UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 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

TTEC Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**84-1291044**
(State or other jurisdiction of incorporation or organization)	(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

Securities registered pursuant to Section 12(g) of the Act: **None.**

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act of 1934. Yes ☐ No ☑

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, there were 47,276,039 shares of the registrant's common stock outstanding. The aggregate market value of the registrant's voting and non-voting common stock that was held by non-affiliates on such date was $650,588,890 based on the closing sale price of the registrant's common stock on such date as reported on the NASDAQ Global Select Market.

As of February 23, 2024, there were 47,428,113 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this report is incorporated by reference to the proxy statement for the registrant's 2024 annual meeting of stockholders.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
DECEMBER 31, 2023 FORM 10-K

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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. Forward-looking statements include, but are not limited to, statements regarding our operations, expected financial condition, results of operation, effective tax rate, cash flow, leverage, liquidity, business strategy, competitive position, demand for our services in international operations, acquisition opportunities and impact of acquisitions, capital allocation and dividends, growth opportunities, spending, capital expenditures and investments, competition and market forecasts, industry trends, our human capital resources, 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. Unless otherwise indicated or except where the context otherwise requires, the terms “TTEC,” “the Company,” “we,” “us” and “our” and other similar terms in this report refer to TTEC Holdings, Inc. and its subsidiaries.

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 the section of this report entitled “Risk Factors”. 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, our strategy and our industry, including the risks related to our strategic execution in a competitive market, our ability to innovate and introduce technologies that are sufficiently disruptive to allow us to maintain and grow our market share such as the effective adoption of artificial intelligence into our solutions, revenue risks specific to client concentration in our TTEC Engage business segment and to the product reliability of the technology partners and client transition from on premises to public cloud and SaaS information technology solutions in our TTEC Digital business segment, risks specific to remote work environment, risks related to the challenges inherent in demand and delivery center capacity forecasting, risks specific to labor costs and retention, and risks related to operations controls and employees engaging in fraud, long sales cycles and lead time to revenue, risks specific to potential geographic and other expansions, risks that may arise in connection with events outside of our control such as macroeconomic conditions, geopolitical tensions, and outbreaks of infectious diseases, risks of M&A activity including our ability to identify, acquire and properly integrate acquired businesses in accordance with our strategy; risks related to our use of technology, including risk that could arise due to disruption to our information technology systems, cybersecurity events and unauthorized data access, reliance on communication and utility services provided to third parties, risks specific to rapid adoption of AI/GenAI technologies, and the growing reliance on third parties for data, cloud and SaaS services; risks of our financial operations, including ineffective cost-management strategies, our leverage and debt service obligations, risks specific to financial and operating restrictions built into our credit facility, changes in the cost or availability of labor, telecommunication services, and other operational necessities that we cannot pass on to our clients, foreign currency exchange, changes in income tax rates and laws, interpretations of transfer pricing arrangements, uncertainties tied to goodwill, assets and strategic investments’ impairments, and changes in laws and regulations relevant to our business; risks specific to our contracting practices and laws and regulations that impact our business, including uncertainty and inconsistency in privacy and data protection laws, the high cost of compliance with such laws, high cost and reputational damage of wage and hour class action lawsuits, contract terms that lead to volatility in revenue and profitability, the efforts by clients to transfer contractually cybersecurity, data privacy and emerging technology risks to service providers and our inability to always control or mitigate them, uncertainty in AI/GenAI regulatory environments, risks specific to IP protection and infringement, and ability to timely secure and maintain licenses needed to support certain regulated lines of business; risks specific to operations outside of the U.S. and in jurisdictions where we have limited experience; and risks related to the ownership of our common stock, including risks inherent in our capital structure, our controlling shareholder risk, risks related to the price and trading volumes of our common stock being affected by factors that we cannot fully impact or control, risks inherent in our dividend and stock repurchase policies, risks specific to being a Delaware company and provisions in our charter documents that may discourage, delay or prevent a change in control events potentially depressing the price of our common stock, and the fact that our chairman and chief executive officer has control over matters requiring shareholder action potentially impacting our stock price and making it less attractive to investors.

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.

RISK FACTORS SUMMARY

The following is a summary of the principal risks and uncertainties that could adversely affect our business, financial condition, and results of operations (including revenue, profitability and cash flows). This summary is qualified in its entirety by reference to the more detailed descriptions of the risks and uncertainties included in Part I, Item 1A Risk Factors, and you should read this summary together with those more detailed descriptions.

Risk Related to Our Business Operations, Our Strategy and Our Industry

- If our business strategy is not successful, our business and financial prospects will be affected;
- Our market is highly competitive, and we may not be able to compete effectively;
- If we cannot adapt our service offerings to changes in technology and market expectations, including effective use of artificial intelligence (AI) in our solutions, our ability to grow may be affected;
- Inability to effectively and rapidly adopt AI/GenAI into our offerings could materially impact our ability to compete, while its use may result in reputational harm and liability;
- A large portion of our revenue in our TTEC Engage business is generated from a limited number of clients and the loss of one or more of these clients or significant reduction in their business volumes with us could adversely affect our business;
- A large portion of our revenue in our TTEC Digital business is generated from technology partners whose products' reliability and risk allocation practices may adversely impact our business;
- As our Digital business clients transition from on premises information technology solutions to public cloud and SaaS services, our business may be adversely impacted;
- Services delivered by employees working from home represent a large portion of our delivery for some of our clients and this change in the operating model may subject us to new untested risks which we cannot always mitigate;
- If our clients are unable to accurately forecast demand for our services, we may not be able to forecast the level of effort and delivery center capacity required to support their business which could impact our delivery and results of operations;
- If we cannot recruit and retain qualified employees to respond to client demands at the right price point, our business will be adversely affected;
- Our employees may fail to adhere to operational controls or may engage in fraud, which could subject us to liability and negatively impact our client relationships and reputation;
- Long sales cycles in some parts of our business can lead to a long lead time before we receive some of our revenue;
- Our growth and geographic expansion could strain our resources and negatively impact our business;
- If we are unable to maintain a geographically diverse footprint, our profitability may be adversely affected;
- The current outsourcing trend may not continue and the prices that clients are willing to pay for the services may diminish, adversely affecting our business;
- Our business can be disproportionately adversely impacted by events outside of our control that impact our clients, such as economic conditions, geopolitical tensions, and outbreaks of infectious diseases;
- We routinely consider strategic mergers, acquisitions and business combination transactions and may enter into such transactions any time; and such transactions may negatively impact our business and create unanticipated risks.

Risks Related to Our Use of Technology

- A disruption to our information technology systems could adversely affect our business and reputation;
- Cyberattacks, cyber fraud, or unauthorized data access could harm us or our clients and result in liability, and could adversely affect our business and results of operations;
- Significant interruptions in communication and utility services provided to us by third-party vendors could adversely impact our business;
- Rapid adoption of AI/GenAI technology into our offerings could result in reputational harm and liability;
- Our growing reliance on third parties for data, cloud and SaaS services could adversely impact our business.

Risks Related to Our Financial Operations

- Our profitability could suffer if our cost-management strategies are unsuccessful;
- Our leverage and debt service obligations may adversely affect our business and financial condition;
- We are subject to customary financial and operating restrictions built into our credit agreement;
- Inflation and changes in the cost or availability of labor, telecommunication services, energy, and other operational necessities could adversely affect our results of operations;
- Our results of operations may be adversely impacted by foreign currency exchange rate risk;
- Increases in income tax rates, changes in income tax laws or disagreements with tax authorities could adversely affect our business;
- If our transfer pricing arrangements are ineffective, our tax liability may increase;
- We have incurred, and may in the future, incur impairments to goodwill, long-lived assets or strategic investments, which impacts our financial results of operations.

Risks Related to Contracting Practices, Legal and Regulatory Matters that Impact Our Business

- Our financial results may be impacted by changes in laws/regulations and our failure to comply with laws/regulations relevant to our business;
- Uncertainty and inconsistency in relevant privacy and data protection laws, the high cost of compliance with such laws, and the failure to comply with related contractual obligations may impact our ability to deliver services and our results of operations;
- Wage and hour class action lawsuits can expose us to costly litigation and damage our reputation;
- Contract terms typical in our industry can lead to volatility in our revenue and profitability;
- The trend of clients seeking to transfer growing cybersecurity, data privacy and emerging technologies related risks to service providers could significantly impact our operations and profitability;
- The growing use of AI/GenAI in our offerings and evolving uncertainty of regulatory environments impacting such offerings may impact our costs of doing business and reputation;
- Challenges in protecting our intellectual property and its infringement by others may adversely impact our ability to innovate and compete;
- Our inability to timely secure or maintain licensing required to perform certain regulated services may significantly impact our results of operations.

Risks Related to Our Operations Outside of the United States

- We face special risks associated with international operations;
- Our delivery model involves geographic concentration outside of the United States, exposing us to significant operational risks;
- We may face new risks as we expand into countries where we have no prior experience.

Risks Related to Ownership of Our Common Stock

- The price and trading volumes of our common stock may fluctuate significantly due to many factors, some of which we cannot control;
- There can be no assurance that we will continue to declare dividends or repurchase our shares or the cadence or levels of these activities;

- Exclusive forum for dispute resolution in our bylaws could limit our stockholders' ability to obtain a favorable judicial forum for their disputes;
- Delaware law and provisions in our certificate of incorporation and bylaws might discourage, delay or prevent a change in control of our Company, potentially depressing the price of our common stock;
- Our Chairman and Chief Executive Officer controls a majority of our stock and has control over all matters requiring action by our stockholders; and his interest may conflict with the interests of our other stockholders;
- Our status as a "controlled company" could make our common stock less attractive to investors or otherwise harm our stock price.

AVAILABILITY OF INFORMATION

As of the date of this report, TTEC Holdings, Inc.'s principal executive offices are located at 6312 South Fiddler's Green Circle, Suite 100N, Greenwood Village, Colorado 80111. Electronic copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and any amendments to these reports are available free of charge by (i) visiting our website at http://www.ttec.com/investors/sec-filings/ or (ii) sending a written request to Investor Relations at our corporate headquarters or to investor.relations@ttec.com. TTEC's SEC filings are posted on our corporate website as soon as reasonably practical after we electronically file such materials with, or furnish them to, the SEC. Information on our website is not incorporated by reference into this report.

You may also access any materials that we file with the SEC via the SEC's public website at www.sec.gov.

PART I

ITEM 1.

BUSINESS

Our Business

Founded in 1983, TTEC Holdings, Inc. (“TTEC”, “the Company”, “we”, “our”, or “us”; pronounced “T-TEC”) is a global customer experience (“CX”) outsourcing partner for marquis and disruptive brands and public sector clients. The Company designs, builds, and operates technology-enabled customer experiences across digital and live interaction channels to help clients increase customer loyalty, revenue, and profitability. By combining digital solutions with data-driven service capabilities, we help clients improve their customer satisfaction while lowering their total cost to serve. As of December 31, 2023, TTEC served over 750 clients across targeted industry verticals including financial services, healthcare, public sector, telecom, technology, media, travel and hospitality, automotive and retail.

TTEC operates through two business segments.

- **TTEC Digital** is one of the largest CX technology providers and is focused exclusively on the intersection of Contact Center As a Service (CCaaS), Customer Relationship Management (CRM), and Artificial Intelligence (AI) and Analytics. A professional services organization comprised of software engineers, systems architects, data scientists and CX strategists, this segment creates and implements strategic CX transformation roadmaps; sells, operates, and provides managed services for cloud platforms and premise based CX technologies including Amazon Web Services, Cisco, Genesys, Google, and Microsoft; and creates proprietary IP to support industry specific and custom client needs. TTEC Digital serves clients across Enterprise and Small & Medium Sized (SMB) business segments and has a dedicated unit with government technology certifications serving the public sector.
- **TTEC Engage** provides the digitally enabled CX operational and managed services to support large, complex enterprise clients’ end-to-end customer interactions at scale. Tailored to meet industry specific and business needs, this segment delivers data-driven omnichannel customer care, customer acquisition, growth, and retention services, tech support, trust and safety and back-office solutions. The segment’s technology-enabled delivery model covers the entire associate lifecycle including recruitment, onboarding, training, delivery, workforce management and quality assurance.

TTEC demonstrates its market leadership through strategic collaboration across TTEC Digital and TTEC Engage when there is client demand and fit for our integrated solutions. This partnership is central to our ability to deliver comprehensive and transformational customer experience solutions to our clients, including integrated delivery, go-to-market and innovation for truly differentiated, market leading CX solutions.

During 2023, the combined TTEC Digital and TTEC Engage global operating platform delivered onshore, nearshore and offshore services in 22 countries on six continents -- the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Colombia, Costa Rica, Egypt, Germany, Greece, Honduras, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, South Africa, Thailand, and the United Kingdom – with the help of over 60,000 customer care associates, consultants, technologists, and CX professionals.

Our revenue for fiscal 2023 was $2.463 billion, approximately $487 million, or 20%, which came from our TTEC Digital segment and $1.976 billion, or 80%, 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 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. We also completed an acquisition early in the second quarter of 2021 of a provider of Genesys and Microsoft cloud contact center services, which followed an acquisition in the second half of 2020 of a preferred Amazon Connect cloud contact center service and implementation provider.

We have extensive expertise in the healthcare, automotive, national/federal and state and local government, financial services, communications, technology, travel and logistics, media and entertainment, e-tail/retail, and transportation industries. We serve more than 750 diverse clients globally, including many of the world's iconic brands, Fortune 1000 companies, public sector clients, and disruptive hypergrowth companies.

Our Industry – Key Emerging Themes

The CX landscape is undergoing a dynamic transformation, fueled by technological advancements and evolving customer expectations.

AI-powered CX: As brands endeavor to integrate artificial intelligence into customer experience, many stumble by failing to apply AI strategically for true personalization and insightful automation.

Cloud Migration and Security Are Board Level Imperatives: In the arena of customer experience, the migration to cloud-based platforms is rapidly becoming a fulcrum for transformation, offering unprecedented scalability, flexibility, and cost efficiency.

Industry Consolidation Driven by a Highly Fragmented Market: The CX market is highly fragmented with no single provider dominating the market.

Enterprise-Level Vendor Consolidation: Multinational corporations are increasingly favoring a consolidation of vendors within the CX domain.

Cybersecurity as a Critical Differentiator*:* Clients expect their service providers to make investments in sophisticated information security controls to protect CX operating environments where attempts at unauthorized access are common and where expansion of solutions that rely on staff who work remotely increases risks to the stability of service delivery.

Impact Sourcing Boosts Communities and Fuels CX Diversity: The practice of Impact Sourcing, hiring and training talent in underserved communities, is swiftly gaining traction in the domain of customer experience, particularly among discerning Fortune 1000 companies.

Evolving Customer Expectations and Delivery Models: In today's customer experience landscape, evolving customer expectations present a distinct market opportunity for brands that can adeptly navigate and capitalize on evolving customer demands.

Our Growth Strategy

As a leader and innovator in the global customer experience technology services and business process outsourcing (BPO) landscape, our strategy is directed towards sustainable growth in revenue and profitability. Our approach is to leverage our operational excellence in customer engagement with high-margin, technology-infused platforms and managed services. Our strategic imperatives include:

- Deepening Client Relationships
- Targeting Industry Leaders as Clients
- Enhancing Global Sales and Marketing Synergies
- Geographic Market Expansion
- Strategic Acquisitions
- Investment in Tech-Driven Innovation
- Leveraging our Technology Partner Ecosystem
- Delivering with Purpose through Impact Sourcing

By integrating these strategic pillars, we are setting a course to not only lead in the CX BPO sector but also to drive responsible and inclusive growth that benefits all stakeholders.

Our Integrated Service Offerings and Business Segments

TTEC Digital and the CX Technology Services Industry

TTEC Digital buyers are seeking solutions in several areas including cost optimization, migration from outdated legacy platforms to more agile cloud environments, lack of CX talent and expertise and a need for a practical way forward with AI. TTEC Digital takes a technology agnostic approach to these challenges and focuses on designing and delivering solutions specific to each client's specifications. TTEC Digital enters into strategic partnerships with the leading CX software vendors including Genesys, Microsoft, Cisco, AWS and Google which positions TTEC Digital to support the majority of CX platform requirements.

TTEC Digital's solutions are built to respond to market needs for both enterprise and small and medium-sized business clients. AI design and delivery capabilities are woven across all four pillars.

- Managed Services: Cloud application and premise support
- CX Consulting: Transformation strategy and design
- CX Analytics: Data science, engineering, and visualization
- IP & Software: Custom software engineering through TTEC Digital's IP and Software division

The segment has a three-pronged go to market strategy that includes growing existing client relationships, partner channel motions and general market development. In 2023, TTEC Digital expanded its Hyderabad Innovation Studio in India with the goal of continuing to expand its offshore delivery capabilities, and currently approximately 40% of the staff are located in one of several offshore locations.

TTEC Engage and the CX BPO Services Industry

The TTEC Engage segment's solutions are built to respond to the following market needs for clients.

- Customer Support
- Tech Support
- Revenue Generation and Growth Services
- Trust & Safety
- AI Operations, including data annotation and labeling
- Back-office Support

TTEC Engage goes to market through a vertical approach with customized solutions that include industry specific talent, technology, certifications, and capabilities. For example, in the Banking, Financial Services and Insurance (BFSI) vertical, we support several lines of business with customized offerings for retail banking, online banking, credit card, property and casualty and loans. In healthcare, the segment supports care, technical support, revenue generation and back-office capabilities to meet the needs of payer, provider, clinical and pharma clients.

Our Competitive Strengths

Approach to Next-Generation Customer Engagement

We tailor our services to meet the diverse needs of our clients, providing both comprehensive, cross-segment integrated solutions and specialized, discrete engagements. Detailed insights into our operational segments and global reach are included in Part II, Item 8. Financial Statements and Supplementary Data.

Our stature as an industry trailblazer in customer engagement is underpinned by an innovative strategy and a forward-looking vision. Our strengths crystallize in the following areas:

- **AI-Driven Technology Infrastructure**: Our state-of-the-art technology infrastructure and global data center network unite to form a powerful foundation for AI-driven solutions.
- **Deep Industry Expertise**: Our competitive advantage is further enhanced by our deep industry expertise, which allows us to tailor solutions that are not only technologically advanced but also intricately aligned with the specific nuances and regulatory requirements of the industries we serve.

- **Strategic Technology Partnerships:** Our robust partner ecosystem includes key players in digital channels, enhancing our ability to deliver efficient, high-impact personalized customer experiences.
- **Globally Deployed Operating Best Practices:** We can deliver a consistent, scalable, high-quality experience to our clients' customers from any of our 70 global customer delivery centers and geographically disbursed work from home associate base.
- **Innovative Talent Development and Impact Sourcing:** Our talent development strategy seamlessly merges cutting-edge innovation with a commitment to social responsibility.

Clients

We develop long-term relationships with clients globally, including many of the worlds' iconic brands, Fortune 1000 companies, public sector agencies, and hypergrowth companies. These organizations are in customer intensive industries or sectors, whose complexities and customer focus require a partner that can quickly design and build integrated technology and data-enabled services, often on a global scale. In 2023, our top five and 10 clients represented 36% and 50% of total revenue, respectively. In early 2024, one of our larger financial services clients notified us that it is exiting one of the lines of business that we support.

In several of our offerings across TTEC Digital and TTEC Engage, we enter into long-term relationships that provide us with a more predictable recurring revenue stream. In our TTEC Digital segment, our CX cloud and managed services technology solution contracts have an average three-year term with penalties in the case a client terminates for convenience. In our TTEC Engage segment, most of our contracts can be terminated for convenience by either party, but our relationships with our top five clients have ranged from 17 to 24 years including multiple programs and contract renewals for most of these clients. In 2023, we had a 95% revenue retention rate for TTEC Engage, versus 97% in 2022.

Certain of our communications clients provide us with telecommunication services through arm's length negotiated transactions. These clients currently represent approximately 6% of our total annual revenue. Expenditures under these supplier contracts represent less than 1% of our total operating costs.

Competition

We are a leading global customer experience outsourcing partner for many of the world's marquis and disruptive brands, Fortune 1000 companies, and public sector clients. Our competitors vary by geography and business segment, and range from large multinational corporations to smaller, narrowly focused enterprises. Across our lines of business, principal competitive factors include: client relationships, technology and process innovation, integrated solutions, digital and virtual delivery capabilities, operational performance and efficiencies, pricing, brand recognition, and financial strength.

Our strategy in maintaining market leadership is to invest, innovate, and provide integrated value-driven services, all centered around customer engagement management. Today, we are executing on a more expansive, holistic strategy by transforming our business into higher-value offerings through organic investments and strategic acquisitions. As we execute, we are differentiating ourselves in the marketplace and entering new markets that introduce us to an expanded competitive landscape.

For TTEC Digital our main competitors include global systems integration firms, niche and large-scale technology consulting service providers, and technology companies whose solutions we integrate, deploy and maintain for clients, including Deloitte, Accenture, Infosys, Cognizant, Hitachi Data Systems, Slalom, Globant, ConvergeOne, Nice/Incontact and Five9, among others.

For TTEC Engage, we primarily compete with in-house customer management captive business units and other companies that provide customer experience services, including Teleperformance, Foundever, Telus International, Concentrix, TaskUs, Intouch CX, Conduent, Genpact, Alorica, Ibex and EXL, among others.

Regulations Relevant to Our Business

TTEC is subject to various domestic and international laws and regulations, permitting and licensing regimes (collectively, “Regulations”). These Regulations often change and require TTEC to devote considerable resources and make investments to stay in consistent compliance. The narrative that follows summarizes some of the more important Regulations that impact our business; it is not intended as an all-inclusive list. In jurisdictions where we do business, TTEC has processes in place to monitor regulatory requirements and take reasonable steps to assure compliance.

Data Privacy: We are subject to data protection and privacy regulations in many of the countries where we operate, including the European General Data Protection Regulation ("GDPR"), the California Consumer Protection Act ("CCPA") and other similar U.S. state-level data protection legislation, the Philippine Data Privacy Act (“Republic Act No. 10173”) and other country data protection laws. Certain of our systems, that support clients with special regulatory requirements, also require compliance with Health Information Trust Alliance (“HITRUST”) requirements and Health Insurance Portability and Accountability Act (“HIPAA”) regulations for clients in the healthcare industry; the Payment Card Industry Data Security Standard (“PCI-DSS”) for financial services clients and other clients where we have access to their customers’ payment card information; Federal Information Security Management Act GSA (“FISMA”) and Federal Risk and Authorization Management Program (“FedRamp”) requirements for U.S. federal government clients; and other similar requirements.

TTEC maintains a cybersecurity and data privacy program designed to protect our clients’, their customers’, and our employees’ confidential personal and sensitive information. We have invested in our cybersecurity capabilities to identify, detect, respond to and recover from cyber threats and attacks. These investments help us reduce our vulnerabilities to cyber incidents and minimize their impacts on our operations. They also support compliance with our contractual obligations and the laws and regulations governing our activities. We engage independent auditors to conduct general controls and business process (SOC1 and SOC2) assessments for technology solutions we use in our banking, financial services, and insurance (“BFSI”) and healthcare verticals. We also engage third parties to conduct vulnerability assessment and penetration testing of our technology environments. See "Risk Factors — *Uncertainty and inconsistency in relevant privacy and data protection laws, the high cost of compliance with such laws, and the failure to comply with related contractual obligations may impact our ability to deliver services and our results of operations.”*

Work From Home Regulations: Regulations specific to work from home, which vary among jurisdictions and range from requirements to reimburse costs associated with remote work, to special health and safety mandates, and special government reporting requirements apply to part of our workforce. To comply with these Regulations, TTEC updated its payroll practices and adopted new ways of working, including the use of virtual private networks to access service delivery applications, and remote monitoring and coaching of employees. In the work from home environment, we are not always able to replicate the physical controls we have in place at our delivery centers; therefore, we agree with our clients to implement certain additional controls appropriate to the work from home environment to achieve compliance similar to our delivery centers’ environment. Employees that work from home are required to attest to their understanding and compliance with these controls and with TTEC’s enhanced remote work policy that is designed to address new Regulations and the modified contractual requirements. TTEC works diligently with specialists to stay current on the rapidly changing regulatory environment, but the distributed nature of remote service delivery continues to represent heightened risks of security threats and compliance challenges and there can be no assurance that these risks can be fully contained. See "Risk Factors — *Services delivered by employees working from home represent a large portion of our delivery for some of our clients and this change in the operating model may subject us to new untested risks which we cannot always mitigate”*.

Other Regulations: TTEC is a labor-intensive business that is subject to complex labor and employment laws established by the U.S. Department of Labor, state and local regulatory bodies, and similar regulators in jurisdictions outside of the U.S. These Regulations govern working conditions, paid time off, workplace safety, wage and hour standards, and hiring and employment practices.

Our public sector work is secured and delivered in compliance with various jurisdiction-specific government procurement regulations, like the Federal Acquisition Regulations (known as “FAR”) and government agency specific supplemental regulations that we comply with when we bid and deliver work for the U.S. federal government.

Our global operations are subject to various domestic and foreign anti-corruption mandates, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions where we do business. As a U.S. company operating through non-U.S. subsidiaries, TTEC is subject to foreign exchange control, transfer pricing, cross-border tax Regulations, immigration and customs Regulations that prescribe how funds, goods, and people traverse between TTEC and our foreign subsidiaries. See "Risk Factors — *Risks Related to Our Operations Outside of the United States.*”

Work we do for some of our clients is subject to special licensing requirements, e.g., insurance producer and gaming licenses. The granting of these licenses can be discretionary on the part of regulatory authorities. As part of the licensing requirements, we may also be subject to extensive and expensive cybersecurity regulations or subject to heightened disclosure requirements that impact our companies or our executives. See, “Risk Factors -- *Our financial results may be impacted by changes in laws/regulations and our failure to comply with laws/regulations relevant to our business.”*

We believe that our operations are in substantial compliance with relevant Regulations; but our compliance with Regulations may cause us to make additional capital and operational expenditures, the cost of which we may not always be able to pass to our clients through our pricing structures, and such additional investments could be material to our results of operations, financial position, or cash flows. See "Risk Factors — *Risks Related to Our Operations Outside of the United States.*”

Research, Innovation, Intellectual Property and Proprietary Technology

We recognize the value of innovation in our business and are committed to developing leading-edge technologies and proprietary solutions. Research and innovation have been a major factor in our success and we believe that they will continue to contribute to our growth in the future. We use our investment in research and development to create, commercialize, and deploy innovative business strategies and high-value technology solutions.

We deliver value to our clients through, and our success in part depends on, certain proprietary technologies and methodologies. We leverage U.S. and foreign patent, trade secret, copyright, and trademark laws as well as confidentiality, proprietary information, non-disclosure agreements, and key staff non-competition agreements to protect our proprietary technology.

