with respect to the Corporation or a particular Enterprise (that Indemnitee is or was serving in an Enterprise Corporate Status at the request of the Corporation) is based on the records or books of account of the Corporation or such other Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Corporation or such other Enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or such other Enterprise or on information or records given or reports made to the Corporation or such other Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Corporation or such other Enterprise; *provided, however*, that this sentence will not be deemed to limit in any way the other circumstances in which Indemnitee may be deemed to have met such standard of conduct. In addition, the knowledge and/or actions, or failure to act, of any other director, manager, officer, agent or employee of the Corporation or such other Enterprise will not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

**No Presumption in Absence of a Determination or As Result of an Adverse Determination; Presumption Regarding Success.** Neither the failure of any person, persons or Enterprise chosen to make a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief to make such determination, nor an actual determination by such person, persons or Enterprise that Indemnitee has not met such standard of conduct or did not have such belief, prior to or after the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under this Agreement under applicable law, will be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In addition, the termination of any Applicable Proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere*,

or its equivalent, will not create a presumption that Indemnitee did not meet any particular standard of conduct and with respect to any criminal Applicable Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful, or that Indemnitee had any particular belief or that a court has determined that indemnification is not permitted by this Agreement or applicable law. In the event that any Applicable Proceeding to which Indemnitee is a party is resolved in any manner other than by final adverse judgment (as to which all rights of appeal therefrom have been exhausted or lapsed) against Indemnitee (including, without limitation, settlement of such Applicable Proceeding with or without payment of money or other consideration) it will be presumed that Indemnitee has been successful on the merits or otherwise in such Applicable Proceeding.

**Timing of Determination.** The Corporation will use its reasonable best efforts to cause any determination required to be made pursuant to Section 5.2 to be made as promptly as practicable after Indemnitee has submitted a written request for indemnification pursuant to Section 5.1 and prior to the final disposition of the Applicable Proceeding. If the person, persons or Enterprise chosen to make a determination does not make such determination within fifteen (15) days after the later of the date (a) the Corporation receives Indemnitee's request for indemnification pursuant to Section 5.1, (b) the final disposition of the Applicable Proceeding and (c) on which an Independent Counsel is selected pursuant to Section 5.3, if applicable (and all objections to such person, if any, have been resolved), the requisite determination of entitlement to indemnification will be deemed to have been made and Indemnitee will be entitled to such indemnification, so long as (i) Indemnitee has fulfilled his or her obligations pursuant to Section 5.8 and (ii) such indemnification is not prohibited under applicable law; *provided, however*, that such fifteen (15) day period may be extended for a reasonable time, not to exceed an additional ten (10) days, if the person, persons or Enterprise making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining of or evaluating of documentation and/or information relating thereto. Notwithstanding anything herein to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Applicable Proceeding.

**Timing of Payments.** All payments of Expenses, including any Expense Advance, and other amounts by the Corporation to the Indemnitee pursuant to this Agreement will be made as soon as practicable after a written request or demand therefor by Indemnitee is presented to the Corporation, but in no event later than fifteen (15) business days after (a) such demand is presented or (b) such later date as a determination of entitlement to indemnification is made in accordance with Section 5.6, if applicable; *provided, however*, that an Expense Advance will be made within the time provided in Section 3.2.

**Cooperation.** Indemnitee will cooperate with the person, persons or Enterprise making a determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or Enterprise, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses incurred by Indemnitee in so cooperating with the person, persons or Enterprise making such determination will be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Corporation will indemnify Indemnitee therefor and will hold Indemnitee harmless from any Losses arising therefrom.

**Time for Submission of Request.** Indemnitee will be required to submit any request for Indemnification pursuant to this Article 5 within a reasonable time, not to exceed two (2) years, after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of *nolo contendere* (or its equivalent) or other full or partial final determination or disposition of the Applicable Proceeding (with the latest date of the occurrence of any such event to be considered the commencement of the two (2) year period).

## LIABILITY INSURANCE

**Corporation Insurance.** The Corporation will obtain and maintain D&O Insurance with one or more reputable insurance companies providing Indemnitee with coverage in such amount as is customary in the market for Losses and Expenses paid or incurred by Indemnitee as a result of acts or omissions of Indemnitee in his or her Corporate Status, and to ensure the Corporation's performance of its indemnification obligations under this Agreement; *provided, however*, that in all policies of D&O Insurance obtained by the Corporation, Indemnitee will be named as an insured party; *provided, further*, for the duration of Indemnitee's service in a Corporate Status, and thereafter for so long as Indemnitee may be subject to any possible Applicable Proceeding, the Corporation shall use reasonable efforts to continue to maintain in effect policies of D&O Insurance providing coverage that is substantially comparable in scope and amount to that provided by the Corporation to other Indemnites. Upon request, the Corporation will provide to Indemnitee copies of all D&O Insurance applications, binders, policies, declarations, endorsements and other related materials.