As of December 31, 2023, we had 5 patent applications pending in 5 jurisdictions; and also held 102 U.S. and non-U.S. patents in 9 jurisdictions that we leverage in our operations and as marketplace differentiation for our service offerings. Our trade name, logos, and names of our proprietary solution offerings are protected by their historic use and, in addition, by trademarks and service marks registered in 33 jurisdictions.

Our People

As of December 31, 2023, TTEC had over 60,000 employees, approximately 2,400 of whom are CX professionals serving TTEC Digital clients and approximately 57,600 of whom serve TTEC Engage clients. Approximately 49% of our employees are based in the Asia-Pacific region, 38% in North America (with 37% in the United States), 8% in Central and South America, and 5% in the Europe, Middle East and Africa (EMEA) region. Approximately 61% of our employees were in a work-at-home environment and 39% worked onsite.

For over 40 years, TTEC has championed exceptional customer experiences by prioritizing exceptional employee experiences. We empower our people through investments in their health, wellness, and career growth. It is this commitment that has earned us recognition as a Forbes’ “best place to work” for three consecutive years.

Attracting, developing, and retaining top talent starts with a focus on meaningful engagement and purposeful development. That is why our People Strategy empowers our employees to not only keep pace with the rapidly changing workplace, but also thrive in it.

Talent Development: To support the advancement of our employees and prepare them for the demands of rapidly changing workplace and client requirements, we offer career development-focused programs, technologies, and resources. We invest in career development, providing targeted programs, technologies, and resources centered on developing capabilities from fundamental business skills to AI and digital transformation. In 2023, we launched a Negotiation Learning Center of Excellence and TTEC Digital Talent programs. Further underscoring our commitment to development, our teams completed over 100,000 hours of professional development in 2023. Our iAspire™ platform drives our internal mobility program where employees share their ambitions and look for potential job matches within the Company.

Our commitment to development has yielded results: 71% of our 2023 open positions were filled internally, 80% of our leaders have been promoted from within, and we have thousands of employees around the globe with over 5 years of tenure.

Pay for Performance: Our performance management system fosters both professional growth and company success. Our focus on a holistic performance management approach yields award winning employee engagement and satisfaction, improved alignment with company goals, enhanced individual and team performance, and a culture of continuous learning and development.

Our philosophy, closely aligned with our operating rhythm and our Company values, emphasizes:

- **Clear Goal Setting:** Regular collaborative goal setting ensures everyone is aligned with strategic objectives and individual development.
- **Consistent Check-Ins, Feedback, and Recognition:** Frequent touchpoints provide timely feedback and support, keeping employees engaged and on track. Formal feedback and recognition are encouraged both formally and informally.
- **Quarterly Reviews:** In-depth discussions assess progress, identify opportunities for improvement, and celebrate achievements.
- **Targeted Development:** We invest in employee growth through personalized development plans and resources.
- **Transparent Compensation:** Our "pay for performance" program directly links rewards to contributions, motivating excellence and reflects our commitment to reward short and long-term performance that aligns with and drives long-term stockholder value.
- In 2023, we made several improvements to more closely link our pay for performance, including **Redesigned Empower™**, our proprietary performance management tool. The enhanced platform has improved performance and employee retention.

Leadership Development: Our comprehensive talent development strategy can be easily customized and launched by segment and/or department and enables leaders and teams to plan and build talent capability. Talent planning and development for executive roles is accomplished through a talent review and succession planning process which includes consulting, training, data analytics, calibration, and development recommendations. We evaluate all mid-level managers and above roles, determine top talent and successors, invest in managers' and their successors' development, and align their compensation to meet our growth goals. In 2023, we created and launched a People Leader Center of Excellence, a one-stop-shop for onboarding, training and development resources to ensure success of front-line leaders.

Diversity Equity & Inclusion (DEI): TTEC believes that our differences are one of our greatest strengths, and that the diversity of our employees enables us to innovate how we serve our clients and their diverse customers on six continents. We outline our commitment and the specific actions we take with respect to DEI in our annual Impact and Sustainability (aka ESG) Report and make that information publicly available.

Employee Health and Wellbeing: Investing in employee health and wellbeing leads to a happier, healthier, and more productive workforce, contributing to the success of both our employees and the Company. We offer a comprehensive benefits program that includes health insurance and important wellness programs, including mental health support, and other offerings that support the physical, emotional and financial health of people. In 2023, in addition to our paid time off programs, we held 'Recharge Week' to encourage employees to take additional time off to focus on their personal life and wellbeing.

Workplace Safety: The health and safety of our employees is one of our top priorities. TTEC's success depends on protecting our employees, visitors, clients and facilities, and our goal is to provide everyone who works for us and with us, a safe and healthy work environment. TTEC employees are required to complete health and safety training when they join the Company and are encouraged to report any concerns they have about health and safety in their work environment. Our Health and Safety management committee tracks employee concerns raised about the state of our facilities anywhere in the world, oversees the trends in reported injuries and post recovery return to work programs. Employees who work from home have access to extensive resources to help them set up and maintain a safe and comfortable work environment at home.

Retention and Turnover: Employee experience and retention remain a top priority for TTEC and are a key driver of financial results of our operations. Our turnover reduction efforts focus on market pay, trained management teams, development programs, career mobility, communication and the work environment and company culture that make employees feel engaged, rewarded, appreciated, informed, and fulfilled in our organization.

Employee Engagement: We continuously assess employee engagement by gathering employees' sentiment. We have achieved recognition from Forbes, Newsweek and other organizations that benchmark our employee experience. We develop and execute annual action plans to adapt and increase employee engagement and the overall employee experience.

ITEM 1A. RISK FACTORS

This section discusses the most significant factors that could affect our business, results of operations and financial condition. In evaluating our company and our common stock, you should carefully consider the risks and uncertainties discussed in this and the other information contained in this Annual Report on Form 10-K. If any of the risks or uncertainties discussed below actually occur, our business, financial condition, results of operations, or liquidity could be materially adversely affected, and the market price of our stock could decline. The risks described below are not the only risks that our business faces. Additional risks not presently known to us or that we currently deem immaterial may also harm our business, results of operations, or financial condition.

We have grouped these risk factors into six categories:

- risks related to our business, our strategy, and our industry;
- risks related to our use of technology;
- risks related to our financial operations;
- risks related to contracting practices, legal and regulatory matters that impact our business;
- risks related to our operations outside of the United States; and
- risks related to ownership of our common stock.

Risks Related to Our Business, Our Strategy and Our Industry

If our business strategy is not successful, our business and financial prospects will be affected

Our growth strategy is based on delivering our contact center outsourcing expertise with our innovative and disruptive AI-enabled technologies, CX consulting, data analytics, client growth solutions, and customer experience focused system design and integration enabled through industry specific client relationships, scaled global delivery footprint, CX partner ecosystem, and strategic M&A. Failure to successfully implement our business strategy and effectively respond to changes in market dynamics may impact our financial results of operations. Our investments in technologies and integrated solution development may not lead to increased revenue and profitability. If we are not successful in creating value from these investments, there could be a negative impact on our operating results and financial condition.

Our market is highly competitive, and we may not be able to compete effectively

Our business performance is dependent on our ability to compete successfully in markets we currently serve, while expanding into new, profitable markets. Our industry is highly competitive, fragmented, and is experiencing changes. We compete with larger multinational and offshore low-cost service providers that offer similar services, often at highly competitive prices and aggressive contract terms; niche solution providers that compete with us in specific geographies, industry segments or service areas; companies that utilize new, disruptive technologies or delivery models, including AI-powered solutions; and in-house operations of existing and potential clients. The recent consolidation trend in our industry resulted in new competitors with greater scale and broader geographic footprint. They have access to greater financial resources, may have proprietary technology solutions, may be able to absorb more risk in their contract terms, or offer greater efficiencies that may be attractive to our clients and impact our business. The opportunity for new competitors in our industry may expand as new technology emerges and increases in importance. New competitors, new strategies by existing competitors or clients, and consolidation among clients or competitors could adversely impact our market share and profitability.

Based on our forty years of experience in the industry, we believe that key competitive factors in our markets are the quality of service offerings tailored to clients and their customers' needs, reliable delivery processes and technology and cybersecurity infrastructure, the ability to attract, train, and retain qualified employees, global delivery capabilities, competitive pricing, willingness and ability to accept risks specific to our service delivery, and our ability to differentiate our service offerings. If we are unable to respond to these market factors and compete successfully by providing clients with differentiated services at competitive prices, we could lose market share, which would materially adversely affect our business.

If we cannot adapt our service offerings to changes in technology and market expectations, including effective use of artificial intelligence (AI) in our solutions, our ability to grow may be affected

Our growth and profitability depend on our ability to develop and adopt new solutions that expand our existing service offerings by leveraging new technologies and cost efficiencies in our operations, while meeting rapidly evolving client expectations. We utilize new and emerging technologies, including various AI and GenAI tools, in our service offerings, and as these technologies evolve, some tasks currently performed by our employees may be replaced by automation, chatbots and AI and GenAI tools. These technology innovations have potential to significantly disrupt our business, reduce business volumes and related revenue unless we are successful in adapting and deploying these technologies profitably and adding new services that profit from these technologies. Specifically, some of the chatbot AI solutions have the potential to replace some of our lower tier service offerings and, if we are unable to adopt and timely deploy this AI in our offerings and bring to market new offerings that help clients utilize AI/GenAI, our results of operations will be adversely impacted.

We may not be successful in anticipating or responding to our clients' expectations in adopting evolving technology solutions, and their integration in our offerings may not achieve the intended enhancements or cost reductions. Services and technologies offered by our competitors may make our service offerings not competitive, or even obsolete, and may negatively impact our clients' interest in our services. Our failure to innovate, maintain technological advantage, or respond effectively and timely to transformational changes in technology could have a material adverse effect on our business, financial condition, and results of operations.

Inability to effectively and rapidly adopt AI/GenAI into our offerings could materially impact our ability to compete, while its use may result in reputational harm and liability

The pressure on 'speed to market' for AI and GenAI deployment presents risks and challenges to the business. The rapid evolution of AI/GenAI require us to expend resources to develop new service offerings and implement controls that allow us to utilize GenAI effectively, including investing in processes and professionals with the skills necessary to execute our AI strategy. If we are too slow to market or are otherwise unable to deploy AI and GenAI quickly and effectively into our offerings, we could fall behind our competitors and our ability to win and retain business could be materially impacted, negatively affecting our results of operations and our reputation as innovators. Deploying AI too rapidly without appropriate controls may result in poor client adoption, liability, and reputational damage.

Leveraging AI to potentially improve the internal functions and operations of our business presents further opportunities and risks. The use of AI to support business operations carries inherent risks related to data privacy and security, inadvertent discrimination or other unintended consequences that could result in liability and harm to our reputation.

A large portion of our revenue in our TTEC Engage business is generated from a limited number of clients and the loss of one or more of these clients or significant reduction in their business volumes with us could adversely affect our business

Our TTEC Engage business relies on strategic, long-term relationships with large, global companies in targeted industries and certain government agencies. As a result, our Engage business derives a substantial portion of its revenue from relatively few clients. Our five and ten largest clients, collectively, represented 36% and 50% of our revenue in 2023, respectively, with one client representing over 10% of our revenue.

While we have multiple engagements with our largest clients and all contracts are unlikely to terminate at the same time, the contracts with our five largest clients expire between 2024 and 2027; and there can be no assurance that these contracts will continue to be renewed at all or be renewed on favorable terms. While our ongoing sales and marketing activities aim to add new commercial and public sector clients and new opportunities with existing clients, there can be no assurance that such additional work can be secured or that it would yield financial benefits comparable to expiring contracts. The loss of all or part of major clients' business could have a material adverse effect on our financial condition, and results of operations, if the loss of revenue is not replaced with profitable business from other clients.

For example, in early 2024, one of our larger financial services clients notified us that it is exiting one of the lines of business that we support. This decision may have a material impact on our future results of operations, if we are unable to replace these service volumes with work for other financial services clients or with different work for this client.

We serve clients in industries that have historically experienced a significant level of consolidation. If one of our clients is acquired (by a new owner or by another of our clients) our business volumes and revenue may materially decrease due to the termination or phase out of an existing client contract, volume discounts, or other contract concessions which could have an adverse effect on our business, financial condition, and results of operations.

A large portion of our revenue in our TTEC Digital business is generated from technology partners whose products' reliability and risk allocation practices may adversely impact our business

A large portion of our TTEC Digital revenue is tied to our partnerships with providers of customer management technology solutions. These partners designate us as their preferred system integrator, and implementation and maintenance partner, recommending us to their technology platform customers, and providing us with sales leads for services and technology resale opportunities. Our profitability, therefore, often depends on the health of these partnerships, and the effectiveness and stability of these third-party technology platforms, as well as on how these solutions are perceived by the market.

Clients, who buy these third-party solutions and related services from the Company, hold us responsible for the stability and reliability of these platforms, as well as for any losses or damages arising from system outages and cybersecurity incidents, involving these third-party solutions. Because we do not have control over the stability or the reliability of these technology solutions, we seek back-to-back indemnifications from the technology partners for liabilities caused by their systems that we cannot control or mitigate. If our technology partners' solutions lag in innovation, do not meet customer expectations in functionality, or have stability or reliability issues, or if our back-to-back indemnities with technology partners for exposures that we cannot control or mitigate fail to fully cover our liabilities to our clients, or if these partners do not honor their indemnity obligations our results of operations may be materially impacted.

As our Digital business clients transition from on premises information technology solutions to public cloud and SaaS services, our business may be impacted

Some of our TTEC Digital clients are rapidly transitioning their IT functions from on premises platforms that we help them support to public cloud solutions and SaaS services. They rely on us for these transitions, which contribute to the growth of our higher margin consulting services, while at the same time impacting our future revenue from managed IT services, and system hardware and software resales. If we cannot continue to replace our resale and maintenance revenue with higher margin Digital consulting services, our results of operations in the Digital business may be impacted.

Services delivered by employees working from home represent a large portion of our delivery for some of our clients and this change in the operating model may subject us to new untested risks which we cannot always mitigate

Over the last several years, we significantly expanded our work from home remote delivery. Some of the services we provide are subject to stringent regulatory requirements, and our inability to continuously monitor how our employees deliver services, when working remotely, may impact our compliance in certain lines of business. Remote service delivery, in certain lines of our business, may also expose us, our clients, and their customers to a heightened risk of fraud, because early detection of inappropriate behavior could be impaired, when employees work outside of our delivery centers.

For example, in 2023, we discovered what we believe to be an isolated wage arbitrage scheme: a few remote employees held multiple jobs, used non-employees to perform their work, and shared wages. Our investigation did not uncover evidence that this unauthorized access to clients' systems and customer data resulted in harm, as the goal of the scheme appeared to be access to wages and not misuse of data; but notifications to affected clients, their customers, and relevant regulatory agencies resulted in litigation. In response to the incident, we implemented enhanced employee identification and geolocation measures to monitor identity and work location for employees who work remotely, and to expedite detection and mitigation of potential similar schemes in the future. While we believe these mitigation measures to be sufficient, there can be no assurances that our detection and prevention measures will always be adequate to eliminate other possible schemes.

Employees who work from home rely on residential communication and internet providers that may not be as resilient as commercial providers and may be more susceptible to service interruptions and cyberattacks, which may also make our information technology systems vulnerable, when interfacing with these residential environments. Although we have continuously evolved our business continuity and disaster recovery plans and processes to focus beyond our delivery centers to include remote delivery, these plans and processes may not work effectively in a distributed remote delivery model, where weather impacts, internet access and power grid downtime may be difficult to manage and where system redundancies are not possible.

Over the years, we have established strong operational and administrative controls over our business that focused on our physical locations; and although these controls are evolving to reflect our growing mix of delivery centers and remote delivery, they may not always provide effective safeguards for a large-scale work from home delivery model. We may not be effective in timely updating our existing controls nor implementing new controls tailored to the work from home environment. For these and other reasons, our clients may be unwilling to continue to allow us to deliver our services remotely. If we are unable to manage our work from home environment effectively to address these and other risks unique to remote service delivery, or if we cannot maintain client confidence in our work from home environment, our reputation and results of operations may be impacted.

Remote work for an extended period of time may impact our culture and employee engagement within our Company, which could affect productivity and our ability to retain employees critical to our operations. Certain jurisdictions where we do business have regulations specific to work from home, which adds complexity and cost to our service delivery. All these various risks and uncertainties can have impacts on our operations and financial results.

If our clients are unable to accurately forecast demand for our services, we may not be able to forecast the level of effort and delivery center capacity required to support their businesses which could impact our delivery and results of operations

We rely on client demand forecasts to make timely staffing level decisions and investments in our delivery centers and work from home technologies. This information is critical to our successful execution and profitability maximization. We can provide no assurance that our clients will continue to provide us with reliable demand forecasts; nor that we will continue to be able to maintain desired delivery center capacity utilization and work from home delivery mix. If we are unable to dynamically adjust to changes in clients' demand forecasts, if our facilities and staff utilization rates are below expectations or if unexpected shifts in demand make it difficult to right size our real estate and staffing commitments quickly, our high-fixed costs of operation or the loss of business because we cannot support capacity may cause our financial conditions and results of operations to be adversely affected.

Pricing of our services in our Digital business is contingent on our ability to accurately forecast the level of effort necessary to deliver our services, which is sometimes dependent on information that can be inaccurate or developments outside of our control. The errors in our level of effort estimations could yield lower profit margins or cause projects to become unprofitable, resulting in adverse impacts on our results of operations.

If we cannot recruit and retain qualified employees to respond to client demands at the right price point, our business will be adversely affected

Our business is labor intensive and our ability to recruit, train, and retain employees with the right skills, at the right price point, and in the timeframe required by our client and project schedule commitments is critical to achieving our growth objectives. Demand for qualified personnel with multi-lingual capabilities and fluency in English may exceed supply. Demand for highly skill technical staff with experience that reflects emerging technologies can also be limited. While we invest in employee retention, our industry is known for high employee turnover, and we are continuously recruiting and training replacement staff.

We sign multi-year client contracts that are priced based on prevailing labor rates in jurisdictions where we deliver services. In the United States, however, our Engage business is confronted with a patchwork of ever-changing minimum wage, mandatory time off, paid medical leave, and rest and meal break laws at the state and local levels. As these jurisdiction-specific laws change with little notice or grace period for transition, we often have no opportunity to adjust how we do business or pass cost increases to our clients.

Inflationary wage pressures, recently tempered with recessionary fears but still ongoing, in many jurisdictions where we hire may continue to make it difficult for us to meet our contractual commitments on multi-year client contracts that do not have wage escalation provisions or may make such contracts not profitable.

Our employees may fail to adhere to operational controls or may engage in fraud, which could subject us to liability and negatively impact our client relationships and reputation

We depend on our employees to follow strict processes and controls when delivering services to our clients and their customers. Although we believe our controls are effective and our employees are trained in their responsibilities before they have access to our and our clients' environments and data, when managing a team of over 60,000, we cannot prevent all misconduct. When our employees disregard or intentionally breach our or our client's established controls, acting alone or in collusion with others, we are responsible to our clients for resulting impacts, and could be subject to significant liability, fines, and penalties that could impact our financial performance and our reputation.

Unauthorized access to or through our information systems to clients' operating environments and/or disclosure of sensitive or confidential information of our clients or our clients' customers, other losses resulting from acts or failure to act by our employees and our failure to quickly detect and deter negligence, fraud, criminal activity or other misconduct could lead to negative publicity and damage to our reputation, loss of our clients' trust, contractual and regulatory liability, loss of business and market share, impacting results of our operations and financial condition.

Long sales cycles in some parts of our business can lead to a long lead time before we receive some of our revenue

We often face a long selling cycle to secure contracts with new clients or contracts for new lines of business with existing clients. When we are successful in securing a new client engagement, it often starts with small volumes and the prospect of growing over time. New client engagements are generally followed by a long implementation period when clients must give notice to incumbent service providers or transfer in-house operations to us. There may also be a long ramp-up period before we commence our services, and under most of our contracts we receive no revenue until we start performing the work. Prolonged ramp-ups require investment that may not be recovered until future performance periods. If we are not successful in winning work after a prolonged sales cycle, or in maintaining the contractual relationship for a period of time necessary to offset new project investment costs and appropriate return on that investment, the investments we make into onboarding new clients may have a material adverse effect on our results of operations.

Our growth strategy includes further expansion of our offerings to public sector clients. The procurement process for government entities can often be more challenging and longer than contracting in the private sector, including upfront investment to position for opportunities and respond to requests for proposal. If we are unable to manage our public sector business development effectively and are not successful in winning and renewing that work, despite the investments we make, our public sector work could adversely impact our profitability and results of operations.

Our growth and geographic expansion could strain our resources and negatively impact our business

We plan to continue growing our business through the growth of clients' wallet share, increasing sales efforts, geographic expansion, and strategic acquisitions, while maintaining tight controls on our expenses and overhead. Lean overhead functions combined with significant growth targets may place a strain on our management systems, infrastructure, and resources, resulting in internal control failures, missed opportunities, and staff attrition. If we fail to manage our growth effectively, our business, financial condition, and results of operations could be adversely affected.

If we are unable to maintain a geographically diverse footprint, our profitability may be adversely affected

Our business is labor-intensive and therefore cost of wages, benefits, and related taxes constitute a large component of our operating expenses. Our growth is, therefore, dependent upon our ability to maintain and expand our operations in cost-effective locations, in and outside of the United States.

Our clients often dictate locations from where they wish for us to serve their customers, such as "near shore" jurisdictions located in close proximity to the clients' U.S.-based headquarter locations, or in specific locations around the globe. There is no assurance that we will be able to effectively launch operations in jurisdictions which meet our cost, labor availability, and security standards. Our inability to expand our operations to such locations, however, may impact our ability to secure new clients and additional business from existing clients, and could adversely affect our growth and results of operations.

The current outsourcing trend may not continue and the prices that clients are willing to pay for the services may diminish, adversely affecting our business

Our growth depends, in large part, on the willingness of clients to outsource customer care and management services to companies like us. There can be no assurance that the customer care outsourcing trend will continue especially in the current economic climate; and clients may elect to perform these services in-house or rely on emerging technologies for some of the services they currently outsource to us. Reduction in demand for our services and increased competition from other providers, technologies and in-house service alternatives could create pricing pressures and excess capacity that would have an adverse effect on our business, financial condition, and results of operations.

Our business can be disproportionately adversely impacted by events outside of our control that impact our clients, such as economic conditions, geopolitical tensions, and outbreaks of infectious diseases

If global economic conditions continue to deteriorate, we could experience reduction in demand for our services and increased pressure on revenue and profit margins. Our business volumes are impacted by consumer sentiment, and the current inflationary and recessionary pressures are impacting consumer demand for our clients' products and services, which can have direct impact on the demand for our offerings. The cost increases of our services due to growing labor costs and social pressures on our clients to utilize their own staff for services, instead of laying off employees, while outsourcing work, may cause clients to bring the previously outsourced services in-house.

Current geopolitical tensions could continue to escalate, which could have unpredictable consequences on our business. For example, our business could be negatively affected by further escalation in the Russian-Ukrainian conflict, as it can impact our European operations and our European clients' demand for our services; the regional escalation of the Gaza Israeli conflict and other escalations in the Middle East, including Iranian strikes on U.S. targets, may impact our operations in Africa; continuing tensions with China could impact our delivery centers in the Asia-Pacific region, especially in the Philippines; while ongoing tensions between India and Pakistan can impact our operations in the Indian provinces near the Pakistani border. Natural disasters in locations where we have employees and operations, like the Philippines, Mexico, and the east, west and gulf coasts of the United States, can also have significant negative impacts on our ability to deliver services and our reputation for stable service delivery. Finally, widespread outbreaks of infectious diseases, like the COVID-19 pandemic, would impact our global operations, our delivery capabilities and our clients' demand for services.

We routinely consider strategic mergers, acquisitions and business combination transactions and may enter into such transactions any time; and such transactions may negatively impact our business and create unanticipated risks

We continuously analyze strategic opportunities that we believe could provide value for our stockholders, and have acquisitions, divestitures, and potential business combinations in various stages of active review. There can be no assurances, however, that we will be able to identify strategic transaction opportunities that complement our strategy and are available at valuation levels accretive to our business. Even if we are successful in identifying and executing these transactions, they may subject our business to risks that could impact our results of operation, including:

- Inability to integrate acquired companies effectively and realize anticipated acquisition benefits;
- Diversion of management's attention to the integration of the acquired businesses at the expense of delivering results for the legacy business;
- Inability to appropriately scale critical resources to support the business of the expanded enterprise;
- Inability to retain key employees of the acquired businesses and/or inability of such key employees to be effective as part of our operations;
- Impact of liabilities, compliance failures, or ethical issues of the acquired businesses undiscovered or underestimated as part of the acquisition due diligence;
- Failure to realize anticipated growth opportunities from a combined business, because existing and potential clients may be unwilling to consolidate business with a single service provider or to stay with the acquirer post-acquisition;
- Impacts of cash on hand and debt incurred to finance acquisitions, thus reducing liquidity for other significant strategic objectives;
- Inadequate or ineffective internal controls, disclosure controls, corruption prevention policies, human resources and other key policies and practices of the acquired companies; and
- Reduced revenue and income and resultant stock price impact due to divestiture transactions.

While we consider these transactions to improve our business, financial results, and shareholder value over time, there can be no assurance that our goals will be realized.

Risks Related to Our Use of Technology

A disruption to our information technology systems could adversely affect our business and reputation

Our business relies extensively on cloud and on-premises technology platforms and third-party software solutions to serve our clients and to conduct our business. These information technology systems are complex and may, from time to time, get damaged or be subject to performance interruptions from power outages, telecommunications failures, cybersecurity failures and malicious attacks, or other catastrophic events. They may also have design defects, configuration or coding errors, and other vulnerabilities that may be difficult to detect or correct, and which may be outside of our control. If the Company's information technology systems fail to function properly, the Company could incur substantial repair, recovery or replacement costs and experience data loss and significant liability for disruption of clients' operations, all or any of which could result in material impediments to our ability to conduct business and would damage the market's perception of the reliability and stability of the Company and our service offerings.

In addition, an information system disruption could result in us failing to meet our contractual performance standards and obligations, which could subject us to liability, penalties, and contract termination. Our agreements with third-party technology and software providers often have limitations of liability that do not fully protect us against liability to our clients that we may incur due to the technology failures. Any of these events or a combination of several may adversely affect our reputation and financial results.

Cyberattacks, cyber fraud, or unauthorized data access could harm us or our clients and result in liability, and could adversely affect our business and results of operations

Cyberattacks. Our business involves the use, storage, and transmission of clients', their customers', and our employees' information. We also monitor and support information technology systems for certain clients through cloud-based and on-client-premises managed services model. While we believe that we take reasonable security measures to prevent the unauthorized access to our information technology systems and to our clients' systems, and to protect the privacy of personal and proprietary information that we access and store, our security controls over our systems have not prevented in the past and may not prevent in the future improper access to these systems or unauthorized disclosure of this information. Such unauthorized access or disclosure could subject, and in the past has subjected us to significant liability under relevant laws, our contracts, and our licenses to perform certain regulated services; and could harm our reputation, resulting in material impacts to our operations, loss of future revenue and business opportunities. These risks may further increase as our business model now relies on a higher percentage of work delivered from home, in addition to our traditional delivery center model. The risks may also increase, as we expand geographically into new locations, where cybersecurity is difficult to assure.

In recent years, there have been an increasing number of high-profile security breaches at companies and government agencies, when hackers, cyber criminals and state actors launch a broad range of ransomware, data exfiltration, and other cyberattacks targeting information technology systems. Information security breaches, computer viruses, service interruption, loss of business data, DDoS (distributed denial of service) attacks, ransomware and other cyberattacks on any of our systems or on our clients' systems, through our channels, have and in the future could disrupt our normal operations, our cloud platform digital offerings, our clients' on-premise managed service offerings, and our corporate functions, impeding our ability to provide critical services to our clients and financial reporting of our results of operations. Techniques used by cyber criminals to obtain unauthorized access, disable or degrade services, or sabotage systems evolve frequently and may not immediately be detected, and we may be unable to implement adequate preventative measures.

For example, in 2021, we experienced two significant cybersecurity incidents. One involved a global supply chain compromise that impacted thousands of companies worldwide, including a TTEC Digital subsidiary and its managed services clients. Another involved a ransomware attack that temporarily disrupted the TTEC Engage business. Although neither of these incidents resulted in material impact on our results of operations in 2021, there can be no assurances that future cybersecurity incidents, which are unavoidable, would not have material impact on our results of operations. Following these cybersecurity incidents, we have made and continue to make significant investments to enhance our information technology environment, but there can be no assurances that investments made to date and the investments planned to be made in the future would be sufficient to prevent future cybersecurity incidents.

Cybersecurity events may have cascading effects that unfold over time and result in additional costs, including costs associated with investigations, government enforcement actions, regulatory investigations, fines and penalties, contractual claims, performance penalties, litigation, financial judgement or settlements in excess of insurance, disputes with insurance carriers concerning coverage and the availability of cyber insurance in the future, loss of clients' trust, future business cancelations and other losses. Any client perceptions that our systems or the information system environments that we support for our clients are not secure could result in a material loss of business and revenue and could damage our reputation and competitiveness.

Cyber fraud. As others, we are experiencing an increase in frequency of cyber fraud attempts, including phishing attempts, and so-called "social engineering" attacks, which typically seek unauthorized access into the environment, money transfers or unauthorized information disclosure. We train our employees to recognize these attacks and have implemented proactive risk mitigation measures to curb them. There are no assurances, however, that these attacks, which are growing in sophistication and frequency, would not deceive our employees, resulting in a material loss and impacts to our operations and corporate functions.

While we believe we have taken reasonable measures to protect our systems and processes from unauthorized intrusions and cyber fraud, we cannot be certain that advances in cybercriminal capabilities, discovery of new system vulnerabilities, and attempts to exploit such vulnerabilities will not compromise or breach the technologies protecting our systems and the information that we manage and control, which could result in damage to our systems, our reputation, and our profitability.

Significant interruptions in communication and utility services provided to us by third-party vendors could adversely impact our business

Our business is dependent on third parties for communications services, information technology systems, access to cloud networks, electric and other domestic and foreign third-party utility service providers. Any disruption of these services could adversely affect our business. We have taken steps to mitigate our exposure to service disruptions through procurement rigor in how we select these partners and by investing in multi-layered redundancies, but there can be no assurances that the mitigation strategies and redundancies we have in place would be sufficient to maintain operations without disruptions, especially as we deliver more services remotely, because conventional redundancy strategies are less effective in work from home environments.

Rapid adoption of AI/GenAI technology into our offerings could result in reputational harm and liability

We are increasingly incorporating AI technologies into our business and have endeavored to stand up appropriate governance and controls for their use. As with many disruptive technologies, however, AI presents risks and unintended consequences that could affect its adoption. Social, ethical and regulatory issues related to the use of AI/GenAI in our offerings may result in reputational harm, liability impacts on our results of operations.

Most AI solutions are evolving and are not infallible, and issues with data sourcing, technology integration, decision-making bias of AI algorithms, security challenges, protection of privacy for personal identifiable information, content labeling and an effective use governance has not yet been perfected. While efforts are being made to deploy AI/GenAI responsibly with appropriate controls, our ability to do so effectively cannot be guaranteed. If our solutions incorporating AI/GenAI are flawed, they may cause harm to our clients or their customers and could impact our reputation and results of operations.

The regulatory landscape surrounding AI and GenAI technologies is rapidly evolving, and how these technologies will be regulated remains uncertain. Such regulations may result in significant risks and operational costs which would impact our profitability and results of operations.

Our growing reliance on third parties for data, cloud and SaaS services could adversely impact our business

As we continue to transition and consolidate our information technology and data repositories from on premises IT and data centers controlled by us to public cloud and SaaS providers, the vulnerability of our business to the reliability of these third parties is increasing. We have taken steps to mitigate our exposure to service disruptions from these third-party providers but there can be no assurance that these service providers can maintain security, confidentiality, availability and integrity of products and services on which we rely. The failures of these third parties to meet their service level commitments to us because of cybersecurity or data breaches, inadequate information technology infrastructure, insufficient updates to software, non-conformance to servicing standards and other reasons for their business operations' disruption can damage our reputation and cause financial losses to us, impacting our results of operations.

Risks Related to Our Financial Operations

Our profitability could suffer if our cost-management strategies are unsuccessful

Our ability to improve or maintain our profitability is dependent on our continuous management of our costs. Our cost management strategies include optimizing the alignment between the demand for our services and our resource capacity, including our delivery centers' utilization; investment in our work from home environment; the costs of service delivery; the cost of sales and general and administrative costs as a percentage of revenues; offshoring of certain corporate functions; and the use of automation for standard tasks. Our ongoing cost management measures must be balanced against the need for investment to support our growth, technology transformation in our business, and increasing cybersecurity threats. The cost management measures are also being impacted by inflationary pressures in the economies where we do business. If we are not effective in managing our operating and administrative costs in response to changes in demand and pricing for our services, if we manage our costs at the expense of investments necessary to grow and protect our business, or if we are unable to absorb or pass on to our clients the increases in our costs of operations, our results of operations could be materially adversely affected.

Our leverage and debt service obligations may adversely affect our business and financial condition

As of December 31, 2023, we had $995.0 million of borrowings outstanding and a maximum borrowing capacity of up to $1.5 billion in the aggregate under our credit facility.

On February 26, 2024, we amended our credit facility to increase the net leverage ratio covenant, for a period starting with the quarter ending March 31, 2024 through the quarter ending March 31, 2025, from the current 3.5 to 1 to between 4.0 to 1 and 4.5 to 1, as may be applicable in different quarters; and reduced the total lenders' commitment from $1.5 billion to $1.3 billion. See, disclosure under Item 9B. Other Information, in this Annual Report on Form10-K.

Our indebtedness could have adverse consequences on our business and financial condition, including:

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness;
- exposing us to increased interest expense;
- limiting our ability to obtain additional financing for working capital, capital expenditures, strategic acquisitions and general corporate or other purposes;
- limiting our ability to pay dividends and make other distributions;
- increasing our vulnerability to adverse economic, industry or competitive developments; and
- placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting.

Our ability to satisfy our debt obligations will depend on our future performance, which will be affected by financial, business, economic and other factors. Furthermore, our operations may not generate sufficient cash flows to enable us to service our debt and satisfy our other obligations. As a result, we may need to enter into additional financing arrangements to obtain the necessary funds. If we determine it is necessary to seek additional funding for any reason, we may not be able to obtain such funding or, if funding is available, obtain it on acceptable terms. If we fail to make a payment on our debt, we could be in default on such debt and the lenders could declare such debt due and payable, which would have a material adverse effect on our business, financial condition and results of operations.

We are subject to customary financial and operating restrictions built into our credit agreement

Our credit agreement includes a number of financial and operating restrictions. For example, our credit agreement requires us to meet financial ratios, including leverage ratios and an interest coverage ratio, among others. Our credit agreement also contains provisions that restrict our ability to, among other things, create liens on our assets; dispose of assets; engage in mergers or consolidations, and pay dividends or to make other distributions to our stockholders, or repurchase shares of our common stock. These provisions may competitively disadvantage us relative to other companies, and adversely impact our ability to conduct our business. Potential important opportunities or transactions, such as significant acquisitions, may require the consent of our lenders. In addition, our failure to comply with these covenants could result in a default under the credit agreement.

Inflation and changes in the cost or availability of labor, telecommunication services, energy, and other operational necessities could adversely affect our results of operations

We have experienced increases in labor costs due to inflationary pressures and due to the competition for labor in many jurisdictions where we do business continuing to be acute. Inflation is also causing notable increases in our other critical operating costs. Many of our long-term contracts do not allow for escalation of fees, as our operating costs increase; and those that do allow for escalations do not always provide for rate increases comparable to cost increases that we are experiencing now and likely to experience in the future. There is no assurance that we will be able to fully offset cost increases through cost management or price increases, especially given the current highly competitive environment in our industry. Our clients are also experiencing economic pressures, and faced with cost increases from us, may take over the delivery of the services we historically performed for them or engage less expensive providers. If we are not able to increase our pricing or otherwise offset our increased costs while maintaining our market share, our operating results and profitability could be adversely affected.

Our results of operations may be adversely impacted by foreign currency exchange rate risk

Many contracts that we service from delivery centers or with remote employees based outside of the United States are typically priced, invoiced, and paid in U.S. and Australian dollars, British pounds, or Euros, while the costs incurred to deliver these services are incurred in the functional currencies of the country of operations. The fluctuations between the currencies of the contract and operating currencies present foreign currency exchange risks. Furthermore, because our financial statements are denominated in U.S. dollars, but approximately 14% of our revenue is derived from contracts denominated in other currencies, our results of operations could be adversely affected if the U.S. dollar strengthens significantly against foreign currencies.

While we hedge at various levels against the effect of exchange rate fluctuations, we can provide no assurance that we will be able to continue to successfully manage this foreign currency exchange risk and avoid adverse impacts on our business, financial condition, and results of operations.

Increases in income tax rates, changes in income tax laws or disagreements with tax authorities could adversely affect our business

We are subject to income taxes in the United States and in certain foreign jurisdictions where we operate or where clients benefit from our services. Increases in income tax rates or other changes in income tax laws could reduce our after-tax income from the relevant jurisdictions and could adversely affect our business, financial condition or results of operations. Our operations outside the United States generate a significant portion of our income, and many of the other countries where we have significant operations have recently made or are actively considering changes to existing tax laws that could significantly impact how U.S. multinational corporations are taxed on foreign earnings.

The Biden administration and many European governments have called for changes to fiscal and tax policies, which may include comprehensive tax reform. Many of these proposed changes to the taxation of our activities, if enacted, could increase our effective tax rate or adversely affect our business, financial condition, or results of operations.

There are no assurances that we will be able to implement effective tax planning strategies that are necessary to optimize our tax position following changes in tax laws globally. If we are unable to implement a cost-effective contracting structure and other changes in how we do business to mitigate these changes, our effective tax rate and our results of operations would be impacted.

Our ability to use our net operating losses or U.S. federal tax credits to offset future taxable income may be subject to certain limitations.

If our transfer pricing arrangements are ineffective, our tax liability may increase

Transfer pricing regulations in the United States, Australia, India, Mexico, the Netherlands, the Philippines, and other countries where we operate, require that cross-border transactions between affiliates be on arm's-length terms. We carefully consider pricing for operations delivery, marketing, sales, and other services among our domestic and foreign subsidiaries to assure that they are at arm's-length. If tax authorities determine that the transfer prices and terms that we have applied are not appropriate, our tax liability may increase, including accrued interest and penalties, thereby impacting our profitability and cash flows, and potentially resulting in a material adverse effect to our operations, effective tax rate and financial condition.

We have incurred, and may in the future incur, impairments to goodwill, long-lived assets or strategic investments, which impacts our financial results of operations

As a result of past acquisitions, as of December 31, 2023, we have approximately $809.0 million of goodwill and $198.4 million of intangible assets included on our Consolidated Balance Sheet. We review our goodwill and intangible assets for impairment at least once annually, and more often when events or changes in circumstances indicate the carrying value may not be recoverable. We perform an assessment of qualitative and quantitative factors to determine whether the existence of events or circumstances lead to a determination that it is more likely than not that the fair value of the goodwill or intangible asset is less than its carrying amount. In the event that the book value of goodwill or intangible asset is impaired, such impairment would be charged to earnings in the period when such impairment is determined. We have recorded goodwill and intangible impairments in the past, and there can be no assurance that we will not incur impairment charges in the future, which could have material adverse effects on our financial condition or results of operations.

Risks Related to Contracting Practices, Legal and Regulatory Matters that Impact Our Business

Our financial results may be impacted by changes in laws/regulations, and our failure to comply with laws/regulations relevant to our business

Our business is subject to extensive, and at times conflicting, regulations by the U.S. federal, state, local, foreign national, and provincial authorities relating to confidential client and customer data, data privacy, customer communications, and telemarketing practices; licensed healthcare, financial services, collections, insurance, and gaming/gambling support activities; trade restrictions and sanctions, tariffs, import/export controls; taxation; labor regulations, mandatory healthcare and wellness regulations, wages, breaks and severance regulations; health and safety regulations; disclosure obligations; and immigration laws, among other areas.

As we provide services to clients' customers residing in countries where we do not have in-country operations or if we use telecommunication channels and airways in countries where we do not have physical presence, we may also be subject to laws and regulations of these countries. Costs and complexity of compliance with existing and future regulations that could apply to our business may adversely affect our profitability; and if we fail to comply with these mandates, we could be subject to contractual, civil and even criminal liability, monetary damages and fines. Enforcement actions by regulatory agencies could also materially increase our costs of operations and impact our ability to serve our clients.

Adverse changes in laws or regulations that impact our business may negatively affect the sale of our services, slow the growth of our operations, or mandate changes to how we deliver our services, including our ability to use and how we use offshore resources. These changes could threaten our ability to continue to serve certain markets.

Uncertainty and inconsistency in relevant privacy and data protection laws, the high cost of compliance with such laws, and the failure to comply with related contractual obligations may impact our ability to deliver services and our results of operations

During the last several years, there has been a significant increase in data protection and privacy regulations and enforcement activity in many jurisdictions where we and our clients do business. These regulations are often complex and at times they impose conflicting requirements among different jurisdictions that we serve. For example, the European Union's General Data Protection Regulation (GDPR) imposes data protection requirements for controllers and processers of personally identifiable information collected in Europe, while the California Consumer Privacy Protection Act (CCPA), and other similar acts in other U.S. states imposed similar regulations protecting state residents with a different reach. We are also subject to the terms of our privacy policies and client contractual obligations related to privacy, data protection, and information security. There is an increased focus on automated processing and services delivered with the use of AI and GenAI tools that may lead to increased regulatory oversight and restrictions that could have an impact on our business.

The scope of these laws, regulations and policies is subject to differing interpretations, and may be inconsistent among, or conflict with other laws and regulations. The regulatory framework for privacy and data protection worldwide is, and is likely to remain for the foreseeable future, uncertain and complex, and it is possible that these varied obligations may be interpreted and applied in a manner that currently we do not anticipate or that they are inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

For example, the New York Department of Financial Services, which regulates some of our licensed activity, issues its own cybersecurity mandates in addition to those issued by the state of New York and other states that oversee our activities; while the U.S. federal government is considering new national data privacy mandates which would overlap with, contradict or supersede certain state requirements. Our public sector clients also established and continue to evolve certain cybersecurity and technology resilience mandates, such as FedRamp and StateRamp, that impact our business and cost of our business delivery. Failure to comply with all privacy, data protection and cybersecurity laws and regulations that are relevant to different parts of our business have resulted in, and may result in future legal claims, significant fines, sanctions, or penalties, or loss of licenses; and may increase our cost of operations, make it difficult for us to secure business or efficiently serve our clients. Compliance with these evolving regulations requires significant investment which impacts our financial results of operations.

Well publicized security breaches have led to enhanced government and regulatory scrutiny of the measures being taken by companies to protect against cyberattacks and have resulted in heightened cybersecurity requirements, including additional regulatory expectations and the oversight of vendor activity for licensed service providers, and service providers to public sector clients. Unauthorized disclosure of sensitive or confidential client, their customers', and our employees' data, whether through third party breach of our systems or due to negligence or intentional acts of insiders, has exposed us in the past and could expose us in the future to costly litigation and regulatory enforcement. It could also impact our reputation and cause us to lose clients, which could adversely affect our financial condition and results of operations.

Wage and hour class action lawsuits can expose us to costly litigation and damage our reputation

The customer care business process outsourcing industry in the United States is a target of plaintiffs' law firms that specialize in wage and hour class action lawsuits against large employers by soliciting potential plaintiffs (current and former employees) with billboard and social media advertising. The plaintiffs' law firms seek large settlements based entirely on the number of potential plaintiffs in a class, whether or not there is any basis for the claims that they make on behalf of their clients, most of whom do not believe themselves to be aggrieved nor seek recourse until solicited. The cost of defending litigation for these large class action lawsuits has been and will continue to be significant. Because we hire large numbers of employees in the United States and our industry has large turnover, the potential size of plaintiffs' classes in these wage and hour lawsuits can be considerable, creating potential material risks to the cost of our operations. As we continue to hire more employees in the United States, and grow our operations in California, where the number of wage and hour class action lawsuits is larger than in many other states combined and where verdicts in these lawsuits are very large, our results of operations may be material impacted by these lawsuits.

Contract terms typical in our industry can lead to volatility in our revenue and profitability

Many of our Engage business contracts require clients to provide monthly forecasts of volumes, but no guaranteed or minimum volumes or revenue levels. Such forecasts vary from month to month, which can impact our staff and space utilizations, our cost structure, and our profitability.

Many of our contracts, although long term, have termination for convenience clauses with short notice periods and no guarantees of minimum revenue levels or profitability, which could have a material adverse effect on our results of operation, if clients terminate a contract or materially reduce customer interaction volumes on short notice.

We may not always offset increased costs with increased fees under long-term contracts. The pricing and other terms of our client contracts, particularly on our long-term service agreements, are based on estimates and assumptions we make at contract inception. These estimates reflect our best judgment, at the time, regarding the nature of the engagement and our expected costs to provide the contracted services, but these judgments could differ from actual results, especially with conflicting inflationary and recessionary pressures.

Not all our contracts allow for escalation of fees as our cost of operations increase. Moreover, those that do allow for such escalations do not always allow increases at rates comparable to the increases that we experience due to rising minimum wage mandates, related payroll cost increases, increased technology costs of work from home environments, and the increasing costs of evolving regulatory requirements. If and to the extent we do not negotiate long-term contract terms that provide for fee adjustments to reflect increases in our cost of service, our business, financial conditions, and results of operation could be materially impacted.

We provide service level commitments to certain customers. If we do not meet these contractual commitments, we could be subject to penalties, credits, refunds or contract terminations, which could adversely affect our revenue and harm our reputation.

Broad Indemnification obligations required in some of our contracts for losses or damages outside of our control in the clients' environment that can be tied indirectly to our services may make some of our contracts unprofitable and may materially impact our results of operations.

The trend of clients seeking to transfer growing cybersecurity, data privacy and emerging technologies related risks to service providers could significantly impact our operations and profitability

As cybersecurity incidents and data breaches are becoming more common and often impossible to avoid, clients are looking to their service providers, like us, to cover their cost of these incidents. Many of the services we provide are performed in the clients' and not in our information technology environments and security incidents that clients experience may have many causes and many contributory factors, most of which are unrelated to our activities or involve situations that we cannot control or mitigate. Yet, clients are increasingly seeking for service providers, like us, to accept unlimited liability for incidents that we did not cause but which our errors or omissions may have contributed to, in part. While clients expect the inclusion of emerging technologies, including AI and GenAI in our services offerings, they often are not positioned to nor wish to mitigate or assume responsibility for the often uncertain risks associated with such technologies, expecting us to assume that risk. Potential liability and related cost in connection with these risk transfers are often unpredictable, cannot be easily quantified or priced, and cannot always be insured. If we are unable to negotiate reasonable contractual terms with our clients where liabilities for our services are reasonably allocated to events that we can impact, control or mitigate, we may have to decline business opportunities or incur significant liability that would have impact on our results of operations.

The growing use of AI/GenAI in our offerings and evolving uncertainty of regulatory environments impacting such offerings may impact our costs of doing business and reputation

Regulations on the use of AI/GenAI technologies are rapidly evolving across jurisdictions where we do business. The uncertainty and inconsistencies of these evolving regulatory environments may increase costs and our liability related to our use of AI and the use of AI by our clients. While we have taken a responsible approach to how AI/GenAI is included in our offerings and in our business, there can be no assurances that future AI regulations would not adversely impact us or conflict with our approach to AI, including affecting our ability to offer AI/GenAI in our service offerings without costly investments in modifications to our offerings and additional compliance requirements, impacting our results of operations or our reputation.

Challenges in protecting our intellectual property and its infringement by others may adversely impact our ability to innovate and compete

Our intellectual property may not always receive favorable treatment from the United States Patent and Trademark Office, the European Patent Office, or similar foreign intellectual property adjudication and registration agencies; and our “patent pending” intellectual property may not receive a patent or may be subject to prior art limitations. Our trademarks may be challenged, and have been challenged, by others with similar marks.

The lack of an effective legal system in certain countries where we do business or lack of commitment to protection of intellectual property rights, may prevent us from being able to defend our intellectual property and related technology against infringement by others, leading to a material adverse effect on our business, results of operations and financial condition.

As our reliance on technology for services that we provide increases, so is the risk of infringement or claims of infringement of intellectual property rights of others. If we are not successful in defending against such claims, our results of operations may be impacted.

Our inability to timely secure or maintain licensing required to perform certain regulated services may significantly impact our results of operations

Some of the services we provide for our healthcare, financial services, gaming, and other highly regulated clients require for some of our legal entities, directors and officers of these entities, and employees who perform the services to be licensed by authorities that oversee these regulated activities. These licensing requirements vary among jurisdictions where we provide services; and the ongoing compliance requirements to maintain and renew these licenses also varies and change often. Our ability to maintain these licenses and to comply with various evolving regulations that underpin the licensing requirements depends on many factors, not all of which we control; and the cost of this compliance can be significant. Failure to comply with all regulations in one jurisdiction may impact our licensing status with regulators in other jurisdictions. Our ability to secure and maintain these licenses and to do so timely cannot always be assured and depends on many factors, some of which we cannot control. If we are unable to maintain these licenses, if we fail to comply with ever evolving regulations in all the jurisdictions where we deliver regulated services, or if we are unable to meet the regulatory requirements, we may lose significant business opportunities or breach ongoing contractual obligations, which could have material advice impact on our results of operations.

Risks Related to Our Operations Outside of the United States

We face special risks associated with international operations

An important component of our business strategy is our global delivery model and our continuous international expansion. In 2023, we derived approximately 30% of our revenue from operations outside of the United States. We deliver services to clients from 22 countries on six continents and the expansion to at least five additional countries is being considered in coming years. Conducting business outside of the United States and in many global locations at the same time is subject to a variety of risks, including:

- inconsistent regulations, licensing requirements, prescriptive labor rules, corrupt business practices, restrictive export control and immigration laws, which may result in inadvertent violation of laws that we may not be able to immediately detect or correct; and which may increase our cost of operations as we endeavor to comply with laws that differ from one country to another;
- uncertainty of tax regulations in countries where we do business may affect our costs of operation;
- longer payment cycles, especially during economic downturn, could impact our cash flows and results of operations;
- political and economic instability, and unexpected changes in regulatory regimes could adversely affect our ability to deliver services and our ability to repatriate cash;
- currency exchange rate fluctuations and restrictions on currency movement or negative tax consequences triggered by such movement could adversely affect our results of operations, if we are forced to maintain assets in currencies other than U.S. dollars, while our financial results are reported in U.S. dollars; and if we are forced to maintain assets in currencies other than those that we use for payment of our operating expenses;
- infrastructure challenges and lack of sophisticated disaster and pandemic preparedness in some countries where we do business may impact our service delivery; and
- armed conflicts, terrorist attacks or civil unrest in some of the regions where we do business, and the resulting need for enhanced security measures may impact our ability to deliver services, threaten the safety of our employees, and increase our costs of operations.

While we monitor and endeavor to mitigate in a timely manner the relevant regulatory, geopolitical, and other risks related to our operations outside of the United States, we cannot assess with certainty what impact such risks are likely to have over time on our business, and we can provide no assurance that we will always be able to mitigate these risks successfully and avoid adverse impact on our business and results of operations.

Our delivery model involves geographic concentration outside of the United States, exposing us to significant operational risks

Our business model is dependent on our ability to locate a significant portion of our delivery and corporate functions in low-cost jurisdictions around the globe. Our dependence on our delivery centers and corporate support functions in areas subject to frequent severe weather, natural disasters, health and security threats, and arbitrary government actions represents a particular risk. Natural disasters (floods, winds, and earthquakes), terrorist attacks, pandemics, large-scale utilities outages, telecommunication and transportation disruptions, labor or political unrest, and restriction on repatriation of funds at some of the locations where we do business may interrupt or limit our ability to operate or may increase our costs. Our business continuity and disaster recovery plans, while extensive, may not always be effective, particularly if catastrophic events occur; and business interruption insurance that we procure to address some of these risks may not always be available or may not be affordable.

For these and other reasons, our geographic concentration in locations outside of the United States, especially in the Philippines, India, Mexico, and Bulgaria could result in a material adverse effect on our business, financial condition and results of operations.

We may face new risks as we expand into countries where we have no prior experience

Our clients demand service providers who can support them anywhere in the world and sometimes, to maintain competitiveness, we must establish new operations, quickly, in countries where we previously have not done business. New market entry is fraught with operational, security, regulatory compliance, safety, and corruption risks, and these risks are exacerbated when new operations are launched quickly. We have experience in new market entry around the globe, but there can be no assurance that new operations in new countries would not result in financial losses, operational instability and reputational impact. If we elect not to follow our clients to markets where they wish to have services, we may lose lucrative contracts, including contracts in multiple jurisdictions where we have experience, or to competitors who are already established in the markets new to us, which would impact our financial results of operations.