**Notice to Insurers.** If, at the time of receipt by the Corporation of a notice from any source of a Applicable Proceeding as to which Indemnitee is a party or participant, the Corporation will give prompt notice of such Applicable Proceeding to the insurers in accordance with the procedures set forth in the respective D&O Insurance, and the Corporation will provide Indemnitee with a copy of such notice and copies of all subsequent correspondence between the Corporation and such insurers related thereto. The Corporation will thereafter take all necessary or desirable actions to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Applicable Proceeding in accordance with the terms of such D&O Insurance.

## REMEDIES OF INDEMNITEE

**Action by Indemnitee.** In the event that (a) a determination is made pursuant to Article 5 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (b) an Expense Advance is not timely made pursuant to Section 3.2 of this Agreement, (c) no determination of entitlement to indemnification is made within the applicable time periods specified in Section 5.6, (d) payment of indemnified amounts is not made within the applicable time periods specified in Section 5.7 or (e) the Corporation or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee will be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his or her entitlement to such indemnification or payment of an Expense Advance. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The provisions of Delaware law (without regard to its conflict of laws rules) will apply to any such arbitration. The Corporation will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

**De Novo Review if Prior Adverse Determination.** Except in the circumstances set forth in Section 2.4 (a), in the event that a determination is made pursuant to Article 5 that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article 7 will be conducted in all respects as a *de novo* trial or arbitration, as applicable, on the merits and Indemnitee will not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Article 7, Indemnitee will be presumed to be entitled to indemnification under this Agreement, the Corporation will have the burden of proving Indemnitee is not entitled to indemnification and the Corporation may not refer to or introduce evidence of any determination pursuant to Article 5 adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Article 7, Indemnitee will not be required to reimburse the Corporation for any Expense Advance made pursuant to Article 3 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

**Corporation Bound by Favorable Determination by Reviewing Party.** If a determination is made that Indemnitee is entitled to indemnification pursuant to Article 5, the Corporation will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Article 7, absent (a) a misstatement by Indemnitee of a material fact or an omission of a material fact necessary to make Indemnitee's statements in connection with the request for indemnification not materially misleading or (b) a prohibition of such indemnification under law.

**Corporation Bears Expenses if Indemnitee Seeks Adjudication.** Notwithstanding anything to the contrary in this Agreement, in the event that (i) Indemnitee, pursuant to this Article 7 and except in the circumstances set forth in Section 2.4(a), seeks a Proceeding, judicial adjudication or arbitration of his or her rights under (or the interpretation thereof), or to recover damages for breach of, this Agreement, any other agreement for indemnification, the indemnification or advancement of expenses provisions in the Constituent Documents, payment of Expenses in advance or contribution hereunder or to recover under any director and officer liability insurance policies (including the D&O Insurance) maintained by the Corporation or (ii) the Corporation seeks a Proceeding against the Indemnitee seeking (1) to recover amounts previously advanced to Indemnitee, (2) to enforce the Corporation's rights under or to interpret the terms of this Agreement or (3) to recover damages for breach of this Agreement, the Corporation will, to the fullest extent permitted by law, indemnify and hold harmless Indemnitee against any and all Expenses which are paid or incurred by Indemnitee in connection with such judicial adjudication or arbitration, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, payment of Expenses in advance or contribution or insurance recovery. In addition, if requested by Indemnitee, the Corporation will (within five (5) days after receipt by the Corporation of the written request therefor), pay as an Expense Advance such Expenses, to the fullest extent permitted by law. Indemnitee shall be required to reimburse the Corporation for such Expense Advance in the event that a final judicial determination is made that any action brought by Indemnitee was frivolous or not made in good faith.

**Corporation Bound by Provisions of this Agreement.** The Corporation will be precluded from asserting in any judicial or arbitration proceeding commenced pursuant to this Article 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such judicial or arbitration proceeding that the Corporation is bound by all the provisions of this Agreement.