Risks Related to Ownership of Our Common Stock

The price and trading volumes of our common stock may fluctuate significantly due to many factors, some of which we cannot control

Our common stock trades on Nasdaq under the symbol "TTEC." In recent years, the market value of our stock has fluctuated significantly due to many unrelated factors. Our results of operations directly impact the value of our stock, but many developments affecting the CX solutions industry in general, and not directly related to us or controlled by us, may also have material impact on our stock value. For example, our stock value may be impacted by:

- the performance of others who offer similar services and how their performance is perceived by investors and analysts in comparison to our performance;
- general economic, industry and market conditions;
- acquisitions or consolidation in our industry;
- our capital structure, including the amount of our indebtedness, as it compares to others in our industry;
- changes in key personnel;
- changes in market valuations of similar companies;
- the depth and liquidity of the market for our common stock;
- fluctuations in currency exchange rates;
- our dividend policy as it compares to the dividend policies of other similar companies;
- investors' perception about our industry in general, and about our business and our management team;
- the adequacy of our ESG practices;
- the passage of adverse legislation or other regulatory developments in countries where we do business;
- the stock market fluctuations due to geopolitical events, energy prices or terrorist activities; and
- the impact of the factors referred to elsewhere in "Risk Factors."

Our stock value may also be impacted by financial projections that we provide to the public and whether these projections align with the expectations of our current investors, potential investors, and financial analysts who follow and comment on our stock. Any changes in our projections of our results of operations, or our failure to meet or exceed these projections and the investors' and analysts' expectations about our results of operations could result in material impact on our stock value.

While many of these factors impact the stock value of all companies in and outside of our industry, we may be more significantly impacted because of the relatively small trading volume of our shares.

There can be no assurance that we will continue to declare dividends or repurchase our shares or the cadence or levels of these activities

Our Board of Directors has declared biannual dividends since 2015; and from time to time, in the past, we repurchased our shares, as an alternative method of providing returns to our stockholders. Our Board's decisions regarding the payment of dividends or share repurchases are made in the best interest of all stockholders in compliance with relevant laws, and depend on many factors, including our financial condition and earnings from operations; capital requirements for operation and technology investments and acquisitions; debt service obligations; market price of our shares; industry practice; legal and regulatory requirements; changes in U.S. federal, state, and international tax or corporate laws; covenant restrictions in our credit facility; changes to our business model, and other factors that our Board may deem relevant.

Our dividend policy and share repurchase practices may change from time to time, and there are no assurances that we will continue to declare dividends or repurchase shares. A reduction or suspension in our dividend payments could have a negative impact on the price of our common stock.

Exclusive forum for dispute resolution in our bylaws could limit our stockholders' ability to obtain a favorable judicial forum for their disputes

Our bylaws designate Delaware's state courts as the exclusive forum for most disputes between us and our stockholders, including U.S. federal claims and derivative actions. We believe that this provision may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges who are particularly experienced in resolving corporate disputes, efficient administration of cases relative to other forums, and protection against the burdens of multi-forum litigation. This choice of forum provision does not have the effect of causing our stockholders to waive our obligation to comply with the federal securities laws.

This bylaw forum selection provision is not uncommon for companies incorporated in the State of Delaware, but it could limit our stockholders' ability to select a more favorable judicial forum for disputes with us, our directors, officers or other employees and may therefore discourage litigation. It is important to note, however, that our choice of forum provision would (i) not be enforceable with respect to any suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, and (ii) have uncertain enforceability with respect to claims under the Securities Act of 1933, as amended.

Delaware law and provisions in our certificate of incorporation and bylaws might discourage, delay or prevent a change in control of our Company, potentially depressing the price of our common stock

Our restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our Company or changes in our management that the stockholders of our Company may deem advantageous. These provisions, among other things:

- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that special meetings of our stockholders may be called only by our Chairman, TTEC President or our board of directors;
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings;
- permit the board of directors to establish the number of directors on our board; and
- provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our Company, as it imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

Our Chairman and Chief Executive Officer controls a majority of our stock and has control over all matters requiring action by our stockholders; and his interest may conflict with the interests of our other stockholders

Kenneth D. Tuchman, our Chairman and Chief Executive Officer, directly and beneficially owns approximately 59% of our common stock. As a result, Mr. Tuchman could and does exercise significant influence and control over our business practices and strategy. He can elect all of the members of our board of directors, effect stockholder actions by written consent in lieu of stockholder meetings, and determine the outcome of all matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the occurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities and the payment of dividends on our common stock.

The interest of Mr. Tuchman may not always coincide with the interest of our other stockholders, and Mr. Tuchman may seek to cause the Company to take actions that might involve risks to our business or adversely affect us or our other stockholders. For example, Mr. Tuchman's control of TTEC could delay or prevent a change in control, merger, consolidation, or sale of all or substantially all our assets that our other stockholders support, or conversely, Mr. Tuchman's control could result in the consummation of a transaction that not all of our other stockholders support. As a controlling stockholder, Mr. Tuchman is generally entitled to vote his shares as he sees fit, which may not always be in the interest of our other stockholders. This concentrated control could also discourage investors from acquiring our common stock or initiating change of control transactions, which could depress the trading price of our common stock.

Our status as a "controlled company" could make our common stock less attractive to investors or otherwise harm our stock price

Because we qualify as a "controlled company" under the listing rules of the NASDAQ Stock Market, we are not required to have a majority of our board of directors be independent, nor are we required to have an independent compensation committee or an independent nominating committee of the board. While the Company has elected not to avail itself of these governance exceptions available to "controlled companies," in the future, the Company may elect to do so. Accordingly, because of our "controlled company" status, our other stockholders may not have the same protections that are available to stockholders of companies that are subject to all of the corporate governance rules for NASDAQ-listed companies. Our status as a "controlled company" could make our common stock less attractive to some investors or otherwise harm our stock price.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy. The Company recognizes the critical importance of maintaining the trust and confidence of our clients, business partners, and employees, and has developed an information security program to address material risks from cybersecurity threats. We have implemented a cross-functional approach to preserving the overall integrity of the information that the Company collects and stores by identifying, preventing, and mitigating cybersecurity threats and effectively responding to security incidents when they occur, while also maintaining controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.

The Company relies on a comprehensive Enterprise Risk Management ("ERM") program, which includes cybersecurity as an important component. Our cybersecurity program is focused on the following key areas:

Risk Assessment. The Company engages in periodic cybersecurity and technology resilience risk assessments based on methodology and guidance from a recognized national standards organization; and utilizes periodic risk-based analysis for adopting, maintaining and adjusting appropriate security controls to address such risks.

The following factors, among others, are considered by the Company in assessing its cybersecurity risks, mitigation, and remediation strategies: the likelihood and severity of risk; impact on the Company and others, if a risk materializes; feasibility and cost of controls; and impact of controls on operations and on others. The specific controls used by the Company vary based on the systems involved, but usually include firewalls, intrusion prevention and detection systems, anti-malware technical safeguards and access controls, endpoint threat detection and response (EDR), identity and access management (IAM), privileged access management (PAM), logging and monitoring involving the use of security information and event management (SIEM), multi-factor authentication (MFA), and vulnerability and patch management.

The Company periodically tests its cybersecurity policies, standards, processes, and practices. These testing efforts conducted by our in-house security teams and by third-party security firms include audits, assessments, tabletop exercises, threat modeling, penetration testing, and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. Individual controls are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence. The Company adjusts its cybersecurity policies, standards, processes, and practices as necessary based on the information provided by these assessments, audits, and reviews.

Independent Assessments. The Company regularly engages third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, audits, and independent reviews of our information security control environment and operating effectiveness.

Third-Party Risks. The Company maintains a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers, and other external users of the Company's systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Business Continuity and Incident Response. The Company has established and maintains comprehensive business continuity, disaster recovery, and incident response plans that address the Company's response to cybersecurity incidents. We conduct periodic tabletop exercises and other testing of these plans to enhance incident response preparedness for potential disruption to technology we rely on in our business.

*Education and Awareness***.** The Company provides regular, mandatory training for personnel on cybersecurity threats as a means to equip the Company's personnel with effective tools to address cybersecurity threats, and to communicate the Company's evolving information security policies, standards, processes, and practices. The training includes phishing and smishing exercises.

Although the Company has confidence in the security measures and processes it deploys to protect its environment from cybersecurity threats, neither the Company nor the third parties it relies on may be able to fully, continuously, and effectively implement security controls as intended. As stated above, we utilize a risk-based approach and judgment to determine which security controls to implement, and it is possible we may not implement appropriate controls if we fail to recognize or underestimate a particular risk. In addition, security controls, no matter how well designed or implemented, may only mitigate, but not fully eliminate, risks, and events, when detected by security tools or third parties, may not always be immediately understood or acted upon.

Governance. The Company's Board of Directors (the "Board"), in coordination with its Audit Committee, oversees the Company's overall ERM process, and has delegated the management of risks arising from cybersecurity threats to the Security & Technology Committee, which regularly interacts with the Company's Chief Security Officer ("CSO"), Chief Information Officer ("CIO"), the Chief Privacy and Regulatory Compliance Officer, Chief Legal & Risk Officer, and other members of management. The Security & Technology Committee receives regular reports on the Company's cybersecurity risks, vulnerability assessments, third-party and independent reviews, among other relevant information.

The Board and its Security & Technology Committee also receive prompt and timely information regarding any cybersecurity incidents that meet established reporting thresholds, as well as ongoing updates regarding any such incidents until they have been addressed. At least annually, the Board discusses the Company's approach to cybersecurity risk management with the Company's CSO, CIO, and Chief Legal & Risk Officer, and other members of management.

The CSO, in coordination with other members of TTEC executive leadership team, works collaboratively across the Company to implement a cybersecurity program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response and recovery plans. To facilitate the success of the Company's cybersecurity risk management program, multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and respond to cybersecurity incidents.

Our CSO holds an undergraduate degree in Computer Science and has served in various information technology and information security roles, including serving as the CISO/CSO for two public companies as well as various leadership roles in two medium sized private companies over the last 30 years.

Our CIO holds an undergraduate degree in Computer and Electrical Engineering and has served in various roles in information technology for over 25 years, including serving as either the chief technology officer or chief information officer for two large public companies and a technology start-up.

The Company has previously experienced significant cybersecurity incidents. Although cybersecurity threats, including any previous cybersecurity incidents, have not materially affected and we believe are not reasonably likely to materially affect the Company, there can be no assurances that future cybersecurity incidents, which are unavoidable, will not materially affect our results of operations, including our business strategy, results of operations, or financial condition.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Greenwood Village, Colorado. In addition to our headquarters and the customer engagement centers used by our TTEC Engage segment discussed below, we also maintain sales and consulting offices in several countries around the world which serve our TTEC Digital segment.

Our old headquarters building in Englewood, Colorado, which we own, is currently not occupied.

As of December 31, 2023, we operated 70 customer engagement centers that are classified as follows:

- *Multi-Client Center* — We lease space for these centers and serve multiple clients in each facility;
- *Dedicated Center* — We lease space for these centers and dedicate the entire facility to one client; and
- *Managed Center* — These facilities are leased or owned by our clients and we staff and manage these sites on behalf of our clients in accordance with facility management contracts.

As of December 31, 2023, our customer engagement centers were located in the following countries:

	Multi-Client Centers	Dedicated Centers	Managed Centers	Total Number of Delivery Centers
Australia	—	2	—	2
Brazil	1	—	—	1
Bulgaria	2	—	—	2
Canada	1	—	1	2
Colombia	—	—	2	2
Egypt	—	—	1	1
Greece	1	—	—	1
Germany	—	—	1	1
Honduras	1	—	—	1
India	2	—	—	2
Mexico	2	—	—	2
Philippines	15	—	—	15
Poland	1	—	—	1
South Africa	1	—	1	2
Thailand	—	—	1	1
United Kingdom	1	—	3	4
United States of America	21	3	6	30
Total	49	5	16	70

The leases for our customer engagement centers have remaining terms ranging from one to 10 years and generally contain renewal options. We believe that our existing customer engagement centers are suitable and adequate for our current operations, and we have plans to build additional centers to accommodate future business.

ITEM 3. 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TTEC."

As of December 31, 2023, we had 212 holders of record of our common stock and during 2023 we declared and paid two $0.52 per share semi-annual dividends on our common stock. During 2022 we declared and paid a $0.50 per share semi-annual dividend and a $0.52 per share semi-annual dividend on our common stock.

In 2015, our Board of Directors adopted a dividend policy, with the intent to distribute a periodic cash dividend to stockholders of our common stock, after consideration of, among other things, TTEC's performance, cash flows, capital needs and liquidity factors. The Company paid the initial dividend in 2015 and has continued to pay a semi-annual dividend in October and April of each year in amounts ranging between $0.18 per common share in 2015 and $0.52 per common share in October 2023. On February 27, 2024, the Board of Directors authorized a $0.06 dividend per common share, payable on April 30, 2024, to shareholders of record as of April 3, 2024. While it is our intention to continue to pay semi-annual dividends in 2024 and beyond, any decision to pay future cash dividends will be made by our Board of Directors. In addition, our credit facility restricts our ability to pay dividends in the event we are in default or do not satisfy certain covenants.

Stock Repurchase Program

We continue to have the opportunity to return capital to our shareholders via a stock repurchase program (originally authorized by the Board of Directors in 2001). As of December 31, 2023, the cumulative authorized repurchase allowance was $762.3 million, of which we have used $735.8 million to purchase 46.1 million shares. The Board most recently authorized additional funds under the repurchase program in 2017 and of the total amount authorized, approximately $26.6 million continues to be authorized for repurchase as of December 31, 2023. During 2022 and 2023, and year to date in 2024, we did not purchase any shares under the program. Although the stock repurchase program does not have an expiration date, we would seek a re-authorization of repurchases from the Board of Directors, if we decide to make repurchases during 2024.

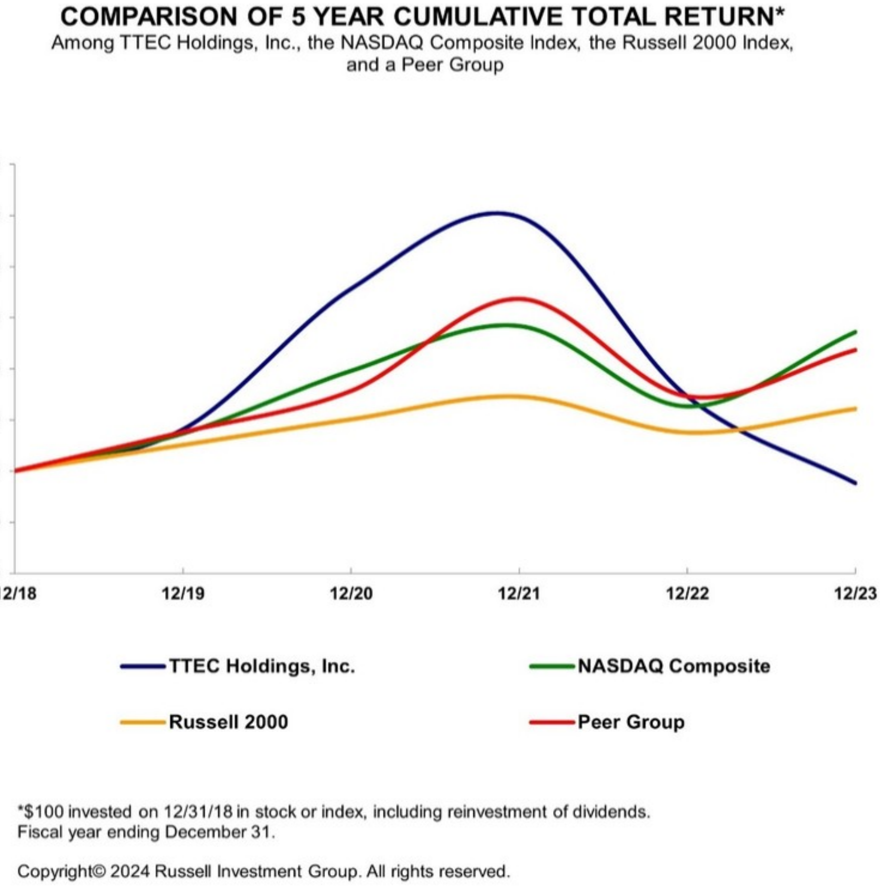
Stock Performance Graph

The graph depicted below compares the performance of TTEC common stock with the performance of the NASDAQ Composite Index; the Russell 2000 Index; and customized peer group over the period beginning on December 31, 2018 and ending on December 31, 2023. We have chosen the Peer Group comprised of Accenture Plc (NASDAQ: ACN), Cognizant Technology Solutions Corp. (NASDAQ: CTSH), Concentrix (NASDAQ: CNXC), Globant S.A. (NYSE: GLOB), Teleperformance (NYSE Euronext: RCF) and Telus International (NYSE: TIXT). We believe that the companies in the Peer Group are relevant to our current business model, market capitalization and our two segments Digital and Engage.

The graph assumes that $100 was invested on December 31, 2018 in our common stock and in each comparison index, and that all dividends were reinvested. We declared per share dividends on our common stock of $0.90 during 2021, $1.02 during 2022 and $1.04 during 2023. Stock price performance shown on the graph below is not necessarily indicative of future price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among TTEC Holdings, Inc., The NASDAQ Composite Index,
The Russell 2000 Index, And Peer Groups

	December 31,					
	2018	2019	2020	2021	2022	2023
TTEC Holdings, Inc.	$ 100	$ 141	$ 278	$ 349	$ 173	$ 88
NASDAQ Composite	$ 100	$ 137	$ 198	$ 242	$ 163	$ 236
Russell 2000	$ 100	$ 126	$ 151	$ 173	$ 138	$ 161
Peer Group	$ 100	$ 138	$ 178	$ 268	$ 173	$ 218



ITEM 6. <RESERVED>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

Founded in 1983, TTEC is a global CX outsourcing partner for marquis and disruptive brands and public sector clients. The Company designs, builds, and operates technology-enabled customer experiences across digital and live interaction channels to help clients increase customer loyalty, revenue, and profitability. By combining digital solutions with data-driven service capabilities, we help clients improve their customer satisfaction while lowering their total cost to serve. As of December 31, 2023, TTEC served over 750 clients across targeted industry verticals including financial services, healthcare, public sector, telecom, technology, media, travel and hospitality, automotive and retail.

TTEC operates through two business segments.

- **TTEC Digita**l is one of the largest CX technology providers and is focused exclusively on the intersection of Contact Center as a Service (CCaaS), Customer Relationship Management (CRM), and Artificial Intelligence (AI) and Analytics. A professional services organization comprised of software engineers, systems architects, data scientists and CX strategists, this segment creates and implements strategic CX transformation roadmaps; sells, operates, and provides managed services for cloud platforms and premise based CX technologies including Amazon Web Services, Cisco, Genesys, Google, and Microsoft; and creates proprietary IP to support industry specific and custom client needs. TTEC Digital serves clients across Enterprise and Small & Medium Sized (SMB) business segments and has a dedicated unit with government technology certifications serving the public sector.
- **TTEC Engage** provides the digitally enabled CX operational and managed services to support large, complex enterprise clients' end-to-end customer interactions at scale. Tailored to meet industry specific and business needs, this segment delivers data-driven omnichannel customer care, customer acquisition, growth, and retention services, tech support, trust and safety and back-office solutions. The segment's technology-enabled delivery model covers the entire associate lifecycle including recruitment, onboarding, training, delivery, workforce management and quality assurance.

TTEC demonstrates its market leadership through strategic collaboration across TTEC Digital and TTEC Engage when there is client demand and fit for our integrated solutions. This partnership is central to our ability to deliver comprehensive and transformational customer experience solutions to our clients, including integrated delivery, go-to-market and innovation for truly differentiated, market leading CX solutions.

During 2023, the combined TTEC Digital and TTEC Engage global operating platform delivered onshore, nearshore, and offshore services in 22 countries on six continents -- the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Colombia, Costa Rica, Egypt, Germany, Greece, Honduras, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, South Africa, Thailand, and the United Kingdom with the help of over 60,000 customer care associates, consultants, technologists, and CX professionals.

Our revenue for fiscal 2023 was $2.463 billion, approximately $487 million, or 20%, which came from our TTEC Digital segment and $1.976 billion, or 80%, 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 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. We also completed an acquisition early in the second quarter of 2021 of a provider of Genesys and Microsoft cloud contact center services, which followed an acquisition in the second half of 2020 of a preferred Amazon Connect cloud contact center service and implementation provider.

We have extensive expertise in the healthcare, automotive, national/federal and state and local government, financial services, communications, technology, travel, logistics, media and entertainment, e-tail/retail, and transportation industries. We serve more than 750 diverse clients globally, including many of the world's iconic brands, Fortune 1000 companies, public sector clients, and disruptive hypergrowth companies.

Cybersecurity Incident

In 2021, TTEC experienced two significant cybersecurity incidents. One involved a global supply chain compromise that impacted thousands of companies worldwide, including a TTEC Digital subsidiary and its managed services clients. Another involved a ransomware attack that temporarily disrupted the TTEC Engage business. With support from outside forensic experts, in the fourth quarter of 2021 TTEC completed its investigation of root causes and impacts of the cybersecurity incident and has been working to harden the security of its information technology environment and has taken the measures it believes to be appropriate to protect its systems and its data.

In connection with these incidents, we also exercised reasonable efforts to identify data that may have been exfiltrated and found no credible evidence that exfiltrated data was publicly released, nevertheless, we provided appropriate regulatory and individual notices about the incident and its potential impacts.

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

During 2021, 2022 and 2023, the incident also resulted in certain government enforcement actions, regulatory investigations, fines, penalties, and private legal actions, which although significant, are typical under these circumstances and did not materially impact our results of operations. Other actual and potential consequences of the incident included and may include negative publicity, loss of client trust, reputational damage, litigation, contractual claims, financial judgement or settlements in excess of insurance, and disputes with insurance carriers concerning coverage. See, Part I, Item 1A Risk Factors. The temporary operational disruptions that occurred due to these incidents did not have a long-term impact on our results of operations. During 2022 and 2023, TTEC has made and will continue to make in 2024, significant investments to enhance our information technology environment, our operational governance of our information technology system, and our data governance practices. See Part I, Item 1C Cybersecurity.

Capital and Financing Availability

Our balance sheet, cash flow from operations and access to debt and capital markets have historically provided us the financial flexibility to effectively fund our organic growth, capital expenditures, strategic acquisitions, incremental investments, and capital distributions.

We return capital to our shareholders through our dividend program. Given our cash flow generation and balance sheet strength, we believe cash dividends, in balance with our investments in product and service innovations, organic growth, and strategic acquisitions, align shareholder interests with the needs of the Company. After consideration of TTEC's performance, cash flow from operations, capital needs and the overall liquidity of the Company, the Company's Board of Directors adopted a dividend policy in 2015, with the intent to distribute a periodic cash dividend to stockholders of our common stock. Since inception in 2015, the Company has continued to pay a semi-annual dividend in October and April of each year in gradually increasing amounts from $0.18 per common share in 2015 to $0.52 per common share in October 2023. On February 27, 2024, the Board of Directors authorized a semi-annual dividend of $0.06 per common share, payable on April 30, 2024 to shareholders of record as of April 3, 2024.

Additional information with respect to our segments and geographic footprint is included in Part II, Item 8. Financial Statements and Supplementary Data, Note 3 to the Consolidated Financial Statements.

Our 2023 Financial Results

In 2023, our revenue increased 0.8% over 2022 to $2,462.8 million, including an increase of 0.2% or $4.4 million due to foreign currency fluctuations. The increase in revenue was comprised of a $23.2 million, or 5.0%, increase for TTEC Digital and a $4.1 million, or 0.2%, decrease for TTEC Engage.

Our 2023 income from operations decreased $50.5 million to $118.0 million, or 4.8% of revenue, from $168.5 million which was 6.9% of revenue for 2022. The change in operating income is attributable to a number of different factors across the segments. The TTEC Digital segment's operating income declined 14.5%, or $5.0 million over last year primarily due to continued investments in CX leadership, sales and marketing, product engineering, and geographic expansion offset by an increase in revenue and program gross margins. TTEC Engage's operating income decreased 34.0%, or $45.5 million, compared to the prior year primarily related to incremental growth-oriented investments, higher employee healthcare costs, ramp costs for new programs, training costs related to existing programs, litigation expenditures and restructuring expenses, offset partially by the acquisition of Faneuil, other revenue increases and reimbursement from insurance related to the cybersecurity incident.

Income from operations in 2023 and 2022 included a total of $19.8 million and $19.4 million of restructuring and asset impairments, respectively.

Our offshore customer experience centers spanning six countries serve clients based in the U.S. and in other countries with 21,500 workstations representing 69% of our global delivery capabilities. Revenue for TTEC Engage provided in these offshore locations represented 30% of our 2023 revenue, as compared to 29% of our 2022 revenue.

Our seat utilization is defined as the total number of utilized workstations compared to the total number of available production workstations. As of December 31, 2023, the total production workstations for TTEC Engage was 31,325 and the overall capacity utilization in our centers was 76% versus 78% in the prior year period. The decline was primarily driven by expansion into new geographies offshore not yet fully ramped, partially offset by improvements in the U.S. due to the Company's site optimization strategy.

We 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.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. ("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. Below is a discussion of the policies that we believe may involve a high degree of judgment and complexity.

Revenue Recognition

The Company recognizes revenue from contracts and programs when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Performance obligation is the unit of accounting for revenue recognition under the provisions of ASC Topic 606, "Revenue from Contracts with Customers" and all related amendments ("ASC 606"). A contract's transaction price is allocated to each distinct performance obligation in recognizing revenue.

The business process outsourcing ("BPO") inbound and outbound service fees are based on either a per minute, per hour, per FTE, per transaction or per call basis, which represents the majority of our contracts. These contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. With the exception of training, which is not considered to have value to the customer on a stand-alone basis, and is typically billed upfront and deferred, the remainder of revenue is invoiced on a monthly or quarterly basis as services are performed and does not create a contract asset or liability.

In addition to revenue from BPO services, revenue also consists of fees from services for program launch, professional consulting, fully-hosted or managed technology and learning innovation services. The contracts containing these service offerings may contain multiple performance obligations. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract. For these services, the point at which the transfer of control occurs determines when revenue is recognized in a specific reporting period. The majority of the Company's services are recognized over time using the input method in which revenue is recognized on the basis of efforts or inputs toward satisfying a performance obligation (for example, resources consumed, labor hours expended, costs incurred, or time elapsed) relative to the total expected inputs to satisfy the performance obligation. Deferred revenues for these services represent amounts collected from, or invoiced to, customers in excess of revenues recognized. The Company records amounts billed and received, but not earned, as deferred revenue. Costs directly associated with revenue deferred, consisting primarily of labor and related expenses, are also deferred and recognized in proportion to the expected future revenue from the contract.

Variable consideration exists in contracts for certain client programs that provide for adjustments to monthly billings based upon whether the Company achieves, exceeds or fails certain performance criteria. Adjustments to monthly billings consist of contractual bonuses/penalties, holdbacks and other performance based conditions. Variable consideration is estimated at contract inception at its most likely value and updated at the end of each reporting period as additional performance data becomes available. Revenue related to such variable consideration is recognized only to the extent that a significant reversal of any incremental revenue is not considered probable.