#### **NON-EXCLUSIVITY, SUBROGATION; NO DUPLICATIVE PAYMENTS**

**Non-Exclusivity.** The rights of indemnification and to receive Expense Advances as provided by this Agreement will not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Constituent Documents, any D&O Insurance, any other agreement (other than any Existing Agreement), a vote of equityholders, a resolution of the directors or otherwise. To the extent Indemnitee otherwise would have any greater right to indemnification or payment of any advancement of Expenses under any other provisions under applicable law, the Constituent Documents, any insurance policy, including the D&O Insurance, any agreement (other than any Existing Agreement), vote of equityholders, a resolution of the directors or otherwise, except in the circumstances set forth in Section 2.4, Indemnitee will be entitled under this Agreement to such greater right. No amendment, alteration or repeal of this Agreement or of any provision hereof limits or restricts any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Constituent Documents, the D&O Insurance and this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy will be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any action or other covered Applicable Proceeding.



**Subrogation.** Except as provided in Section 8.3, in the event of any payment by the Corporation under this Agreement, the Corporation will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect thereto and Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights (it being understood that all of Indemnitee's reasonable Expenses related thereto will be borne by the Corporation).

**No Duplicative Payments.** The Corporation will not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or any Expense for which advancement is provided) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise, except as provided in this Section 8.3. The Corporation's obligation to indemnify or advance Expenses hereunder to Indemnitee in respect of Applicable Proceedings relating to Indemnitee's service at the request of the Corporation in an Enterprise Corporate Status of any other Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other Enterprise, except as provided in this Section 8.3. The Corporation hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by Other Indemnitors. The Corporation hereby agrees, to the extent it is determined pursuant to the terms and conditions of this Agreement that the Corporation has an indemnification or Expense Advance obligation to Indemnitee for a particular matter, (a) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of any Other Indemnitor to advance expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnitee are secondary), (b) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Losses to the extent legally permitted and as required by the terms of this Agreement, the D&O Insurance, the Constituent Documents (or any other agreement between the Corporation and Indemnitee (other than any Existing Agreement)), without regard to any rights Indemnitee may have against the Other Indemnitors and (c) that it irrevocably waives, relinquishes and releases the Other Indemnitors from any and all claims against the Other Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Corporation further agrees that no advancement or payment by the Other Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Corporation shall affect the foregoing and the Other Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Corporation. The Corporation and Indemnitee agree that the Other Indemnitors are express third party beneficiaries of the terms of this Section 8.3.

#### DEFENSE OF PROCEEDINGS

**Corporation Assuming the Defense.** Subject to Section 9.3 below, in the event the Corporation is obligated pursuant to Article 3 to pay in advance the Expenses of any Applicable Proceeding, the Corporation will be entitled, by written notice to Indemnitee, to assume the defense of such Applicable Proceeding, with counsel approved by Indemnitee, which approval will not be unreasonably withheld. The Corporation will identify the counsel it proposes to employ in connection with such defense as part of the written notice sent to Indemnitee notifying Indemnitee of the Corporation's election to assume such defense, and Indemnitee will be required, within ten (10) days following Indemnitee's receipt of such notice, to inform the Corporation of its approval of such counsel or, if it has objections, the reasons therefor. If such objections cannot be resolved by the parties, the Corporation will identify alternative counsel, which counsel will also be subject to approval by Indemnitee in accordance with the procedure described in the prior sentence.

**Right of Indemnitee to Employ Counsel.** Following approval of counsel by Indemnitee pursuant to Section 9.1 and retention of such counsel by the Corporation, the Corporation will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Applicable Proceeding; *provided, however*, that (a) Indemnitee has the right to employ counsel in any such Applicable Proceeding at Indemnitee's expense and (b) the Corporation will be required to pay the fees and expenses of Indemnitee's counsel if (i) the employment of counsel by Indemnitee has been previously authorized by the Corporation, (ii) Indemnitee reasonably concludes that there is an actual or potential conflict between the Corporation (or any other person or persons included in a joint defense) and Indemnitee in the conduct of such defense or representation by such counsel retained by the Corporation or (iii) the Corporation does not continue to retain the counsel approved by Indemnitee.

**Corporation Not Entitled to Assume Defense.** Notwithstanding Section 9.1, the Corporation will not be entitled to assume the defense of any Applicable Proceeding brought by or on behalf of the Corporation or any Applicable Proceeding as to which Indemnitee has reasonably made the conclusion provided for in Section 9.2(b)(ii).

## SETTLEMENT

**Corporation Bound by Provisions of this Agreement.** Notwithstanding anything in this Agreement to the contrary, the Corporation will have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Applicable Proceeding effected without the Corporation's prior written consent, which consent shall not be unreasonably withheld or delayed.