Contract modifications are routine in the performance of the customer contracts. Contracts are often modified to account for customer mandated changes in the contract specifications or requirements, including service level changes. In most instances, contract modifications relate to goods or services that are incremental and distinctly identifiable, and, therefore, are accounted for prospectively.

Direct and incremental costs to obtain or fulfill a contract are capitalized, and the capitalized costs are amortized over the corresponding period of benefit, determined on a contract by contract basis. The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

In certain cases, the Company negotiates an upfront payment to a customer in conjunction with the execution of a contract. Such upfront payments are critical to acquisition of new business and are often used as an incentive to negotiate favorable rates from the clients and are accounted for as upfront discounts for future services. Payments to customers are capitalized as contract acquisition costs and are amortized as a reduction to revenue in proportion to the expected future revenue from the contract, which in most cases results in straight-line amortization over the life of the contract. Such capitalized contract acquisition costs are periodically reviewed for impairment taking into consideration ongoing future cash flows expected from the contract and estimated remaining useful life of the contract.

Income Taxes

Accounting for income taxes 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 or tax returns. 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. When circumstances warrant, we assess the likelihood that our net deferred tax assets will more likely than not be recovered from future projected taxable income.

We continuously review the likelihood that deferred tax assets will be realized in future tax periods under the “more-likely-than-not” criteria. In making this judgment, we consider all available evidence, both positive and negative, in determining whether, based on the weight of that evidence, a valuation allowance is required.

We follow a two-step approach to recognizing and measuring uncertain tax positions. The first step is to determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on audit. The second step is to estimate and measure the tax benefit as the amount that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. We evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on the consideration of several factors including changes in facts or circumstances, changes in applicable tax law, and settlement of issues under audit.

Interest and penalties relating to income taxes and uncertain tax positions are accrued net of tax in the Provision for income taxes in the accompanying Consolidated Statements of Comprehensive Income (Loss).

In the future, our effective tax rate could be adversely affected by several factors, many of which are outside our control. Our effective tax rate is affected by the proportion of revenue and income before taxes in the various domestic and international jurisdictions in which we operate. Further, we are subject to changing tax laws, regulations and interpretations in multiple jurisdictions in which we operate, as well as the requirements, pronouncements and rulings of certain tax, regulatory and accounting organizations. We estimate our annual effective tax rate each quarter based on a combination of actual and forecasted results of subsequent quarters. Consequently, significant changes in our actual quarterly or forecasted results may impact the effective tax rate for the current or future periods.

Business Combinations

We account for business combinations under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations, which requires an allocation of the consideration we paid to the identifiable assets, intangible assets and liabilities based on the estimated fair values as of the closing date of the acquisition. The excess of the fair value of the purchase price over the fair values of these identifiable assets, intangible assets and liabilities is recorded as goodwill.

Purchased intangibles other than goodwill are initially recognized at fair value and amortized over their useful lives unless those lives are determined to be indefinite. The valuation of acquired assets will impact future operating results. The fair value of identifiable intangible assets is determined using an income approach on an individual asset basis. Specifically, we use the multi-period excess earnings method to determine the fair value of customer relationships and the relief-from-royalty approach to determine the fair value of the trade name. Determining the fair value of acquired intangibles involves significant estimates and assumptions, including forecasted revenue growth rates, EBITDA margins, customer attrition rate, and market-participant discount rates.

The determination of the useful life of an intangible asset other than goodwill is based on factors including historical tradename performance with respect to consumer name recognition, geographic market presence, market share, plans for ongoing trade name support and promotion, customer attrition rate, and other relevant factors.

Goodwill and Indefinite-Lived Intangible Assets

We evaluate goodwill and indefinite-lived intangible assets for possible impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

We use a two-step process to assess the realizability of goodwill. The first step, Step 0, is a qualitative assessment that analyzes current economic indicators associated with a particular reporting unit. For example, we analyze changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there would be a significant decline to the fair value of a particular reporting unit. A qualitative assessment also includes analyzing the excess fair value of a reporting unit over its carrying value from impairment assessments performed in previous years. If the qualitative assessment indicates the fair value of the reporting unit is in excess of its carrying value, no further testing is required.

If a qualitative assessment indicates that a significant decline to fair value of a reporting unit is more likely than not, or if a reporting unit’s fair value has historically been closer to its carrying value, we will proceed to Step 1 testing where we calculate the fair value of a reporting unit based on discounted future probability-weighted cash flows. If Step 1 indicates that the carrying value of a reporting unit is in excess of its fair value, we will record an impairment equal to the amount by which a reporting unit’s carrying value exceeds its fair value.

During 2023, we completed a Step 1 goodwill analysis and determined that for all three reporting units the estimated fair value exceeds the carrying value. The calculation of fair value is based on estimates including revenue projections, EBITDA margin projections, estimated tax rates, estimated capital expenditures and discount rates.

We estimate fair value using discounted cash flows of the reporting units. The most significant assumptions used in these analyses are those made in estimating future cash flows. In estimating future cash flows, we use financial assumptions in our internal forecasting model such as projected capacity utilization, projected changes in the prices we charge for our services, projected labor costs, as well as contract negotiation status. The financial and credit market volatility directly impacts our fair value measurement through our weighted average cost of capital that we use to determine our discount rate. We use a discount rate we consider appropriate for the country where the business unit is providing services.

Contingencies

We record a liability for pending litigation and claims where losses are both probable and reasonably estimable. Each quarter, management reviews all litigation and claims on a case-by-case basis and assigns probability of loss and range of loss.

Other Components of Results of Operations

Cost of Services

Cost of services principally include costs incurred in connection with our customer experience services and technology services, including direct labor and related taxes and benefits, telecommunications, technology costs, sales and use tax and certain fixed costs associated with the customer engagement centers. In addition, cost of services includes income related to grants we may receive from local or state governments as an incentive to locate customer engagement centers in their jurisdictions which reduce the cost of services for those facilities.

Selling, General and Administrative

Selling, general and administrative expenses primarily include costs associated with administrative services such as sales, marketing, product development, legal, information systems (including core technology and telephony infrastructure), accounting and finance. It also includes outside professional fees (i.e., legal and accounting services), building expense for non-engagement center facilities and other items associated with general business administration.

Restructuring Charges, Net

Restructuring charges, net primarily include costs incurred in conjunction with reductions in force or decisions to exit facilities, including termination benefits and lease liabilities, net of expected sublease rentals.

Impairment Losses

Impairment losses include costs related to impairment of right-of-use assets, leasehold improvement assets, internally developed software, and certain computer equipment.

Interest Expense

Interest expense includes interest expense, amortization of debt issuance costs associated with our Credit Facility, and the accretion of deferred payments associated with our acquisitions.

Other Income

The main components of other income are miscellaneous income not directly related to our operating activities, such as foreign exchange gains and reductions in our contingent consideration.

Other Expenses

The main components of other expenses are expenditures not directly related to our operating activities, such as foreign exchange losses and increases in our contingent consideration.

RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to December 31, 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 years ended December 31, 2023 and 2022 (amounts in thousands). All inter-company transactions between the reported segments for the periods presented have been eliminated.

TTEC Digital

	Year Ended December 31,			
	2023	2022	$ Change	% Change
Revenue	$ 486,882	$ 463,670	$ 23,212	5.0 %
Operating Income	29,846	34,895	(5,049)	(14.5)%
Operating Margin	6.1 %	7.5 %		

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

The operating income reduction is primarily attributable to continued investments in CX leadership, engineering talent, sales and marketing, product engineering, and $6.6 million of restructuring and impairment charges. These additional expenses more than offset the increase in revenue, favorable revenue mix from the growing professional services, higher percentage of offshore delivery and decreased amortization expense. The operating income as a percentage of revenue decreased to 6.1% in 2023 as compared to 7.5% in 2022. Included in the operating income was amortization related to acquired intangibles of $17.4 million and $19.9 million for the years ended December 31, 2023 and 2022, respectively.

TTEC Engage

	Year Ended December 31,			
	2023	2022	$ Change	% Change
Revenue	$ 1,975,935	$ 1,980,037	$ (4,102)	(0.2)%
Operating Income	88,175	133,648	(45,473)	(34.0)%
Operating Margin	4.5 %	6.7 %		

The decrease in revenue for TTEC Engage was due to a net increase of $106.4 million in client programs, including the acquisition of Faneuil and a $4.9 million increase due to foreign currency fluctuations offset by a decrease for program completions of $115.4 million, more concentrated in our hypergrowth clients.

The operating income decrease is primarily attributable to decreased revenue, incremental growth-oriented investments (ex: geographic expansion), higher employee healthcare costs of $7.0 million due to an increase in high claims, ramp costs for new programs, training costs related to existing programs, increased litigation expenditures, and $13.2 million of restructuring and impairment charges. These were partially offset by the acquisition of Faneuil, a reduction in total facility costs and a net reimbursement from insurance of $7.3 million from the cybersecurity incident. As a result, the operating income as a percentage of revenue decreased to 4.5% in 2023 as compared to 6.7% in the prior period. Included in the operating income was amortization expense related to acquired intangibles of $18.2 million and $17.2 million for the years ended December 31, 2023 and 2022, respectively.

Interest Income (Expense)

Interest income increased to $5.2 million in 2023 from $1.8 million in 2022. Interest expense increased to $78.3 million during 2023 from $36.1 million during 2022, primarily due to higher interest rates.

Other Income (Expense), Net

For the year ended December 31, 2023 Other income (expense), net decreased to a net expense of $4.1 million from net income of $10.2 million during the prior year.

Included in the year ended December 31, 2023 was a net $7.5 million expense related to the fair value of contingent consideration accruals and receivables for one acquisition partially offset by a gain of $4.5 million due to insurance recovery related to property damages.

Included in the year ended December 31, 2022 was a gain of $4.1 million due to insurance recovery related to property damages and a net $1.8 million expense related to the fair value adjustments of contingent consideration accruals and receivables for one acquisition.

Income Taxes

The reported effective tax rate for 2023 was 55.2% as compared to 18.8% for 2022. The effective tax rate for 2023 was impacted by earnings in international jurisdictions currently under an income tax holiday, $1.8 million of expense related to changes in tax contingent liabilities, $11.6 million of expense related to changes in valuation allowances and related deferred tax liabilities, a $1.9 million benefit related to acquisitions, a $5.1 million benefit related to restructuring charges, a $4.2 million benefit related to equity based compensation, a $9.3 million benefit related to the amortization of purchased intangibles, and $0.7 million of other tax benefits. Without these items our effective tax rate for the year ended December 31, 2023 would have been 22.7%.

For the year ended December 31, 2022, our effective tax rate was 18.8%. The effective tax rate for 2022 was impacted by earnings in international jurisdictions currently under an income tax holiday, a $1.4 million benefit related to changes in tax contingent liabilities, a $0.4 million benefit related to provision to return adjustments, $0.9 million of expense related to the cybersecurity incident, a $0.5 million benefit related to changes in valuation allowances and related deferred tax liabilities, a $5.0 million benefit related to restructuring charges, a $0.7 million benefit related to tax rate changes, a $5.7 million benefit related to equity-based compensation, a $9.7 million benefit related to the amortization of purchased intangibles, and a $2.2 million benefit related to accelerated amortization of software. Without these items our effective tax rate for the year ended December 31, 2022 would have been 22.9%.

Year Ended December 31, 2022 compared to December 31, 2021

For a discussion of our results of operations for the year ended December 31, 2022 compared to the year ended December 31, 2021, please see Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on February 28, 2023 and is incorporated herein by reference.

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 (as defined below). During the year ended December 31, 2023, we generated positive operating cash flows of $144.8 million. We believe that our cash generated from operations, existing cash and cash equivalents, and available credit will be sufficient to meet expected operating and capital expenditure requirements for the next 12 months, however, if our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted.

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

We have global operations that expose us to foreign currency exchange rate fluctuations that may positively or negatively impact our liquidity. We are also exposed to higher interest rates associated with our variable rate debt. To mitigate these risks, we enter into foreign exchange forward and option contracts through our cash flow hedging program. Please refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk, Foreign Currency Risk, for further discussion.

We primarily utilize our Credit Facility to fund working capital, general operations, dividends, and other strategic activities, such as the acquisitions described in Part II. Item 8. Financial Statements and Supplementary Data, Note 2 to the Consolidated Financial Statements. During 2021, the Credit Facility was amended including an increase to $1.5 billion of total commitments (see discussion below in the Debt Instruments and Related Covenants). On February 26, 2024, the Company entered into an Eighth Amendment to the Credit Agreement to increase the net leverage ratio covenant, for a period starting with the quarter ending March 31, 2024 through quarter ending March 31, 2025, from the current 3.5 to 1 to between 4.0 to 1 and 4.5 to 1, as may be applicable in different quarters; and reduced the total lenders' commitment from $1.5 billion to $1.3 billion. As of December 31, 2023 and 2022, we had borrowings of $995.0 million and $960.0 million, respectively, under our Credit Facility, and our average daily utilization was $1,072.4 million and $1,037.4 million for the years ended December 31, 2023 and 2022, respectively. After consideration for the current level of availability based on the covenant calculations, our remaining borrowing capacity was approximately $90 million as of December 31, 2023. As of December 31, 2023, we were in compliance with all covenants and conditions under our Credit Facility.

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 with commercially reasonable terms acceptable to us.

The following discussion highlights our cash flow activities during the years ended December 31, 2023 and 2022.

Cash and Cash Equivalents

We consider all liquid investments purchased within 90 days of their original maturity to be cash equivalents. Our cash and cash equivalents totaled $172.7 million and $153.4 million as of December 31, 2023 and 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, for investment in research and development, for strategic acquisitions, and to pay dividends.

Cash Flows from Operating Activities

For the years 2023 and 2022 we reported net cash flows provided by operating activities of $144.8 million and $137.0 million, respectively. The increase of $7.7 million from 2022 to 2023 was due to a $101.5 million decrease in net cash income from operations offset by a $109.2 million increase in net working capital.

Cash Flows from Investing Activities

For the years 2023 and 2022, we reported net cash flows used in investing activities of $67.6 million and $226.2 million, respectively. The net decrease in cash used in investing activities from 2022 to 2023 was due to a $142.4 million decrease in acquisitions and a $16.2 million decrease in capital expenditures.

Cash Flows from Financing Activities

For the years 2023 and 2022, we reported net cash flows (used in)/provided by financing activities of $(68.2) million and $89.0 million, respectively. The change in net cash flows from 2022 to 2023 was primarily due to a $134.0 million net change in the line of credit and an increase of $28.1 million related to payments of contingent consideration offset by a $4.1 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) was $76.9 million and $53.0 million for the years 2023 and 2022, respectively. The increase from 2022 to 2023 was primarily due to a decrease in net cash income from operations offset by an increase in working capital and lower capital expenditures.

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):

	Year Ended December 31,	
	2023	**2022**
Net cash provided by operating activities	$ 144,766	$ 137,048
Less: Purchases of property, plant and equipment	67,839	84,012
Free cash flow	$ 76,927	$ 53,036

Obligations and Future Capital Requirements

At December 31, 2023, our future contractual obligations were related primarily to debt, leases and income taxes. See the following footnotes in Part II. Item 8. Financial Statements and Supplementary Data: Note 10 Income Taxes, Note 12 Indebtedness, Note 13 Commitments and Contingencies and Note 15 Leases for a discussion of the obligation and timing of required payments.

Purchase Obligations

Occasionally we contract with certain of our communications clients to provide us with telecommunication services. These clients currently represent approximately 6% of our total annual revenue. We believe these contracts are negotiated on an arm's-length basis and may be negotiated at different times and with different legal entities.

Future Capital Requirements

We expect total capital expenditures in 2024 to be between 2.7% and 2.9% of revenue. Approximately 55% of these expected capital expenditures are to support growth in our business and 45% relate to the maintenance of existing assets. The anticipated level of 2024 capital expenditures is primarily driven by site expansions, new builds in emerging geographies, enhancements and modernization to our technological infrastructure and ongoing digital integration and product development.

We may consider restructurings, dispositions, mergers, acquisitions and other similar transactions. Such transactions could include the transfer, sale or acquisition of significant assets, businesses or interests, including joint ventures or the incurrence, assumption, or refinancing of indebtedness and could be material to the consolidated financial condition and consolidated results of our operations. Our capital expenditures requirements could also increase materially in the event of an acquisition or joint venture. In addition, as of December 31, 2023, we were authorized to purchase an additional $26.6 million of common stock under our stock repurchase program (see Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities). Our stock repurchase program does not have an expiration date.

The launch of large client contracts may result in short-term negative working capital because of the time period between incurring the costs for training and launching the program and the beginning of the accounts receivable collection process. As a result, we may sometimes generate negative cash flows from operating activities.

Debt Instruments and Related Covenants

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

On April 3, 2023, we entered into a Seventh Amendment to the Credit Agreement which replaces the use of LIBOR with SOFR as of the date of the amendment and therefore, will affect the interest rates paid on a portion of the outstanding principal amount of the Credit Facility starting in the second quarter of 2023.

On February 26, 2024, we entered into an Eighth Amendment to the Credit Agreement to increase the net leverage ratio covenant, for a period starting with the quarter ending March 31, 2024 through quarter ending March 31, 2025, from the current 3.5 to 1 to between 4.0 to 1 and 4.5 to 1, as may be applicable in different quarters; and reduced the total lenders' commitment from $1.5 billion to $1.3 billion if certain conditions are satisfied.

The Credit Facility commitment fees are payable to the lenders as previously disclosed and as determined by reference to our net leverage ratio. The Credit Agreement contains customary affirmative, negative, and financial covenants, which primarily remained unchanged from the 2019 Credit Facility. 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.

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 1% 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 2% 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.

Indebtedness under the Credit Agreement is guaranteed by certain of our domestic subsidiaries and is secured by security interests (subject to permitted liens) in the U.S. accounts receivable and cash of our Company and certain of its domestic subsidiaries. The indebtedness may also be secured by tangible assets of our Company and its domestic subsidiaries, if borrowings by foreign subsidiaries exceed 7.5% of our Company's consolidated total assets and the total net leverage ratio is greater than 3.25 to 1.00. We also pledged 65% of the voting stock and all of the non-voting stock, if any, of certain of our material foreign subsidiaries.

The Credit Facility also contains certain customary information and reporting requirements, and events of default, including without limitation events of default based on payment obligations, material inaccuracies of representations and warranties, covenant defaults, cross defaults to certain other debt, certain ERISA events, changes in control, monetary judgments, and insolvency proceedings. Upon the occurrence of an event of default, the lenders may accelerate the maturity of all amounts outstanding under the Credit Facility.

As of December 31, 2023 and 2022, we had borrowings of $995.0 million and $960.0 million, respectively, under the Credit Facility. During 2023, 2022 and 2021, borrowings accrued interest at an average rate of approximately 6.7%, 3.1%, and 1.3% per annum, respectively, excluding unused commitment fees. Our daily average borrowings during 2023, 2022 and 2021 were $1,072.4 million, $1,037.4 million and $797.2 million, respectively. As of December 31, 2023, and 2022, based on the current level of availability based on the covenant calculations, the remaining borrowing capacity was approximately $90 million and $335 million, respectively.

Client Concentration

During 2023, only one of our clients represented more than 10% of our total annual revenue. Our five largest clients accounted for 36% and 35% of our annual revenue for each of the two years ended December 31, 2023 2022, respectively. We have long-term relationships with our top five 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. For instance, in early 2024, one of our top five clients notified us that it is exiting one of the lines of business that we support. 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 of the contracts with our five largest clients expire between 2024 and 2027, 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.

Cybersecurity Investments

We have made and continue to make significant financial investments in technologies and processes to mitigate cyber risks. We have a number of complex information systems used for a variety of functions ranging from services we deliver to our clients and their customers to support for our operations. The effective operation of our business depends on the proper functioning of these information systems. Like any information system, our systems are susceptible to cyber-attack. Any cyber-attack could impact the availability, reliability, speed, accuracy, or other proper functioning of these systems or result in our data, our employees' data and our clients' data that we retain for the provision of our services being compromised, which could have a significant impact on our reputation, results of operations, and financial condition. Our information systems are protected through physical and technological safeguards as well as backup systems and protocols considered appropriate by management. We also provide role-based employee cybersecurity risk awareness training about phishing, malware, social engineering, data protection, and other cyber risks. We continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address, and mitigate the risk of unauthorized access, distributed denial of service attacks, malware attacks, computer viruses, cyber fraud, and other events intended to disrupt information systems, unauthorized access to confidential information, or other types of malicious events that may result in harm to our business. Our investment in cybersecurity is not expected to decrease in the foreseeable future, and despite our on-going efforts to improve our cybersecurity, there can be no assurance that a sophisticated cyber-attack could timely be detected or thwarted. For additional information about our cybersecurity risk management and governance see, Part I, Item 1C. Cybersecurity.

Recently Issued Accounting Pronouncements

We discuss the potential impact of recent accounting pronouncements in Part II, Item 8. Financial Statements and Supplementary Data, Note 1 to the Consolidated Financial Statements.

Changes in Accounting Principle

See discussion of adopted accounting standards in Part II, Item 8. Financial Statements and Supplementary Data, Note 1 to the Consolidated Financial Statements.

ITEM 7A. 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 risks 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 issue 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 December 31, 2023, we had $995.0 million of outstanding borrowings under the Credit Agreement. Based upon average daily outstanding borrowings during the years ended December 31, 2023 and 2022, interest accrued at a rate of approximately 6.7% and 3.1% per annum, respectively. If the Prime Rate or SOFR increased by 100 basis points, there would be $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 years ended December 31, 2023, 2022 and 2021, revenue associated with this foreign exchange risk was 19%, 20% and 17% of our consolidated revenue, respectively.

The following summarizes relative (weakening) strengthening of local currencies that are relevant to our business:

	Year Ended December 31,		
	2023	2022	2021
Canadian Dollar vs. U.S. Dollar	2.2 %	(6.6)%	0.3 %
Philippine Peso vs. U.S. Dollar	1.0 %	(9.2)%	(6.4)%
Mexican Peso vs. U.S. Dollar	12.9 %	4.8 %	(2.9)%
Australian Dollar vs. U.S. Dollar	(0.0)%	(6.5)%	(6.1)%
Euro vs. U.S. Dollar	3.0 %	(5.9)%	(8.1)%
Indian Rupee vs. U.S. Dollar	(0.5)%	(11.3)%	(1.8)%
Philippine Peso vs. Australian Dollar	1.0 %	(2.5)%	(0.2)%

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 revenue 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 December 31, 2023 and 2022 are summarized as follows (in thousands). All hedging instruments are forward contracts, except as noted.

As of December 31, 2023	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	2,250	$ 1,670	100.0 %	September 2024
Philippine Peso	9,324,000	165,842 (1)	58.7 %	December 2026
Mexican Peso	938,000	44,155	60.8 %	December 2026
		$ 211,667		

As of December 31, 2022	Local Currency Notional Amount	U.S. Dollar Notional Amount
Canadian Dollar	12,000	$ 9,177
Philippine Peso	8,617,000	157,855 [1]
Mexican Peso	1,024,500	44,690
		$ 211,722

(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 December 31, 2023 and December 31, 2022.

The fair value of our cash flow hedges at December 31, 2023 was a net asset (in thousands):

	December 31, 2023	Maturing in the Next 12 Months
Canadian Dollar	$ 32	$ 32
Philippine Peso	1,921	528
Mexican Peso	6,578	5,753
	$ 8,531	$ 6,313

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 fair value of our cash flow hedges increased by $8.4 million from December 31, 2022 to December 31, 2023. The increase in fair value from December 31, 2022 primarily reflects changes in the currency translation between the U.S. dollar and Mexican Peso and U.S. dollar and Philippines Peso.

We recorded net gains/(losses) of $4.0 million, $(2.9) million, and $4.9 million for settled cash flow hedge contracts for the years ended December 31, 2023, 2022, and 2021, respectively. These gains/(losses) 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 II. Item 8. Financial Statements and Supplementary Data, Note 8 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 years ended 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 of 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 December 31, 2023 or 2022.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are located beginning on page F-1 of this report and incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

This Form 10-K includes the certifications of our Chief Executive Officer (the “CEO”) and Interim Chief Financial Officer (the “CFO”) required by Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). See Exhibits 31.1 and 31.2. This Item 9A 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 December 31, 2023, the end of the period covered by this Form 10-K. Based on this evaluation, our CEO and CFO have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) 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 control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of internal controls 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 error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. Over time, control 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.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed 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. Internal control over financial reporting includes those policies and procedures which (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets, (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, (c) provide reasonable assurance that receipts and expenditures are being made only in accordance with appropriate authorization of management and the Board of Directors, and (d) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

In connection with the preparation of this Annual Report on Form 10-K, our management, under the supervision and with the participation of our CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the framework established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of that evaluation, our management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023, the end of the period covered by this Form 10-K.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their report, which is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 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.

On February 26, 2024, TTEC entered into the Eighth Amendment (the "Amendment") to its Amended and Restated Credit Agreement dated as of June 3, 2013 (the "Credit Facility") to amend its net leverage ratio covenant, the lenders' commitment fee rate and margin, and the lenders' total commitment, among other items. Pursuant to the Amendment, for a period starting with the quarter ending March 31, 2024 through quarter ending March 31, 2025, the permitted maximum net leverage ratio will change from the current 3.5 to 1 to between 4.0 to 1 and 4.5 to 1, as may be applicable in different quarters; the lenders' commitment fee rate and margin would adjust each relevant quarter based on the effective net leverage ratio for that quarter; and the total lenders' commitment will reduce from $1.5 billion to $1.3 billion. At TTEC's option for any quarter during the Amendment period, the net leverage ratio and the corresponding lenders' commitment fee rate and margin can revert to pre-Amendment levels. The term of the Credit Facility will remain unchanged through November 23, 2026. This description of the material terms of the Amendment is qualified in its entirety by reference to the full text of the Amendment attached as Exhibit 10.98 to this Annual Report on Form 10-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information in our 2024 Definitive Proxy Statement on Schedule 14A, which will be filed no later than 120 days after December 31, 2023 (the "2024 Proxy Statement") regarding our executive officers under the heading "Information Regarding Executive Officers" is incorporated herein by reference. We have both the Ethics Code for Senior Executive and Financial Officers and the Ethics Code defining rules of conduct for our employees, partners and suppliers. Our Ethics Code for Senior Executive and Financial Officers applies to our Chief Executive Officer, President, Chief Financial Officer, lead executives of our business segments, Controller, Treasurer, the General Counsel, Chief Audit executive, senior financial officers of each operating segment and other persons performing similar functions. The Ethics Code defines conduct for all directors, officers, employees, partners and suppliers (as applicable). Both the Ethics Code for Senior Executive and Financial Officers and the Ethics Code are posted on our website at www.ttec.com on the Corporate Governance page. We will post on our website any amendments to or waivers under the Ethics Code for Senior Executive and Financial Officers in accordance with applicable laws and regulations.