**When Indemnitee's Prior Consent Required.** The Corporation will not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise in respect to an indemnifiable Applicable Proceeding hereunder which (a) includes an assignment of any claim or potential claim the Corporation may have against Indemnitee, any admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or a Loss for which Indemnitee is not wholly indemnified hereunder or (b) with respect to any Applicable Proceeding with respect to which Indemnitee may be or is made a party or a participant or may be or is otherwise entitled to seek indemnification hereunder, does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release will be in form and substance reasonably satisfactory to Indemnitee. Notwithstanding anything to the contrary, neither the Corporation nor Indemnitee will unreasonably withhold its consent to any proposed settlement; *provided, however*, that Indemnitee may withhold consent to any settlement that does not provide a full and unconditional release of Indemnitee from all liability in respect of such Proceeding.

## DURATION OF AGREEMENT; OTHER ACTIVITIES

### Duration of Agreement.

This Agreement will continue until and terminate upon the latest of (a) the statute of limitations applicable to any claim that could be asserted against an Indemnitee with respect to which Indemnitee may be entitled to indemnification and/or an Expense Advance under this Agreement, (b) ten (10) years after the date that Indemnitee has ceased to serve as in a Corporate Status of the Corporation or its direct or indirect subsidiaries or in an Enterprise Corporate Status in any other Enterprise which Indemnitee served at the request of the Corporation or (c) if, at the later of the dates referred to in (a) and (b) above, there is pending Applicable Proceeding in respect of which Indemnitee is granted rights of indemnification or the right to an Expense Advance under this Agreement or a Proceeding commenced by Indemnitee pursuant to Article 7 of this Agreement, one (1) year after the final termination of such Applicable Proceeding, including any and all appeals. This Agreement and the indemnification and contribution provisions set forth herein are of a continuing nature and will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee or any officer, director, employee, agent or controlling person of Indemnitee.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Corporation or any affiliate of the Corporation against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Corporation shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; *provided, however*, that if any shorter period of limitations is otherwise applicable to any such cause of actions, such shorter period shall govern.

#### MISCELLANEOUS

**Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof; *provided, however*, that it is agreed that the provisions contained in this Agreement are a supplement to, and not a substitute for, any provisions regarding the same subject matter contained in the Constituent Documents, any D&O Insurance policy and any employment or similar agreement between the parties (other than any Existing Agreement).

**Assignment; Binding Effect; Third Party Beneficiaries.** No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party and any such assignment by a party without prior written approval of the other parties will be deemed void *ab initio* and not binding on such other parties. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, and inure to the benefit of and are enforceable by, the parties and their respective successors, permitted assigns, heirs, executors and personal and legal representatives. Except as set forth in Section 8.3, there are no third party beneficiaries having rights under or with respect to this Agreement. The Corporation shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Corporation, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve in a Corporate Status, any of its direct or indirect subsidiaries or in an Enterprise Corporate Status in any other Enterprise at the Corporation's request.

**Notices.** All notices, requests and other communications provided for or permitted to be given under this Agreement must be in writing and be given by personal delivery, by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, by facsimile transmission or by electronic mail (with receipt acknowledged by the recipient other than by automatic means), as follows (or to such other address as any party may give in a notice given in accordance with the provisions hereof):

If to the Indemnitee, to the address set forth on the signature page hereto.

If to the Corporation, to:

TTEC Holdings, Inc.  
6312 S. Fiddler's Green Circle, Suite 100N  
Greenwood Village, CO 80111  
*Attention:* General Counsel

All notices, requests or other communications will be effective and deemed given in accordance with this Section 12.3 and shall be deemed received as follows: (a) if given by personal delivery, upon such personal delivery, (b) if sent by certified or registered mail, on the fifth (5th) business day after being deposited in the United States mail, (c) if sent for next day delivery by overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, or (d) if sent by facsimile or electronic mail, upon confirmation of receipt of such facsimile transmission or electronic mail, except that if such confirmation is received after 5:00 p.m. (in the recipient's time zone) on a business day, or is received on a day that is not a business day, then such notice, request or communication will not be deemed effective or given until the next succeeding business day. Notices, requests and other communications sent in any other manner, including by electronic mail, will not be effective.

**Specific Performance; Remedies.** Each party acknowledges and agrees that the other party would be damaged irreparably if any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the parties will be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and its provisions in any action or proceeding instituted in any state or federal court sitting in the State of Delaware having jurisdiction over the parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity. Except as expressly provided herein, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein will be considered an election of remedies.

**Submission to Jurisdiction.** Any Proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may be brought in any state or federal court sitting in the State of Delaware having jurisdiction over the parties and the matter, and each party consents to the non-exclusive jurisdiction and venue of such court (and of the appropriate appellate courts therefrom) in any such Proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such Proceeding in any such court or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Process in any such action, suit or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court, and each party hereto hereby agrees that notice in accordance with Section 12.3 shall constitute effective service of process in any such Proceeding.