There have been no material changes to the procedures by which stockholders may recommend nominees to the board of directors. The remaining information called for by this Item 10 is incorporated by reference herein from our 2024 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information in our 2024 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information regarding these matters is included in Part II, Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. Also the information in our 2024 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in our 2024 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

The information in our 2024 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. *Consolidated Financial Statements.*

   The Index to Consolidated Financial Statements is set forth on page F-1 of this report.

2. *Financial Statement Schedules.*

   All schedules for TTEC have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information is included in the respective Consolidated Financial Statements or notes thereto.

3. *Exhibits.*

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated Herein by Reference		
		Form	Exhibit	Filing Date
2.01**	Asset Purchase Agreement dated December 22, 2021, by and among TTEC Government Solutions LLC, Faneuil, Inc. and AJL Holdings, Inc.	8-K	2.01	12/27/2021
3.01**	Restated Certificate of Incorporation of TeleTech Holdings, Inc. filed with the State of Delaware on August 1, 1996	S-1/A	3.01	7/5/1996
3.03**	Certificate of Amendment of Incorporation of TTEC Holdings, Inc. (reflecting name change) with an effective date of January 1, 2018	8-K	3.03	1/9/2018
3.04**	Amended and Restated Bylaws of TTEC Holdings, Inc. (reflecting name change)	8-K	3.04	1/9/2018

4.01**	Description of Securities of TTEC Holdings, Inc. registered pursuant to Section 12 of the Securities Act of 1934	10-K	4.01	3/4/2020
10.01**	Equity Purchase Agreement, dated as of March 1, 2021, by and among NEPAS Holdings, LLC, Avtex Solutions Holdings, LLC and TTEC Digital, LLC (incorporated by reference as Exhibit 10.1 to TTEC's Form 8-K filed on March 3, 2021)	8-K	10.1	3/3/2021
10.06**	TeleTech Holdings, Inc. 2010 Equity Incentive Plan	DEF 14A	A	4/12/2010
10.07**	TTEC Holdings, Inc. 2020 Equity Incentive Plan	DEF 14A	A	4/3/2020
10.26**	Form of TTEC Holdings, Inc. Performance Restricted Stock Unit Agreement (Executive Committee Members) effective March 6, 2020	10-Q	10.26	5/4/2020
10.27**	Form of TTEC Holdings. Inc. Performance Restricted Stock Unit Agreement (Executive Committee Members) effective March 3, 2021	10-Q	10.27	8/3/2021
10.28**	Form of TTEC Holdings, Inc. Restricted Stock Unit Award Agreement effective July 1, 2021	10-Q	10.28	8/3/2021
10.29**	Form of TeleTech Holdings, Inc. Restricted Stock Unit Award Agreement (non-executive employees) effective July 1, 2014	10-K	10.29	3/9/2015
10.30**	Form of TeleTech Holdings, Inc. Restricted Stock Unit Award Agreement (Directors and Executive Committee Members) effective July 1, 2014	10-K	10.30	3/9/2015
10.31**	Independent Director Restricted Stock Unit Award Agreement (effective May 14, 2020)	10-Q	10.31	8/5/2020
10.33**	Form of Indemnification Agreement with Directors and Executive Officers	10-Q	10.33	11/8/2023
10.34*	Independent Director Compensation Arrangements (effective for the May 2023 – May 2024 Board Cycle)	10-K	10.34	2/29/2024
10.35**	Form of TTEC Holdings, Inc. Performance Restricted Stock Unit Agreement (Value Creation Program) effective March 15, 2022	10-Q	10.35	5/5/2022
10.40**	Employment Agreement between Kenneth D. Tuchman and TeleTech Holdings, Inc. dated October 15, 2001	10-K	10.68	4/1/2002
10.41**	Amendment to Employment Agreement between Kenneth D. Tuchman and TeleTech Holdings, Inc. dated December 31, 2008	10-K	10.17	2/23/2009
10.60**	Separation Agreement between Regina M. Paolillo and TTEC Services Corporation effective December 31, 2022	10-Q	10.60	11/09/2022
10.81**	Employment Agreement between David Seybold and TTEC Digital, LLC effective November 28, 2022	10-Q	10.81	11/09/2022
10.82**	Employment Agreement for Francois Bourret, Chief Accounting Officer and Interim CFO	8-K	10.82	1/5/2024
10.83**	Amendment #1 to Employment Agreement between David Seybold and TTEC Digital, LLC dated to be effective September 28, 2023	10-Q	10.83	11/08/2023
10.84**	Employment agreement between Michelle Swanback and TTEC Services Corporation effective May 2, 2022	10-Q	10.84	5/5/2022

10.85**	Amendment #1 to the Executive Employment Agreement between TTEC Holdings, Inc. and Michelle "Shelly" Swanback dated to be effective January 1, 2023	8-K	10.85	1/6/2023
10.86**	Amended and Restated Executive Employment Agreement between Margaret B. McLean and TTEC Services Corporation effective December 12, 2018	10-K	10.86	3/6/2019
10.87**	Executive Employment Agreement dated as of February 12, 2024, by and among TTEC Services Corporation and Kenneth R. Wagers, III	8-K	10.87	2/15/2024
10.90	Amended and Restated Credit Agreement, dated as of June 3, 2013, among TeleTech Holdings, Inc., the foreign borrowers party thereto, the lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and Fronting Lender, KeyBank National Association, Bank of America, N.A., BBVA Compass, and HSBC Bank USA, National Association, each as Documentation Agent and Wells Fargo Securities, LLC, KeyBank National Association, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BBVA Compass and HSBC Bank USA, National Association, as Joint Lead Arrangers	8-K	10.1	6/7/2013
10.91	First Amendment to Amended and Restated Credit Agreement and First Amendment to Amended and Restated Security Agreement for the senior secured revolving credit facility with a syndicate of lenders led by Wells Fargo Bank, National Association, as agent, swing line and fronting lender.	8-K	10.90	2/16/2016
10.96	Sixth Amendment to Amended and Restated Credit Agreement and Restated Security Agreement for a senior secured revolving credit facility with a syndicate of lenders led by Wells Fargo Bank, National Association, as agent, swing line and fronting lender	8-K	10.96	11/29/2021
10.97	Seventh Amendment to Amended and Restated Credit Agreement for a senior secured revolving credit facility with a syndicate of lenders led by Wells Fargo Bank, National Association, as agent, swing line and fronting lender	10-Q	10.97	5/5/2023
10.98*	Eighth Amendment to Amended and Restated Credit Agreement and Restated Security Agreement for a senior secured revolving credit facility with a syndicate of lenders led by Wells Fargo Bank, National Association, as agent, swing line and fronting lender	10-K	10.98	02/29/2024
21.1*	List of subsidiaries			
23.1*	Consent of Independent Registered Public Accounting Firm			
24.1*	Power of Attorney			
31.1*	Rule 13a-14(a) Certification of CEO of TTEC			
31.2*	Rule 13a-14(a) Certification of CFO of TTEC			
32.1*	Written Statement of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
32.2*	Written Statement of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			

97.1*	TTEC Incentives Recoupment Policy	10-K	97.1	2/29/2024
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 Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL			

* Filed or furnished herewith.
** Identifies exhibit that consists of or includes a management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on February 29, 2024.

TTEC HOLDINGS, INC.

By: /s/ KENNETH D. TUCHMAN
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 29, 2024, by the following persons on behalf of the registrant and in the capacities indicated:

Signature	Title
/s/ KENNETH D. TUCHMAN Kenneth D. Tuchman	PRINCIPAL EXECUTIVE OFFICER Chief Executive Officer and Chairman of the Board
/s/ FRANCOIS BOURRET Francois Bourret	PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER Interim Chief Financial Officer
* Steven J. Anenen	DIRECTOR
* Tracy L. Bahl	DIRECTOR
* Gregory A. Conley	DIRECTOR
* Robert N. Frerichs	DIRECTOR
* Marc L. Holtzman	DIRECTOR
* Gina Loften	DIRECTOR
* Ekta Singh-Bushell	DIRECTOR

* By /s/ Francois Bourret under Power of Attorney as attached hereto as Exhibit 24.1

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TTEC HOLDINGS, INC.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of TTEC Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of TTEC Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), of stockholders' equity and mezzanine equity, and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

As described in Note 1 to the consolidated financial statements, the Company recognizes revenue from contracts and programs when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration management expects to be entitled to in exchange for those goods or services. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. The Company's revenue was $2,463 million for the year ended December 31, 2023.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others (i) evaluating and recalculating for certain revenue transactions, on a sample basis, the revenue recognized by obtaining and inspecting source documents, such as executed contracts, invoices, shipping and delivery documents, and cash receipts; (ii) evaluating certain revenue transactions by testing the issuance and settlement of invoices and credit memos, tracing transactions not settled to a detailed listing of accounts receivable, and testing the completeness and accuracy of data provided by management; (iii) evaluating for certain revenue transactions, on a sample basis, the timing of revenue recognition by obtaining and inspecting shipping and delivery documents; and (iv) testing, on a sample basis, outstanding customer invoice balances as of year-end by obtaining and inspecting source documents, such as executed contracts, invoices, delivery documents, and subsequent cash receipts, where applicable.

Goodwill Impairment Assessment – TTEC Engage reporting unit

As described in Notes 1 and 6 to the consolidated financial statements, the Company's goodwill balance for the TTEC Engage segment was $308.4 million as of December 31, 2023, all of which relates to the Engage reporting unit. Management tests the Company's goodwill for impairment at least annually on December 1, and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. For the annual goodwill impairment analysis, management performed a Step 1 evaluation, which includes comparing a reporting unit's estimated fair value to its carrying value. The determination of fair value requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term growth rates for the businesses, the useful lives over which the cash flows will occur and determination of appropriate discount rates (based in part on the Company's weighted average cost of capital). Management used a market approach and an income approach to estimate the fair value of the reporting unit, which incorporated significant assumptions, including revenue projections, EBITDA margin projections, estimated tax rates, estimated capital expenditures and discount rates.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the TTEC Engage reporting unit as a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the TTEC Engage reporting unit using the income approach; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to revenue projections, EBITDA margin, and discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the TTEC Engage reporting unit. These procedures also included, among others (i) testing management's process for developing the fair value estimate; (ii) evaluating the appropriateness of the income approach used by management; (iii) testing the completeness and accuracy of underlying data used in the income approach; and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue projections, EBITDA margin, and discount rate. Evaluating management's assumptions related to revenue projections and EBITDA margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of TTEC Engage reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income approach to estimate the fair value and (ii) the reasonableness of the discount rate assumption.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
February 29, 2024

We have served as the Company's auditor since 2007.

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

	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 172,747	$ 153,435
Accounts receivable, net of allowance of $2,248 and $3,524	394,868	417,637
Prepaids and other current assets	95,064	133,365
Income and other tax receivables	18,524	45,533
Total current assets	681,203	749,970
Long-term assets		
Property, plant and equipment, net	191,003	183,360
Operating lease assets	121,574	92,431
Goodwill	808,988	807,845
Deferred tax assets, net	38,151	18,713
Other intangible assets, net	198,433	233,909
Income and other tax receivables, long-term	44,673	—
Other long-term assets	101,573	67,734
Total long-term assets	1,504,395	1,403,992
Total assets	$ 2,185,598	$ 2,153,962
LIABILITIES, STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY		
Current liabilities		
Accounts payable	$ 96,577	$ 93,937
Accrued employee compensation and benefits	146,184	145,096
Other accrued expenses	32,217	34,451
Income tax payable	4,909	7,166
Deferred revenue	81,171	87,846
Current operating lease liabilities	38,271	35,271
Other current liabilities	3,698	7,597
Total current liabilities	403,027	411,364
Long-term liabilities		
Line of credit	995,000	960,000
Deferred tax liabilities, net	3,137	3,829
Non-current income tax payable	—	9,140
Non-current operating lease liabilities	96,809	69,575
Other long-term liabilities	72,083	66,304
Total long-term liabilities	1,167,029	1,108,848
Total liabilities	1,570,056	1,520,212
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interest	—	55,645
Stockholders' equity		
Preferred stock; $0.01 par value; 10,000,000 shares authorized; zero shares outstanding as of December 31, 2023 and December 31, 2022	—	—
Common stock; $0.01 par value; 150,000,000 shares authorized; 47,427,200 and 47,224,074 shares outstanding as of December 31, 2023 and December 31, 2022, respectively	474	472
Additional paid-in capital	407,415	367,673
Treasury stock at cost: 34,625,053 and 34,828,179 shares as of December 31, 2023 and December 31, 2022, respectively	(589,807)	(593,164)
Accumulated other comprehensive income (loss)	(89,876)	(126,301)
Retained earnings	870,429	911,233
Noncontrolling interest	16,907	18,192
Total stockholders' equity	615,542	578,105
Total liabilities, stockholders' equity and mezzanine equity	$ 2,185,598	$ 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)

	Year Ended December 31,		
	2023	**2022**	**2021**
Revenue	$ 2,462,817	$ 2,443,707	$ 2,273,062
Operating expenses			
Cost of services (exclusive of depreciation and amortization presented separately below)	1,932,877	1,856,518	1,704,109
Selling, general and administrative	290,873	287,433	239,994
Depreciation and amortization	101,272	111,791	96,706
Restructuring charges, net	8,041	5,673	3,807
Impairment losses	11,733	13,749	11,254
Total operating expenses	2,344,796	2,275,164	2,055,870
Income from operations	118,021	168,543	217,192
Other income (expense)			
Interest income	5,150	1,811	761
Interest expense	(78,321)	(36,067)	(12,384)
Other income (expense), net	(4,126)	10,161	2,315
Total other income (expense)	(77,297)	(24,095)	(9,308)
Income before income taxes	40,724	144,448	207,884
Provision for income taxes	(22,460)	(27,115)	(49,695)
Net income	18,264	117,333	158,189
Net income attributable to noncontrolling interest	(9,836)	(14,093)	(17,219)
Net income attributable to TTEC stockholders	$ 8,428	$ 103,240	$ 140,970
Other comprehensive income (loss)			
Net income	$ 18,264	$ 117,333	$ 158,189
Foreign currency translation adjustments	30,783	(28,688)	(17,551)
Derivative valuation, gross	8,416	178	(11,452)
Derivative valuation, tax effect	(2,190)	(49)	2,981
Other, net of tax	(391)	183	(391)
Total other comprehensive income (loss)	36,618	(28,376)	(26,413)
Total comprehensive income (loss)	54,882	88,957	131,776
Less: Comprehensive income attributable to noncontrolling interest	(9,501)	(12,679)	(12,067)
Comprehensive income attributable to TTEC stockholders	$ 45,381	$ 76,278	$ 119,709
Weighted average shares outstanding			
Basic	47,335	47,121	46,890
Diluted	47,419	47,335	47,386
Net income per share attributable to TTEC stockholders			
Basic	$ 0.18	$ 2.19	$ 3.01
Diluted	$ 0.18	$ 2.18	$ 2.97

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

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

	Stockholders' Equity of the Company								
	Common Stock		Treasury	Additional	Accumulated Other Comprehensive	Retained	Noncontrolling		Mezzanine
	Shares	Amount	Stock	Paid-in Capital	Income (Loss)	Earnings	interest	Total Equity	Equity
Balance as of December 31, 2020	46,737	$ 467	$ (601,214)	$ 360,293	$ (72,156)	$ 757,312	$ 13,060	$ 457,762	$ 52,976
Net income	—	—	—	—	—	140,970	12,210	153,180	5,009
Dividends to shareholders ($0.90 per common share)	—	—	—	—	—	(42,217)	—	(42,217)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(9,315)	(9,315)	(1,669)
Foreign currency translation adjustments	—	—	—	—	(17,408)	—	(143)	(17,551)	—
Derivatives valuation, net of tax	—	—	—	—	(8,471)	—	—	(8,471)	—
Vesting of restricted stock units	253	3	4,183	(15,583)	—	—	—	(11,397)	—
Equity-based compensation expense	—	—	—	16,425	—	—	—	16,425	—
Other, net of tax	—	—	—	—	(391)	—	—	(391)	—
Balance as of December 31, 2021	46,990	$ 470	$ (597,031)	$ 361,135	$ (98,426)	$ 856,065	$ 15,812	$ 538,025	$ 56,316
Net income	—	—	—	—	—	103,240	13,180	116,420	913
Dividends to shareholders ($1.02 per common share)	—	—	—	—	—	(48,072)	—	(48,072)	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(10,299)	(10,299)	(1,584)
Foreign currency translation adjustments	—	—	—	—	(28,187)	—	(501)	(28,688)	—
Derivatives valuation, net of tax	—	—	—	—	129	—	—	129	—
Vesting of restricted stock units	234	2	3,867	(11,033)	—	—	—	(7,164)	—
Equity-based compensation expense	—	—	—	17,571	—	—	—	17,571	—
Other, net of tax	—	—	—	—	183	—	—	183	—
Balance as of December 31, 2022	47,224	$ 472	$ (593,164)	$ 367,673	$ (126,301)	$ 911,233	$ 18,192	$ 578,105	$ 55,645
Noncontrolling interest adjustment due to buyout	—	—	—	24,067	—	—	—	24,067	(24,067)
Net income	—	—	—	—	—	8,428	9,308	17,736	528
Dividends to shareholders ($1.04 per common share)	—	—	—	—	—	(49,232)	—	(49,232)	—
Buyout of noncontrolling interest	—	—	—	—	—	—	—	—	(31,920)
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(10,786)	(10,786)	(186)
Foreign currency translation adjustments	—	—	—	—	30,590	—	193	30,783	—
Derivatives valuation, net of tax	—	—	—	—	6,226	—	—	6,226	—
Vesting of restricted stock units	203	2	3,357	(6,396)	—	—	—	(3,037)	—
Equity-based compensation expense	—	—	—	22,071	—	—	—	22,071	—
Other, net of tax	—	—	—	—	(391)	—	—	(391)	—
Balance as of December 31, 2023	47,427	$ 474	$ (589,807)	$ 407,415	$ (89,876)	$ 870,429	$ 16,907	$ 615,542	$ —

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)

	Year Ended December 31,		
	2023	**2022**	**2021**
Cash flows from operating activities			
Net income	$ 18,264	$ 117,333	$ 158,189
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	101,272	111,791	96,706
Amortization of contract acquisition costs	2,288	2,065	983
Amortization of debt issuance costs	1,067	1,018	1,016
Imputed interest expense and fair value adjustments to contingent consideration	7,579	1,746	1,168
Provision for credit losses	2,009	9,391	(350)
Loss on disposal of assets	2,219	1,916	1,127
Loss on dissolution of subsidiary	301	—	—
Impairment losses	11,733	13,749	11,254
Deferred income taxes	(7,528)	(11,001)	831
Excess tax benefit from equity-based awards	1,705	(1,122)	(5,301)
Equity-based compensation expense	22,071	17,571	16,425
(Gain) loss on foreign currency derivatives	(3)	(7)	(213)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	22,359	(74,564)	40,156
Prepaids and other assets	8,570	43,699	18,407
Accounts payable and accrued expenses	9,518	(12,695)	(17,209)
Deferred revenue and other liabilities	(58,659)	(83,842)	(71,893)
Net cash provided by operating activities	144,765	137,048	251,296
Cash flows from investing activities			
Proceeds from sale of long-lived assets	261	229	93
Purchases of property, plant and equipment, net of acquisitions	(67,839)	(84,012)	(60,358)
Acquisitions, net of cash acquired of zero, zero, and $18,638, respectively	—	(142,420)	(481,718)
Net cash used in investing activities	(67,578)	(226,203)	(541,983)
Cash flows from financing activities			
Net proceeds from/(repayments of) line of credit	35,000	169,000	406,000
Payments on other debt	(2,317)	(3,245)	(6,626)
Payments of contingent consideration and hold-back payments to acquisitions	(37,676)	(9,600)	(11,517)
Dividends paid to shareholders	(49,232)	(48,072)	(42,217)
Payments to noncontrolling interest	(10,972)	(11,883)	(10,984)
Tax payments related to issuance of restricted stock units	(3,037)	(7,164)	(11,397)
Payments of debt issuance costs	—	—	(3,614)
Net cash (used in)/provided by financing activities	(68,234)	89,036	319,645
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,112)	(13,499)	(7,291)
Increase/(decrease) in cash, cash equivalents and restricted cash	6,841	(13,618)	21,667
Cash, cash equivalents and restricted cash, beginning of period	167,064	180,682	159,015
Cash, cash equivalents and restricted cash, end of period	$ 173,905	$ 167,064	$ 180,682
Supplemental disclosures			
Cash paid for interest	$ 77,199	$ 34,984	$ 11,188
Cash paid for income taxes	$ 46,129	$ 42,563	$ 71,392
Non-cash investing and financing activities			
Acquisition of long-lived assets through finance leases	$ 3,126	$ 461	912
Acquisition of equipment through increase in accounts payable, net	$ 2,626	$ 3,346	$ (2,243)

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

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(1) OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview

Founded in 1983, TTEC Holdings, Inc. ("TTEC", "the Company"; pronounced "T-TEC") is a global customer experience ("CX") outsourcing partner for marquis and disruptive brands and public sector clients. The Company designs, builds, and operates technology-enabled customer experiences across digital and live interaction channels to help clients increase customer loyalty, revenue, and profitability. By combining digital solutions with data-driven service capabilities, the Company helps clients improve their customer satisfaction while lowering their total cost to serve. As of December 31, 2023, TTEC served over 750 clients across targeted industry verticals including financial services, healthcare, public sector, telecom, technology, media, travel and hospitality, automotive and retail.

The Company operates and reports its financial results of operation through two business segments:

- **TTEC Digital** is one of the largest CX technology providers and is focused exclusively on the intersection of Contact Center as a Service (CCaaS), Customer Relationship Management (CRM), and Artificial Intelligence (AI) and Analytics. A professional services organization comprised of software engineers, systems architects, data scientists and CX strategists, this segment creates and implements strategic CX transformation roadmaps; sells, operates, and provides managed services for cloud platforms and premise based CX technologies including Amazon Web Services, Cisco, Genesys, Google, and Microsoft; and creates proprietary IP to support industry specific and custom client needs. TTEC Digital serves clients across Enterprise and Small & Medium Sized business segments and has a dedicated unit with government technology certifications serving the public sector.
- **TTEC Engage** provides the digitally enabled CX operational and managed services to support large, complex enterprise clients' end-to-end customer interactions at scale. Tailored to meet industry specific and business needs, this segment delivers data-driven omnichannel customer care, customer acquisition, growth, and retention services, tech support, trust and safety and back-office solutions. The segment's technology-enabled delivery model covers the entire associate lifecycle including recruitment, onboarding, training, delivery, workforce management and quality assurance.

TTEC demonstrates its market leadership through strategic collaboration across TTEC Digital and TTEC Engage when there is client demand and fit for the Company's integrated solutions. This partnership is central to the Company's ability to deliver comprehensive and transformational customer experience solutions to its clients, including integrated delivery, go-to-market and innovation for truly differentiated, market leading CX solutions.

During 2023, the combined TTEC Digital and TTEC Engage global operating platform delivered onshore, nearshore and offshore services in 22 countries on six continents – the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Colombia, Costa Rica, Egypt, Germany, Greece, Honduras, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, South Africa, Thailand, and the United Kingdom – with the help of over 60,000 customer care associates, consultants, technologists, and CX professionals.

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.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the U.S. (“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 on-going 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 year ended December 31, 2023 included an adjustment of $14.2 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 $14.2 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. As such, management recorded the correction as an out-of-period adjustment in the year ended December 31, 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 less than 90 days. Restricted cash includes cash whereby the Company’s ability to use the funds at any time is contractually limited or is generally designated for specific purposes arising out of certain contractual or other obligations.

The Company manages a centralized global treasury function in the United States with a focus on safeguarding and optimizing the use of its global cash and cash equivalents. The Company’s cash is held in the U.S. in U.S. dollars and outside of the U.S. in U.S. dollars and foreign currencies. The Company believes that it has effectively mitigated and managed its risk relating to its global cash through its cash management practices, banking partners, and utilization of diversified bank deposit accounts and high quality investments. However, the Company can provide no assurances that it will not sustain losses.

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):

	December 31, 2023	December 31, 2022	December 31, 2021
Cash and cash equivalents	$ 172,747	$ 153,435	$ 158,205
Restricted cash included in "Prepaid and other current assets"	1,158	13,629	22,477
Total	$ 173,905	$ 167,064	$ 180,682

Concentration of Credit Risk

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

Fair Value of Financial Instruments

Fair values of cash equivalents, accounts receivable, accounts payable and debt approximate the carrying amounts because of their short-term nature.

Accounts Receivable

At the end of each quarter an allowance for credit losses will be calculated based on the current quarterly revenue multiplied by the historical loss percentage of the prior three-year period and recorded in the income statement. In addition to the evaluation of historical losses, the Company considers current and future economic conditions and events such as changes in customer credit quality and liquidity. The Company will write-off accounts receivable against this allowance when the Company determines a balance is uncollectible.

Derivatives

The Company enters into foreign exchange forward and option contracts to reduce its 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. The Company formally documents at the inception of the hedge all relationships between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedging activities.

All derivative financial instruments are reported at fair value and recorded in Prepaids and other current assets, Other long-term assets, Other current liabilities, and Other long-term liabilities in the accompanying Consolidated Balance Sheets as applicable for each period end. Changes in fair value of derivative instruments designated as cash flow hedges are recorded in Accumulated other comprehensive income (loss), a component of Stockholders' Equity, to the extent they are deemed effective. Ineffectiveness is measured based on the change in fair value of the forward contracts and the fair value of the hypothetical derivatives with terms that match the critical terms of the risk being hedged. Based on the criteria established by current accounting standards, the Company's cash flow hedge contracts are deemed to be highly effective. Any realized gains or losses resulting from the foreign currency cash flow hedges are recognized together with the hedged transaction within Revenue. Gains and losses from the settlements of the Company's net investment hedges remain in Accumulated other comprehensive income (loss) until partial or complete liquidation of the applicable net investment.

The Company also enters into fair value derivative contracts that hedge against foreign currency exchange gains and losses primarily associated with short-term payables and receivables. Changes in the fair value of derivative instruments designated as fair value hedges affect the carrying value of the asset or liability hedged, with changes in both the derivative instrument and the hedged asset or liability being recognized in Other income (expense), net in the accompanying Consolidated Statements of Comprehensive Income (Loss).

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and amortization. Maintenance, repairs and minor renewals are expensed as incurred.

Depreciation and amortization are computed on the straight-line method based on the following estimated useful lives:

Building	30 years
Computer equipment and software	3 to 7 years
Telephone equipment	4 to 7 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of economic useful life (typically 10 years) or original lease term
Other	3 to 7 years

The Company evaluates the carrying value of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset is considered to be impaired when the forecasted undiscounted cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of forecasted future cash flows.

Software Development Costs

The Company capitalizes costs incurred to acquire or develop software for internal use. Capitalized software development costs are amortized using the straight-line method over the estimated useful life equal to the lesser of the license term or 4 or 7 years depending on the software type. The expense related to these assets has been classified as amortization expense within the income statement except for assets that are classified as cloud computing arrangements which will be expensed as operating expenses within the income statement.

Goodwill

The Company evaluates goodwill for possible impairment at least annually on December 1, and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company uses a two-step process to assess the realizability of goodwill. The first step, Step 0, is a qualitative assessment that analyzes current economic indicators associated with a particular reporting unit. For example, the Company analyzes changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there would be a significant decline to the fair value of a particular reporting unit. A qualitative assessment also includes analyzing the excess fair value of a reporting unit over its carrying value from impairment assessments performed in previous years. If the qualitative assessment indicates a stable or improved fair value, no further testing is required.

If a qualitative assessment indicates that a significant decline to fair value of a reporting unit is more likely than not, or if a reporting unit's fair value has historically been closer to its carrying value, the Company will proceed to Step 1 testing where the Company calculates the fair value of a reporting unit. If Step 1 indicates that the carrying value of a reporting unit is in excess of its fair value, the Company will record an impairment equal to the amount by which a reporting unit's carrying value exceeds its fair value.

Other Intangible Assets

The Company has other intangible assets that include customer relationships (definite-lived), trade names (definite-lived) and non-compete agreements (definite-lived). Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from 1 to 12 years. The Company evaluates the carrying value of its definite-lived intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A definite-lived intangible asset is considered to be impaired when the forecasted undiscounted cash flows of its asset group are estimated to be less than its carrying value.

The Company evaluates indefinite-lived intangible assets for possible impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Similar to goodwill, the Company may first use a qualitative analysis to assess the realizability of its indefinite-lived intangible assets. The qualitative analysis will include a review of changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there would be a significant decline to the fair value of an indefinite-lived intangible asset. If a quantitative analysis is completed, an indefinite-lived intangible asset (i.e. trade name) is evaluated for possible impairment by comparing the fair value of the asset with its carrying value. Fair value is estimated as the discounted value of future revenues arising from a trade name using a royalty rate that a market participant would pay for use of that trade name. An impairment charge is recorded if the intangible asset's carrying value exceeds its estimated fair value.

Restructuring Liabilities

The Company routinely assesses the profitability and utilization of its customer engagement centers and existing markets. In some cases, the Company has chosen to close under-performing customer engagement centers and complete reductions in workforce to enhance future profitability. Severance payments that occur from reductions in workforce are in accordance with the Company’s postemployment plans and/or statutory requirements that are communicated to all employees upon hire date; therefore, severance liabilities are recognized when they are determined to be probable and reasonably estimable. Other liabilities for costs associated with an exit or disposal activity are recognized when the liability is incurred, rather than upon commitment to a plan.

Income Taxes

Accounting for income taxes 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 or tax returns. 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 enacted tax rates in effect for the year in which the differences are expected to reverse. Gross deferred tax assets may then be reduced by a valuation allowance for amounts that do not satisfy the realization criteria established by current accounting standards.

The Company accounts for uncertain tax positions using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on audit. The second step is to estimate and measure the tax benefit as the amount that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. The Company evaluates these uncertain tax positions on a quarterly basis. This evaluation is based on the consideration of several factors including changes in facts or circumstances, changes in applicable tax law, and settlement of issues under audit. The Company recognizes interest and penalties related to uncertain tax positions as a part of the Provision for income taxes in the accompanying Consolidated Statements of Comprehensive Income (Loss).

During the fourth quarter of 2023, the Company released its indefinite reinvestment assertion. The Company has completed its analysis in regard to the full tax impact of these changes in its indefinite reinvestment reassertion and any related taxes have been recorded. The Company generally intends to limit distributions from non-U.S. subsidiaries to cash balances available in foreign jurisdictions.

No additional income taxes have been provided for any remaining outside basis difference inherent in our foreign subsidiaries as these amounts continue to be indefinitely reinvested in foreign operations. Determination of any unrecognized deferred tax liability related to the outside basis difference in investments in foreign subsidiaries is not practicable due to the inherent complexity of the multi-national tax environment in which we operate.

The Organization for Economic Co-operation and Development (OECD), supported by 140 of their member countries, have agreed to implement a minimum 15% tax rate on certain multinational enterprises and have released model guidance. This global minimum tax, known as the Pillar Two framework, will become effective across various countries starting in 2024, as each country works to enact legislation influenced by the OECD Pillar 2 rules. While the Company does not expect the adoption of the Pillar Two framework to have a material impact on its effective tax rate, the Company continues to evaluate additional guidance released by the OECD, along with the pending and adopted legislation in each of the countries in which we operate.

Revenue Recognition

The Company recognizes revenue from contracts and programs when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Performance obligation is the unit of accounting for revenue recognition under the provisions of ASC Topic 606, “Revenue from Contracts with Customers” and all related amendments (“ASC 606”). A contract’s transaction price is allocated to each distinct performance obligation in recognizing revenue.

The Business Process Outsourcing (“BPO”) inbound and outbound service fees are based on either a per minute, per hour, per FTE, per transaction or per call basis, which represents the majority of our contracts. These contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For example, services for the training of the Company’s agents (which are separately billable to the customer) are a separate promise in the BPO contracts, but they are not distinct from the primary service obligations to transfer services to the customers. The performance of the customer service by the agents is highly dependent on the initial, growth, and seasonal training services provided to the agents during the life of a program. The training itself is not considered to have value to the customer on a standalone basis, and therefore, training on a standalone basis cannot be considered a separate unit of accounting. The Company therefore defers revenue from certain training services that are rendered mainly upon commencement of a new client contract or program, including seasonal programs. Revenue is also deferred when there is significant growth training in an existing program. Accordingly, recognition of initial, growth, and seasonal training revenues and associated costs (consisting primarily of labor and related expenses) are deferred and amortized over the period of economic benefit. With the exception of training which is typically billed upfront and deferred, the remainder of revenue is invoiced on a monthly or quarterly basis as services are performed and does not create a contract asset or liability.

In addition to revenue from BPO services, revenue also consists of fees from services for program launch, professional consulting, fully-hosted or managed technology and learning innovation services. The contracts containing these service offerings may contain multiple performance obligations. For contracts with multiple performance obligations, the Company allocates the contract’s transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the Company forecasts its expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service. The Company forecasts its expected cost based on historical data, current prevailing wages, other direct and indirect costs incurred in recently completed contracts, market conditions, and other client specific cost considerations. For these services, the point at which the transfer of control occurs determines when revenue is recognized in a specific reporting period. Within the TTEC Digital segment, where there are product sales, the attribution of revenue is recognized when the transfer of control is completed and the products are delivered to the client’s location. Where services are rendered to a customer, the attribution is aligned with the progress of work and is recognized over time (i.e. based on measuring the progress toward complete satisfaction of a performance obligation using an output method or an input method). Where an output method is used, revenue is recognized on the basis of direct measurements of the value to the customer of the goods or services transferred relative to the remaining goods or services promised under the contract. The majority of the Company’s services are recognized over time using the input method in which revenue is recognized on the basis of efforts or inputs toward satisfying a performance obligation (for example, resources consumed, labor hours expended, costs incurred, or time elapsed) relative to the total expected inputs to satisfy the performance obligation. The measures used provide faithful depiction of the transfer of goods or services to the customers. For example, revenue is recognized on certain consulting contracts based on labor hours expended as a measurement of progress where the consulting work involves input of consultants’ time. The progress is measured based on the hours expended over total number of estimated hours included in the contract multiplied by the total contract consideration. The contract consideration can be a fixed price or an hourly rate, and in either case, the use of labor hours expended as an input measure provides a faithful depiction of the transfer of services to the customers. Deferred revenues for these services represent amounts collected from, or invoiced to, customers in excess of revenues recognized. This results primarily from i) receipt of license fees that are deferred due to one or more of the revenue recognition criteria not being met, and ii) the billing of annual customer support agreements, annual managed service agreements, and billings for other professional services that have not yet been performed by the Company. The Company records amounts billed and received, but not earned, as deferred revenue. These amounts are recorded in either Deferred revenue or Other long-term liabilities, as applicable, in the accompanying Consolidated Balance Sheets based on the period over which the Company expects to render services. Costs directly associated with revenue deferred, consisting primarily of labor and related expenses, are also deferred and recognized in proportion to the expected future revenue from the contract.

Variable consideration exists in contracts for certain client programs that provide for adjustments to monthly billings based upon whether the Company achieves, exceeds or fails certain performance criteria. Adjustments to monthly billings consist of contractual bonuses/penalties, holdbacks and other performance based conditions. Variable consideration is estimated at contract inception at its most likely value and updated at the end of each reporting period as additional performance data becomes available. Revenue related to such variable consideration is recognized only to the extent that a significant reversal of any incremental revenue is not considered probable.

Contract modifications are routine in the performance of the customer contracts. Contracts are often modified to account for customer mandated changes in the contract specifications or requirements, including service level changes. In most instances, contract modifications relate to goods or services that are incremental and distinctly identifiable, and, therefore, are accounted for prospectively.

Incremental Costs to Obtain a Contract

Direct and incremental costs to obtain or fulfill a contract are capitalized, and the capitalized costs are amortized over the corresponding period of benefit, determined on a contract by contract basis. The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a customer contract that it would not have incurred if the contract had not been obtained. Contract acquisition costs consist primarily of payment of commissions to sales personnel and are incurred when customer contracts are signed. The deferred sales commission amounts are amortized based on the expected period of economic benefit and are classified as current or non-current based on the timing of when they are expected to be recognized as an expense. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. Sales commissions are paid for obtaining new clients only and are not paid for contract renewals or contract modifications. Capitalized costs of obtaining contracts are periodically reviewed for impairment. As of December 31, 2023 and 2022, the Company has a deferred asset of $8.5 million and $6.6 million, respectively, related to sales commissions.

In certain cases, the Company negotiates an upfront payment to a customer in conjunction with the execution of a contract. Such upfront payments are critical to acquisition of new business and are often used as an incentive to negotiate favorable rates from the clients and are accounted for as upfront discounts for future services. Such payments are either made in cash at the time of execution of a contract or are netted against the Company’s service invoices. Payments to customers are capitalized as contract acquisition costs and are amortized in proportion to the expected future revenue from the contract, which in most cases results in straight-line amortization over the life of the contract. Such payments are considered a reduction of the selling prices of the Company’s products or services, and therefore, are accounted for as a reduction of revenue when amortized. Such capitalized contract acquisition costs are periodically reviewed for impairment taking into consideration ongoing future cash flows expected from the contract and estimated remaining useful life of the contract.

Practical Expedients and Exemptions

Some of the Company's service contracts are short-term in nature with a contract term of one year or less. For those contracts, the Company has utilized the practical expedient in ASC 606-10-50-14 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. Also in alignment with ASC 606-10-50-14, the Company does not disclose the value of unsatisfied performance obligations for contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed. Additionally, the Company's standard payment terms are less than one year from transfer of goods or services. Given the foregoing, the Company has elected the practical expedient under ASC 606-10-32-18 to not assess whether a contract has a significant financing component. Pursuant to the Company's election of the practical expedient under ASC 606-10-32-2A, sales, value add, and other taxes that are collected from customers concurrent with revenue-producing activities, which the Company has an obligation to remit to the governmental authorities, are excluded from revenue.

Lease Expense

The Company has negotiated certain rent holidays, landlord/tenant incentives and escalations in the base price of lease payments over the initial term of its operating leases. The initial term could include the "build-out" period of leases, where no lease payments are typically due. The Company recognizes rent holidays and rent escalations on a straight-line basis to lease expense over the lease term. The landlord/tenant incentives are recorded as a reduction to the right of use asset and depreciated on a straight line basis over the remaining lease term once the assets are placed in service.

Equity-Based Compensation Expense

Equity-based compensation expense for all share-based payment awards granted is determined based on the grant-date fair value net of an estimated forfeiture rate on a straight-line basis over the requisite service period of the award, which is typically the vesting term of the share-based payment award. The Company estimates the forfeiture rate annually based on its historical experience of forfeited awards.

Foreign Currency Translation

The assets and liabilities of the Company's foreign subsidiaries, whose functional currency is not the U.S. Dollar, are translated at the exchange rates in effect on the last day of the period and income and expenses are translated using the monthly average exchange rates in effect for the period in which the items occur. Foreign currency translation gains and losses are recorded in Accumulated other comprehensive income (loss) within Stockholders' Equity. Foreign currency transaction gains and losses are included in Other income (expense), net in the accompanying Consolidated Statements of Comprehensive Income (Loss).

Recently Adopted Accounting Pronouncements

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

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.

Other Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting - Improvements to Reportable Segment Disclosures" related to disclosures regarding a public entity's reportable segments and provides more detailed information about a reportable segment's expenses. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024, with retrospective application required. The Company is assessing the effect on its annual consolidated financial statement disclosures; however, adoption will not impact the Company's consolidated balance sheets or income statements.

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" to enhance the transparency and decision usefulness of income tax disclosures. The ASU is effective for fiscal years beginning after December 15, 2024, with retrospective application permitted. The Company is assessing the effect on its annual consolidated financial statement disclosures; however, adoption will not impact the Company's consolidated balance sheets or income statements.

(2) ACQUISITIONS

Serendebyte

In connection with the acquisition by TTEC Digital, LLC of a 70% interest in Serendebyte Inc. ("Serendebyte"), Serendebyte's founder exercised his put rights on December 8, 2023, which required TTEC to acquire the remaining 30% interest in Serendebyte. As part of the exercise, the Serendebyte founder failed to fulfill the agreed provisions of the sale and purchase agreement that parties executed on February 7, 2020. Pending completion of the put exercise formalities by Serendebyte's founder, TTEC Digital is not able to determine the final purchase price for the remaining 30% buyout agreement.

In connection with triggering the option, on December 8, 2023, a $0.3 million accrual was reclassified from Redeemable noncontrolling interest to Accrued expenses and the remaining balance was reclassified to Additional paid in capital.

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 a 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 price 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.

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 range from a minimum of zero to an unlimited maximum. Based on the model, a combined $8.8 million expected future payment was calculated and recorded as of the acquisition date. During 2022, a $2.9 million net gain was recorded related to fair value adjustments for the estimated contingent payments based on changes in estimated EBITDA, 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 second quarter of 2023, an amendment to the agreement was signed which modified the contingent payment to a minimum payment of $7.4 million and a maximum payment of $10.4 million. An initial payment of $7.4 million was completed in May 2023. During 2023, a combined $3.0 million net expense was recorded related to fair value adjustments for the estimated contingent payment based on changes in estimated EBITDA, 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 December 31, 2023, the contingent payment is accrued at $1.5 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, therefore, the remaining $78 thousand accrual was removed and included in Other income. As of December 31, 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 2022, reductions in the fair value were calculated and a combined $4.6 million expense was 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 2023, the payout value related to the IT and facilities reimbursement was finalized at $1.3 million, and an expense of $4.4 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).

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, and the discount rate.

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

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

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, but not limited to, the acquired workforce and expected synergies with the TTEC Engage segment. The tax basis of the acquired intangibles and goodwill will be materially deductible for income tax purposes. The acquired goodwill and intangibles and operating results of Faneuil are reported within the TTEC Engage segment from the date of acquisition.

Avtex

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

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

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

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

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

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

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

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

Financial Impact of Acquired Businesses

The acquired businesses purchased in 2022 and 2021 noted above contributed revenues of $422.8 million and $355.9 million, and a net income of $81.3 million and $22.2 million, to the Company for the years ended December 31, 2023 and 2022, respectively.

The unaudited proforma financial results for the twelve months ended 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 $2,443.7 million and $103.2 million would have been $2,485.7 million and $106.6 million for the year ended December 31, 2022, respectively, on an unaudited proforma basis.

The unaudited proforma financial results for the twelve months ended 2021 combines the consolidated results of the Company, Fanueil assuming the acquisition had been completed on January 1, 2021, and Avtex assuming the acquisition had been completed on January 1, 2020. The reported revenue and net income of $2,273.1 million and $141.0 million would have been $2,447.3 million and $156.3 million for the year ended December 31, 2021, respectively, on an unaudited proforma basis.

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

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

(3) SEGMENT INFORMATION

The Company reports the following two segments:

TTEC Digital and the CX Technology Services Industry

TTEC Digital buyers are seeking solutions in several areas including cost optimization, migration from outdated legacy platforms to more agile cloud environments, lack of CX talent and expertise and a need for a practical way forward with AI. TTEC Digital takes a technology agnostic approach to these challenges and focuses on designing and delivering solutions specific to each client's specifications. TTEC Digital has entered into strategic partnerships with the leading CX software vendors including Genesys, Microsoft, Cisco, AWS and Google which positions TTEC Digital to support the majority of CX platform requirements.

TTEC Digital's solutions are built to respond to market needs for both enterprise and small and medium-sized business clients. AI design and delivery capabilities are woven across all four pillars.

- Managed Services: Cloud application and premise support
- CX Consulting: Transformation strategy and design
- CX Analytics: Data science, engineering, and visualization
- IP & Software: Custom software engineering through TTEC Digital's IP and Software division

The segment has a three-pronged go to market strategy that includes growing existing client relationships, partner channel motions and general market development. In 2023, TTEC Digital expanded its Hyderabad Innovation Studio in India with the goal of continuing to expand its offshore delivery capabilities, and currently approximately 40% of the staff are located in one of several offshore locations.

TTEC Engage and the CX BPO Services Industry

The TTEC Engage segment's solutions are built to respond to the following market needs for clients.

- Customer Support
- Tech Support
- Revenue Generation and Growth Services
- Trust & Safety
- AI Operations, including data annotation and labeling
- Back-office Support

TTEC HOLDINGS, INC. AND SUBSIDIARIES
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TTEC Engage goes to market through a vertical approach with customized solutions that include industry specific talent, technology, certifications, and capabilities. For example, in the Banking, Financial Services and Insurance (BFSI) vertical, we support several lines of business with customized offerings for retail banking, online banking, credit card, property and casualty and loans. In healthcare, the segment supports care, technical support, revenue generation and back-office capabilities to meet the needs of payer, provider, clinical and pharma clients.

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.

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

Year Ended December 31, 2023

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 486,882	$ —	$ 486,882	$ 27,232	$ 29,846
TTEC Engage	1,975,935	—	1,975,935	74,040	88,175
Total	$ 2,462,817	$ —	$ 2,462,817	$ 101,272	$ 118,021

Year Ended December 31, 2022

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 463,667	$ 3	$ 463,670	$ 32,321	$ 34,895
TTEC Engage	1,980,037	—	1,980,037	79,470	133,648
Total	$ 2,443,704	$ 3	$ 2,443,707	$ 111,791	$ 168,543

Year Ended December 31, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 414,148	$ (44)	$ 414,104	$ 30,468	$ 35,437
TTEC Engage	1,858,965	(7)	1,858,958	66,238	181,755
Total	$ 2,273,113	$ (51)	$ 2,273,062	$ 96,706	$ 217,192

	For the Year Ended December 31,		
	2023	2022	2021
Capital Expenditures			
TTEC Digital	$ 8,232	$ 9,155	$ 8,919
TTEC Engage	59,607	74,857	51,439
Total	$ 67,839	$ 84,012	$ 60,358

	December 31,		
	2023	2022	2021
Total Assets			
TTEC Digital	$ 815,488	$ 811,258	$ 828,255
TTEC Engage	1,370,110	1,342,704	1,168,549
Total	$ 2,185,598	$ 2,153,962	$ 1,996,804

TTEC HOLDINGS, INC. AND SUBSIDIARIES
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The following tables present certain financial data based upon the geographic location where the services are provided (in thousands):

	As of and for the Year Ended December 31,		
	2023	2022	2021
Revenue			
United States / Canada	$ 1,710,716	$ 1,738,053	$ 1,570,791
Philippines / Asia Pacific / India	477,455	457,526	476,395
Europe / Middle East / Africa	142,665	131,575	110,909
Latin America	131,981	116,553	114,967
Total	$ 2,462,817	$ 2,443,707	$ 2,273,062
Property, plant and equipment, gross			
United States / Canada	$ 506,092	$ 631,459	$ 620,407
Philippines / Asia Pacific / India	170,403	162,857	173,075
Europe / Middle East / Africa	30,290	21,435	19,594
Latin America	45,731	41,892	47,540
Total	$ 752,516	$ 857,643	$ 860,616
Other long-term assets			
United States / Canada	$ 90,810	$ 56,372	$ 68,052
Philippines / Asia Pacific / India	7,752	8,826	6,622
Europe / Middle East / Africa	2,021	1,306	1,735
Latin America	990	1,230	864
Total	$ 101,573	$ 67,734	$ 77,273

(4) ACCOUNTS RECEIVABLE AND SIGNIFICANT CLIENTS

Accounts receivable, net in the accompanying Consolidated Balance Sheets consists of the following (in thousands):

	December 31,	
	2023	2022
Accounts receivable	$ 397,116	$ 421,161
Less: Allowance for credit losses	(2,248)	(3,524)
Accounts receivable, net	$ 394,868	$ 417,637

At the end of each quarter, an allowance for credit losses has been calculated based on the current quarterly revenue multiplied by the historical loss percentage of the prior three-year period and recorded in the income statement. In addition to the evaluation of historical losses, the Company considers current and future economic conditions and events such as changes in customer credit quality and liquidity. The Company will write-off accounts receivable against this allowance when the Company determines a balance is uncollectible.

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

	December 31,		
	2023	2022	2021
Balance, beginning of year	$ 3,524	$ 5,409	$ 5,067
Provision for credit losses	2,009	9,391	(350)
Uncollectible receivables written-off	(3,641)	(11,278)	(281)
Effect of foreign currency and other	356	2	(15)
Acquisition	—	—	988
Balance, end of year	$ 2,248	$ 3,524	$ 5,409

Significant Clients

The Company had one client that contributed in excess of 10% of total revenue for each of the years ended December 31, 2023, 2022 and 2021. The 2023 and 2022 client operates in the automotive industry and is included in the TTEC Engage segment. The 2021 client operates in the financial services sector and is included in the TTEC Engage segment. The revenue from these clients as a percentage of total revenue is as follows:

	Year Ended December 31,		
	2023	2022	2021
Automotive client	10 %	10 %	9 %
Financial services client	8 %	7 %	12 %

Accounts receivable from these clients was as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Automotive client	$ 35,514	$ 38,539	$ 36,466
Financial services client	$ 11,656	$ 14,019	$ 15,483

The Company does have clients with aggregate revenue exceeding $100 million annually and the loss of one or more of these clients could have a material adverse effect on the Company's business, operating results, or financial condition. To mitigate this risk, the Company'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 service; each of these contracts have different durations and renewal dates and a revenue opportunity below the $100 million aggregate. In early 2024, one of our larger financial services clients notified us that it is exiting one of the lines of business that we support.

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 practices raise concerns. Based on currently available information, management does not believe significant credit risk exists as of December 31, 2023.

Accounts Receivable Factoring Agreement

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

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

	December 31,	
	2023	2022
Total accounts receivable factored	$ 99,994	$ 99,503
Total amounts collected from clients not yet remitted to Bank	$ 1,158	$ 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 December 31, 2023 and 2022 as the fair value of the servicing arrangement as well as the fees earned were not material to the financial statements.

Effective November 1, 2022, the Company amended the arrangement to modify the list of eligible clients 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 of the West from PNB Bank Paribas. The Agreement transitioned with the acquisition and TTEC has no reason to believe that BMO would not wish to continue its business arrangements with the Company.

On January 2, 2024, the Company amended the arrangement to adjust the discount rate to reflect BMO's updated market pricing levels and other minor items.

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	December 31,	
	2023	2022
Land and buildings	$ 31,972	$ 32,070
Computer equipment and software	428,164	527,096
Telephone equipment	40,955	46,235
Furniture and fixtures	75,338	80,843
Leasehold improvements	175,964	171,141
Motor vehicles	123	258
Property, plant and equipment, gross	752,516	857,643
Less: Accumulated depreciation and amortization	(561,513)	(674,283)
Property, plant and equipment, net	$ 191,003	$ 183,360

Depreciation and amortization expense for property, plant and equipment was $64.2 million, $64.5 million and $63.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Included in the computer equipment and software is internally developed software of $48.4 million net and $26.8 million net as of December 31, 2023 and 2022, respectively. During 2023, 2022 and 2021, impairments of internally developed software of $0.1 million, $6.0 million and $3.2 million, respectively, were expensed and included in Impairment losses in the Consolidated Statements of Comprehensive Income (Loss).

(6) GOODWILL

Goodwill consisted of the following (in thousands):

	December 31, 2022	Acquisitions / Adjustments	Impairments	Effect of Foreign Currency	December 31, 2023
TTEC Digital	$ 502,806	$ (2,763)	$ —	$ 533	$ 500,576
TTEC Engage	305,039	2,763	—	610	308,412
Total	$ 807,845	$ —	$ —	$ 1,143	$ 808,988

	December 31, 2021	Acquisitions / Adjustments	Impairments	Effect of Foreign Currency	December 31, 2022
TTEC Digital	$ 505,222	$ —	$ —	$ (2,416)	$ 502,806
TTEC Engage	234,259	75,896	—	(5,116)	305,039
Total	$ 739,481	$ 75,896	$ —	$ (7,532)	$ 807,845

Impairment

The Company has three reporting units with goodwill and performs a goodwill impairment test on at least an annual basis. The Company conducts its annual goodwill impairment test during the fourth quarter, or more frequently, if indicators of impairment exist.

For the annual goodwill impairment analysis, the Company elected to perform a Step 1 evaluation for all of its reporting units, which includes comparing a reporting unit's estimated fair value to its carrying value. The determination of fair value requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term growth rates for the businesses, the useful lives over which the cash flows will occur and determination of appropriate discount rates (based in part on the Company's weighted average cost of capital). Changes in these estimates and assumptions could materially affect the determination of fair value and/or conclusions on goodwill impairment for each reporting unit. As of December 1, 2023, the date of the annual impairment testing, the Company concluded that for all three of the reporting units the fair values were in excess of their respective carrying values and the goodwill for those reporting units was not impaired.