**Headings.** The article and section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

**Governing Law.** This Agreement and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law principles.

**Amendment.** This Agreement may not be amended or modified except by a writing signed by all of the parties.

**Extensions; Waivers.** Any party may, for itself only, (a) extend the time for the performance of any of the obligations of any other party under this Agreement, (b) waive any inaccuracies in the representations and warranties of any other party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any such extension or waiver will be valid only if set forth in a writing signed by the party to be bound thereby. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence. Neither the failure nor any delay on the part of any party to exercise any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise of the same or of any other right or remedy.

**Severability.** The provisions of this Agreement will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof; *provided, however*, that if any provision of this Agreement, as applied to any party or to any circumstance, is judicially determined not to be enforceable in accordance with its terms, the parties agree that the court judicially making such determination may modify the provision in a manner consistent with its objectives such that it is enforceable, and/or to delete specific words or phrases, and in its modified form, such provision will then be enforceable and will be enforced.

**Counterparts; Effectiveness.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile, portable document format (.pdf), or other electronic transmission.

**Construction.** This Agreement has been freely and fairly negotiated among the parties. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party because of the authorship of any provision of this Agreement. Any reference to any law will be deemed also to refer to such law as amended and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words "include," "includes," and "including" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The parties intend that each representation, warranty, and covenant contained herein will have independent significance. If any party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached will not detract from or mitigate the fact that the party is in breach of the first representation, warranty, or covenant. Time is of the essence in the performance of this Agreement.

**Enforcement.** The Corporation expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve in a Corporate Status, and the Corporation acknowledges that Indemnitee is relying upon this Agreement in serving in a Corporate Status.

The Corporation shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of Expenses under this Agreement.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**TTEC HOLDINGS, INC.**

By: \_\_\_\_\_  
XX

**INDEMNITEE**

\_\_\_\_\_  
Signature

Print Name: XX

Address: \_\_\_\_\_

\_\_\_\_\_



**Amendment #1 to  
EXECUTIVE EMPLOYMENT AGREEMENT**

This Amendment ("Seybold Amendment 1") to the Executive Employment Agreement ("Agreement") by and between TTEC Digital LLC ("TTEC" or the "Company"), a wholly owned subsidiary of TTEC Holdings, Inc. ("TTEC Parent") and David J. Seybold ("Executive") is executed to be effective as of September 28, 2023 ("Effective Date").

**WHEREAS**, in December 2022, the Company and Mr. Seybold entered into the Agreement in connection with his employment with the Company as Chief Executive Officer of TTEC Digital business segment of TTEC Parent;

**WHEREAS**, the Compensation Committee of the TTEC Board determined that it is in the Company's and TTEC Parent's best interest to modify the structure of Mr. Seybold's equity-based incentive opportunity to further align with the performance of the TTEC Digital business segment he is responsible for leading;

**NOW, THEREFORE**, the Agreement is hereby amended as outlined below (all capitalized terms used in this Amendment and not otherwise defined in this document, have the meaning ascribed to them in the Agreement).

**1. PARAGRAPHS 2(c) of the Agreement shall be amended as follows:**

Until and unless modified by the Compensation Committee of the Board, the Executive shall be eligible for an annual equity-based incentive opportunity of target value in the amount of **\$1 million**. Thirty-one and a quarter percent (31.25%) of which is to be granted in time-based RSUs, subject to standard vesting and performance requirements. The remaining sixty-eight and three-quarters percent (68.75%) of which to be granted in PRSUs, based 60% on the performance of the TTEC Digital business segment and 40% on the performance of TTEC Parent, over a 3-year measurement period; with an opportunity to overperform up to 200% of the original grant.

All other provisions of Paragraph 2(c) shall remain as stated in the Agreement.

**Executive**

**TTEC Digital LLC**

\_\_\_\_\_  
**David J. Seybold**

\_\_\_\_\_  
**Laura L. Butler,  
TTEC Chief People Officer**

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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## CERTIFICATIONS

I, Kenneth D. Tuchman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TTEC Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023

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

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## CERTIFICATIONS

I, Francois Bourret, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TTEC Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023

By: /s/ FRANCOIS BOURRET  
Francois Bourret  
Interim Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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

- (a) the Form 10-Q of the Company for the quarter ended September 30, 2023 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: November 8, 2023

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

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

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

- (a) the Form 10-Q of the Company for the quarter ended September 30, 2023 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/ FRANCOIS BOURRET  
Francois Bourret  
Interim Chief Financial Officer

Date: November 8, 2023

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