During the Company's annual impairment testing as of December 1, 2023, the Company identified one reporting unit, Engage, being at risk for future impairment if projected operating results are not met or other inputs into the fair value measurement change. The carrying value of Engage was $1,092.1 million at December 1, 2023, including approximately $308.4 million of goodwill. Based on the Company's assessment, the estimated fair value of the Engage reporting unit exceeded its carrying value by approximately 13.0%. If all assumptions are held constant, either a 1.7% increase in the discount rate or a 2.0% annual decrease in the projected revenue over the forecast period, would result in approximately $138.0 million decrease in the estimated fair value of the Engage reporting unit. Such a change in either of these assumptions individually would have resulted in the Engage reporting unit failing Step 1 of the goodwill impairment analysis on December 1, 2023. As an international outsourcing agent, Engage's revenue and cash flows are susceptible to global economic conditions and client business volumes. In performing the Step 1 evaluation, the reporting unit's current backlog and pipeline of customer business were considered, as well as inflation rates, gross domestic product rates, historical revenue growth and profitability, and state of the CX industry. The estimate of fair value was based on generally accepted valuation techniques and information available at the date of the assessment, which incorporated management's assumptions about expected revenues, future cash flows and available market information for comparable companies.

The process of evaluating the fair value of the reporting units is highly subjective and requires significant judgment and estimates as the reporting units operate in a number of markets and geographical regions. The Company used a market approach and an income approach to determine our best estimates of fair value which incorporated the following significant assumptions:

- Revenue projections, including revenue growth during the forecast periods ranging from (4.0)% to 16.5%;
- EBITDA margin projections held relatively flat over the forecast periods ranging from 10.0% to 18.0%;
- Estimated income tax rates of 26.4% to 26.6%;
- Estimated capital expenditures ranging from $0.1 million to $57.8 million; and
- Discount rates ranging from 12.0% to 15.8% based on various inputs, including the risks associated with the specific reporting units, the country of operations as well as their revenue growth and EBITDA margin assumptions.

(7) OTHER INTANGIBLE ASSETS

Other intangible assets which are included in Other long-term assets in the accompanying Consolidated Balance Sheets consisted of the following (in thousands):

	December 31, 2022	Amortization	Impairments	Acquisitions and Adjustments	Effect of Foreign Currency	December 31, 2023
Customer relationships, gross	$ 355,717	$ —	$ —	$ —	$ (967)	$ 354,750
Customer relationships - accumulated amortization	(123,882)	(33,768)	—	—	426	(157,224)
Other intangible assets, gross	19,712	—	—	—	659	20,371
Other intangible assets - accumulated amortization	(17,638)	(1,810)	—	—	(16)	(19,464)
Other intangible assets, net	$ 233,909	$ (35,578)	$ —	$ —	$ 102	$ 198,433

	December 31, 2021	Amortization	Impairments	Acquisitions and Adjustments	Effect of Foreign Currency	December 31, 2022
Customer relationships, gross	$ 299,948	$ —	$ —	$ 61,310	$ (5,541)	$ 355,717
Customer relationships - accumulated amortization	(93,582)	(33,244)	—	—	2,944	(123,882)
Other intangible assets, gross	19,731	—	—	—	(19)	19,712
Other intangible assets - accumulated amortization	(13,748)	(3,899)	—	—	9	(17,638)
Other intangible assets, net	$ 212,349	$ (37,143)	$ —	$ 61,310	$ (2,607)	$ 233,909

The acquisition recorded during 2022 relates to the purchase of Faneuil (see Note 2 for further information).

Customer relationships are being amortized over the remaining weighted average useful life of 6.1 years and other intangible assets are being amortized over the remaining weighted average useful life of 1.6 years. Amortization expense related to intangible assets was $35.6 million, $37.1 million and $32.0 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Expected future amortization of other intangible assets as of December 31, 2023 is as follows (in thousands):

2024	$ 33,042
2025	31,092
2026	31,033
2027	31,033
2028	30,261
Thereafter	41,972
Total	$ 198,433

(8) 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 December 31, 2023, the Company had 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 years ended December 31, 2023, 2022 and 2021 (in thousands and net of tax):

	Year Ended December 31,		
	2023	2022	2021
Aggregate unrealized net gain/(loss) at beginning of period	$ 89	$ (40)	$ 8,431
Add: Net gain/(loss) from change in fair value of cash flow hedges	3,292	2,281	(12,126)
Less: Net (gain)/loss reclassified to earnings from effective hedges	2,934	(2,152)	3,655
Aggregate unrealized net gain/(loss) at end of period	$ 6,315	$ 89	$ (40)

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

As of December 31, 2023	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	2,250	$ 1,670	100.0 %	September 2024
Philippine Peso	9,324,000	165,842 (1)	58.7 %	December 2026
Mexican Peso	938,000	44,155	60.8 %	December 2026
		$ 211,667		

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

(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 December 31, 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 December 31, 2023 and 2022, the total notional amount of the Company's forward contracts used as fair value hedges was $73.3 million and $80.8 million, respectively.

Derivative Valuation and Settlements

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

	December 31, 2023	
Designation:	**Designated as Hedging Instruments**	**Not Designated as Hedging Instruments**
Derivative contract type:	**Foreign Exchange**	**Foreign Exchange**
Derivative classification:	**Cash Flow**	**Fair Value**
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepaids and other current assets	$ 7,527	$ 327
Other long-term assets	2,415	—
Other current liabilities	(1,214)	(120)
Other long-term liabilities	(197)	—
Total fair value of derivatives, net	$ 8,531	$ 207

	December 31, 2022	
Designation:	**Designated as Hedging Instruments**	**Not Designated as Hedging Instruments**
Derivative contract type:	**Foreign Exchange**	**Foreign Exchange**
Derivative classification:	**Cash Flow**	**Fair Value**
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepaids and other current assets	$ 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 effect of derivative instruments on the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2023 and 2022 were as follows (in thousands):

	Year Ended December 31,	
	2023	**2022**
Designation:	**Designated as Hedging Instruments**	
Derivative contract type:	**Foreign Exchange**	
Derivative classification:	**Cash Flow**	
Amount of gain or (loss) recognized in Other comprehensive income (loss) - effective portion, net of tax	$ 2,934	$ (2,152)
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ 3,964	$ (2,906)

	Year Ended December 31,	
	2023	2022
Designation:	Not Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Fair Value	
Amount and location of net gain or (loss) recognized in the Consolidated Statement of Comprehensive Income (Loss):		
Other income (expense), net	$ 1,882	$ 827

(9) FAIR VALUE

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

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

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

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

The following presents information as of December 31, 2023 and 2022 of the Company's assets and liabilities required to be measured at fair value on a recurring basis, as well as the fair value hierarchy used to determine their fair value.

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

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

Debt - The Company's debt consists primarily of the Company's Credit Agreement, 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 December 31, 2023 and 2022, the Company had $995.0 million and $960.0 million, respectively, of borrowings outstanding under the Credit Agreement. During 2023 and 2022, borrowings accrued interest at an average rate of 6.7% and 3.1% per annum, respectively, 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 December 31, 2023, credit risk did not materially change the fair value of the Company's derivative contracts.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following is a summary of the Company's fair value measurements for its net derivative assets (liabilities) as of December 31, 2023 and 2022 (in thousands):

As of December 31, 2023

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	At Fair Value
Cash flow hedges	$ —	$ 8,531	$ —	$ 8,531
Fair value hedges	—	207	—	207
Total net derivative asset (liability)	$ —	$ 8,738	$ —	$ 8,738

As of December 31, 2022

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

The following is a summary of the Company's fair value measurements as of December 31, 2023 and 2022 (in thousands):

As of December 31, 2023

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Derivative instruments, net	$ —	$ 8,738	$ —
Deferred compensation plan asset	31,082	—	—
Total assets	$ 31,082	$ 8,738	$ —
Liabilities			
Derivative instruments, net	$ —	$ —	$ —
Contingent consideration	—	—	(1,496)
Total liabilities	$ —	$ —	$ (1,496)
Redeemable noncontrolling interest	$ —	$ —	$ —

As of December 31, 2022

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

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

During 2020 and 2021, the Company recorded fair value adjustments to the contingent consideration associated with the VF US and VF ASEAN acquisitions based on increased actual results and estimates of EBITDA for 2021 which caused the payables to increase. Accordingly, a combined $4.3 million increase, and a combined $1.2 million increase to the payables were recorded, respectively, and were included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss). The future contingent consideration for the VF US and VF ASEAN acquisitions were finalized at $9.6 million and were paid in March 2022.

During 2022 and 2023, fair value adjustments of a combined $2.9 million benefit and a combined $3.0 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 that closed in 2022. During 2022 and 2023, the Company recorded fair value adjustments for the receivable based on current information which caused the receivable to decrease, and $4.6 million expense, and $4.4 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):

	December 31, 2022	Acquisitions	Payments	Imputed Interest / Adjustments	December 31, 2023
Faneuil	$ (5,916)	$ —	$ 7,400	$ (2,980)	$ (1,496)
Total	$ (5,916)	$ —	$ 7,400	$ (2,980)	$ (1,496)

	December 31, 2021	Acquisitions	Payments	Imputed Interest / Adjustments	December 31, 2022
VF US	$ (7,414)	$ —	$ 7,414	$ —	$ —
VF ASEAN	(2,186)	—	2,186	—	—
Faneuil	—	(8,816)	—	2,900	(5,916)
Total	$ (9,600)	$ (8,816)	$ 9,600	$ 2,900	$ (5,916)

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

	December 31, 2022	Acquisitions	Payments	Imputed Interest / Adjustments	December 31, 2023
Faneuil	$ 5,724	$ —	$ (1,343)	$ (4,381)	$ —
Total	$ 5,724	$ —	$ (1,343)	$ (4,381)	$ —

	December 31, 2021	Acquisitions	Payments	Imputed Interest / Adjustments	December 31, 2022
Faneuil	$ —	$ 10,370	$ —	$ (4,646)	$ 5,724
Total	$ —	$ 10,370	$ —	$ (4,646)	$ 5,724

(10) INCOME TAXES

The sources of pre-tax operating income are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Domestic	$ (39,871)	$ 52,887	$ 108,160
Foreign	80,595	91,561	99,724
Total	$ 40,724	$ 144,448	$ 207,884

The Company's selection of an accounting policy with respect to both the GILTI and BEAT rules is to compute the related taxes in the period the entity becomes subject to either. A reasonable estimate of the effects of these provisions has been included in the 2023 annual financial statements.

During the fourth quarter of 2023, the Company released its indefinite reinvestment assertion related to earnings for all foreign operations. The Company has completed its analysis in regard to the full tax impact of these changes in indefinite reinvestment reassertion and any related taxes have been recorded. The Company generally intends to limit distributions from non-U.S. subsidiaries to cash balances available in foreign jurisdictions.

No additional income taxes have been provided for any remaining outside basis difference inherent in the Company's foreign subsidiaries as these amounts continue to be indefinitely reinvested in foreign operations. The Company has an estimated $176 million of outside basis differences as of December 31, 2023. Determination of any unrecognized deferred tax liability related to the outside basis difference in investments in foreign subsidiaries is not practicable due to the inherent complexity of the multi-national tax environment in which the Company operates.

The Organization for Economic Co-operation and Development (OECD), supported by 140 of their member countries, have agreed to implement a minimum 15% tax rate on certain multinational enterprises and have released model guidance. This global minimum tax, known as the Pillar 2 framework, will become effective across various countries starting in 2024, as each country works to enact legislation influenced by the OECD Pillar 2 rules. While the Company does not expect the adoption of the Pillar Two framework to have a material impact on our effective tax rate, the Company continues to evaluate additional guidance released by the OECD, along with the pending and adopted legislation in each of the countries in which we operate.

The components of the Company's Provision for (benefit from) income taxes are as follows (in thousands):

	Year Ended December 31,		
	2023	**2022**	**2021**
Current provision for (benefit from)			
Federal	$ 3,625	$ 10,816	$ 20,697
State	1,893	5,245	8,006
Foreign	24,470	22,055	20,161
Total current provision for (benefit from)	29,988	38,116	48,864
Deferred provision for (benefit from)			
Federal	(14,357)	(3,128)	(7,017)
State	(848)	(192)	(402)
Foreign	7,677	(7,681)	8,250
Total deferred provision for (benefit from)	(7,528)	(11,001)	831
Total provision for (benefit from) income taxes	$ 22,460	$ 27,115	$ 49,695

The following reconciles the Company's effective tax rate to the federal statutory rate (in thousands):

	Year Ended December 31,		
	2023	**2022**	**2021**
Income tax per U.S. federal statutory rate (21%, 21%, 21%)	$ 8,552	$ 30,334	$ 43,655
State income taxes, net of federal deduction	(1,355)	2,717	4,588
Change in valuation allowances	14,917	(3,278)	12,567
Foreign income taxes at different rates than the U.S.	208	1,202	(1,416)
Taxes related to compensation	1,542	(66)	(2,788)
Liabilities for uncertain tax positions	1,759	(1,435)	(790)
Impacts of foreign branch operations	(283)	2,315	(187)
Non-taxable earnings of noncontrolling interest	(1,508)	(2,638)	(3,085)
Foreign dividend less foreign tax credits	(1,294)	(1,616)	(1,142)
State and Federal income tax credits and NOL's	(4,611)	(4,604)	(4,531)
Foreign earnings taxed currently in U.S.	2,409	2,978	1,930
Taxes related to prior year filings	675	(432)	(1,192)
Other	1,449	1,638	2,086
Income tax per effective tax rate	$ 22,460	$ 27,115	$ 49,695
Effective tax rate percentage	55.2%	18.8%	23.9%

The Company's deferred income tax assets and liabilities are summarized as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Deferred tax assets, gross		
Accrued compensation and employee benefits	$ 12,687	$ 11,627
Allowance for credit losses, insurance and other accruals	7,855	4,109
Amortization of deferred lease liabilities	21,683	18,475
Net operating losses	22,241	18,312
Customer acquisition and deferred revenue accruals	15,991	18,749
Federal and state tax credits, net	3,456	3,247
Investments	7,626	1,149
Depreciation and amortization	19,570	7,896
Unremitted foreign earnings	13,412	—
Interest expense	14,957	—
Other	630	3,931
Total deferred tax assets, gross	140,108	87,495
Valuation allowances	(39,902)	(24,944)
Total deferred tax assets, net	100,206	62,551
Deferred tax liabilities		
Intangible assets	(41,447)	(28,848)
Operating lease assets	(18,362)	(15,594)
Other	(5,383)	(3,254)
Total deferred tax liabilities	(65,192)	(47,696)
Net deferred tax assets	$ 35,014	$ 14,855

Quarterly, the Company assesses the likelihood by jurisdiction 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.

As of December 31, 2023 the Company had approximately $38.2 million of net deferred tax assets in the U.S. and $3.1 million deferred tax liability across their foreign operations. As of December 31, 2023 the deferred tax valuation allowance was $39.9 million and related primarily to interest expense limitations and tax losses in foreign jurisdictions which do not meet the "more-likely-than-not" standard under current accounting guidance.

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 2023, the Company made adjustments to its deferred tax assets and corresponding valuation allowances. The net change to the valuation allowance consisted of the following: a $15.3 million increase related to interest expense limitation carry forwards, state net operating losses and foreign tax credits not expected to be utilized in the United States; a $3.1 million increase in valuation allowance in Australia, Mexico, Brazil, the United Kingdom and various other jurisdictions for deferred tax assets that do not meet the "more-likely-than-not" standard; and a $3.5 million release of valuation allowance in Canada, the United Kingdom, the Netherlands, and various other jurisdictions related to the utilization or write-off of deferred tax assets.

Activity in the Company's valuation allowance accounts consists of the following (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Beginning balance	$ 24,944	$ 29,620	$ 18,697
Additions of deferred income tax expense	18,410	2,248	14,660
Reductions of deferred income tax expense	(3,452)	(6,924)	(3,737)
Ending balance	$ 39,902	$ 24,944	$ 29,620

As of December 31, 2023, after consideration of all tax loss carry back opportunities, the Company had tax affected tax loss carry forwards worldwide expiring as follows (in thousands):

2024	$ 10
2025	245
2026	971
2027	375
After 2027	9,621
No expiration	11,024
Total	$ 22,246

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 2031. The aggregate benefit to income tax expense for the years ended December 31, 2023, 2022 and 2021 was approximately $2.3 million, $1.6 million and $6.3 million, respectively, which had a favorable impact on diluted net income per share of $0.05, $0.04 and $0.13, respectively.

Accounting for Uncertainty in Income Taxes

In accordance with ASC 740, the Company has recorded a reserve for uncertain tax positions. The total amount of interest and penalties recognized in the accompanying Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income (Loss) as of December 31, 2023, 2022 and 2021 was approximately $2.7 million, $1.8 million and $2.8 million, respectively.

The Company had a reserve for uncertain tax benefits, on a net basis, of $6.6 million and $6.6 million for the years ended December 31, 2023 and 2022, respectively.

The tabular reconciliation of the reserve for uncertain tax benefits on a gross basis without interest for the three years ended December 31, 2023 is presented below (in thousands):

Balance as of December 31, 2020	$ 7,509
Additions for current year tax positions	220
Reductions in prior year tax positions	(826)
Balance as of December 31, 2021	6,903
Additions for current year tax positions	143
Reductions in prior year tax positions	(479)
Balance as of December 31, 2022	6,567
Additions for current year tax positions	212
Reductions in prior year tax positions	(203)
Balance as of December 31, 2023	$ 6,576

At December 31, 2023, the amount of uncertain tax benefits including interest, that, if recognized, would reduce tax expense was $9.3 million. Within the next 12 months, it is expected that the amount of unrecognized tax benefits may be reduced by $0.3 million as a result of the expiration of various statutes of limitation or other confirmations of tax positions.

The Company and its domestic and foreign subsidiaries (including Percepta LLC and its domestic and foreign subsidiaries) file income tax returns as required in the U.S. federal jurisdiction and various state and foreign jurisdictions. The following table presents the major tax jurisdictions and tax years that are open as of December 31, 2023 and subject to examination by the respective tax authorities:

Tax Jurisdiction	Tax Year Ended
United States	2017 - Present
Australia	2019 - Present
India	2017 - Present
Canada	2019 - Present
Mexico	2018 - Present
Philippines	2019 - Present

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 Wisconsin in the U.S. for tax years 2019 through 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.

(11) IMPAIRMENT OF ASSETS

The Company evaluated the recoverability of its leasehold improvement assets at certain customer engagement centers as well as all internally developed software projects. An asset group is considered to be impaired when the anticipated undiscounted future cash flows of its asset group is estimated to be less than the asset group's carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. To determine fair value, the Company used Level 3 inputs in its discounted cash flows analysis. Assumptions included the amount and timing of estimated future cash flows and assumed discount rates. During 2023, 2022 and 2021, the Company recognized impairment losses, net related to leasehold improvement assets, right of use lease assets, internally developed software and certain computer equipment of $11.7 million, $13.7 million and $11.3 million, respectively, across the TTEC Digital and TTEC Engage segments.

(12) INDEBTEDNESS

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. The Company primarily uses the Credit Facility to fund working capital, general operations, dividends, acquisitions and other strategic activities.

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, and, therefore, will affect the interest rates paid for a portion of the Credit Facility starting in the second quarter of 2023.

The Company's Credit Agreement includes a number of financial covenants and operating restrictions of which failure to comply could result in a default under the Credit Agreement. On February 26, 2024, the Company entered into an Eighth Amendment to the Credit Agreement to increase the net leverage ratio covenant, for a period starting with the quarter ending March 31, 2024 through quarter ending March 31, 2025, from the current 3.5 to 1 to between 4.0 to 1 and 4.5 to 1, as may be applicable in different quarters; and reduced the total lenders' commitment from $1.5 billion to $1.3 billion.

The Company's ability to comply with the covenants will depend on, among other things, financial, business, market, competitive and other conditions, many of which are beyond its control. As of the issuance of these financial statements, the Company believes it has sufficient cash on hand, positive working capital, and availability to access additional cash under the Credit Facility to meet its business operating requirements, its capital expenditures and to continue to comply with the amended debt covenants. In the event that the Company does not remain in compliance with the financial covenants under the Credit Facility, it may need to negotiate additional amendments to or waivers of the terms of such credit facilities, refinance its debt, or raise additional capital. The Company could also reduce discretionary spending which could include a reduction to capital expenditures or the dividends paid.

The maximum commitment under the Credit Facility is $1.3 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 1% 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% to 2% 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.

As of December 31, 2023, and 2022, the Company had borrowings of $995.0 million and $960.0 million, respectively, under its Credit Agreement and its average daily utilization was $1,072.4 million and $1,037.4 million for the years ended December 31, 2023 and 2022, respectively. Based on the current level of availability based on the covenant calculations, the Company’s remaining borrowing capacity was approximately $90 million as of December 31, 2023. As of December 31, 2023, the Company was in compliance with all covenants and conditions under its Credit Agreement.

(13) COMMITMENTS AND CONTINGENCIES

Letters of Credit

As of December 31, 2023, outstanding letters of credit under the Credit Agreement totaled $0.2 million and primarily guaranteed workers’ compensation and other insurance related obligations. As of December 31, 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.

(14) DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred revenue in the accompanying Consolidated Balance Sheets consist of the following (in thousands):

	December 31,	
	2023	2022
Deferred Revenue - Current	$ 81,171	$ 87,846
Deferred Revenue - Long-term (included in Other long-term liabilities)	4,814	5,760
Total Deferred Revenue	$ 85,985	$ 93,606

Deferred costs in the accompanying Consolidated Balance Sheets consist of the following (in thousands):

	December 31,	
	2023	2022
Deferred Costs - Current (included in Prepaids and other current assets)	$ 32,672	$ 42,632
Deferred Costs - Long-term (included in Other long-term assets)	24,245	6,550
Total Deferred Costs	$ 56,917	$ 49,182

Activity in the Company's Deferred revenue accounts consists of the following (in thousands):

Balance as of December 31, 2022	$ 93,606
Additions	332,021
Amortization	(339,642)
Balance as of December 31, 2023	$ 85,985

Revenue recognized for the year ended December 31, 2023 from amounts included in deferred revenue as of December 31, 2022 was $332.0 million. Revenue recognized for the year ended December 31, 2022 from amounts included in deferred revenue as of December 31, 2021 was $288.5 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 December 31, 2023, the Company's RPO was $332.4 million, which will be delivered and recognized within the next five 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.

(15) LEASES

Operating leases are included in our Consolidated Balance Sheet as Operating lease assets, Current operating lease liabilities and Non-current operating lease liabilities. Finance leases are included in Property, plant and equipment, Other current liabilities and Other long-term liabilities in our Consolidated Balance Sheet. The Company primarily leases real estate and equipment under various arrangements that provide the Company the right-of-use for the underlying asset that require lease payments over the lease term. The Company determines the value of each lease by computing the present value of each lease payment using the interest rate implicit in the lease, if available; otherwise the Company estimates its incremental borrowing rate over the lease term. The Company determines its incremental borrowing rate based on its estimated credit risk with adjustments for each individual leases' geographical risk and lease term. Operating lease assets also include prepaid rent and initial direct costs less any tenant improvements.

The Company's real estate portfolio typically includes one or more options to renew, with renewal terms that generally can extend the lease term from one to 10 years. The exercise of these lease renewal options is at the Company's discretion and is included in the lease term only if the Company is reasonably certain to exercise. The Company also has service arrangements whereby it controls specific space provided by a third-party service provider. These arrangements meet the definition of a lease and are accounted for under ASC 842. Lease expense for operating leases is recognized on a straight-line basis over the lease term and is included in the Consolidated Statements of Comprehensive Income (Loss). The Company's lease agreements do not contain any material residual value guarantees or restrictive guarantees.

The components of lease expense for the years ended December 31, 2023 and 2022 are as follows (in thousands):

Description	Location in Statements of Comprehensive Income (Loss)	Year Ended December 31, 2023	2022	2021
Amortization of ROU assets - finance leases	Depreciation and amortization	$ 2,832	$ 3,785	$ 6,674
Interest on lease liabilities - finance leases	Interest expense	115	79	136
Operating lease cost (cost resulting from lease payments)	Cost of services	36,872	34,786	39,087
Operating lease cost (cost resulting from lease payments)	Selling, general and administrative	1,625	2,524	2,770
Operating lease cost (cost resulting from lease payments)	Restructuring	788	925	1,614
Operating lease cost	Impairment	10,096	4,821	5,338
Operating lease cost (cost resulting from lease payments)	Other income (expense), net	1,352	1,298	1,240
Short-term lease cost	Cost of services	1,182	3,428	4,529
Variable lease cost (cost excluded from lease payments	Cost of services	827	1,320	1,246
Less: Sublease income	Selling, general and administrative	(555)	(710)	(807)
Less: Sublease income	Other income (expense), net	(3,034)	(2,748)	(2,584)
Total lease cost		$ 52,100	$ 49,508	$ 59,243

Other supplementary information for the years ended December 31, 2023 and 2022 are as follows (dollar values in thousands):

	Year Ended December 31, 2023	2022	2021
Finance lease - operating cash flows	$ 38	$ 26	$ 45
Finance lease - financing cash flows	$ 2,527	$ 3,087	$ 6,385
Operating lease - operating cash flows (fixed payments)	$ 49,691	$ 51,693	$ 52,358
New ROU assets - operating leases	$ 28,024	$ 36,040	$ 15,280
Modified ROU assets - operating leases	$ 44,129	$ 10,629	$ 736
New ROU assets - finance leases	$ 3,124	$ 483	$ 1,141

	December 31, 2023	December 31, 2022	December 31, 2021
Weighted average remaining lease term - finance leases	2.22 years	1.87 years	2.34 years
Weighted average remaining lease term - operating leases	4.12 years	4.06 years	3.32 years
Weighted average discount rate - finance leases	5.51%	2.07%	1.85%
Weighted average discount rate - operating leases	6.88%	4.91%	5.38%

Operating and financing lease right-of-use assets and lease liabilities within our Consolidated Balance Sheet as of December 31, 2023 and 2022 are as follows (in thousands):

Description	Location in Balance Sheet	December 31, 2023	December 31, 2022
Assets			
Operating lease assets	Operating lease assets	$ 121,574	$ 92,431
Finance lease assets	Property, plant and equipment, net	4,106	3,814
Total leased assets		$ 125,680	$ 96,245
Liabilities			
Current			
Operating	Current operating lease liabilities	$ 38,271	$ 35,271
Finance	Other current liabilities	2,100	2,056
Non-current			
Operating	Non-current operating lease liabilities	96,809	69,575
Finance	Other long-term liabilities	1,887	1,257
Total lease liabilities		$ 139,067	$ 108,159

The future minimum operating lease and finance lease payments required under non-cancelable leases as of December 31, 2023 and 2022 are as follows (in thousands):

December 31, 2023

	Operating Leases	Sub-lease Income	Finance Leases
Year 1	$ 46,258	$ (3,038)	$ 2,155
Year 2	36,683	(3,015)	1,378
Year 3	30,984	(490)	704
Year 4	25,539	—	—
Year 5	11,794	—	—
Thereafter	6,267	—	—
Total minimum lease payments	$ 157,525	$ (6,543)	$ 4,237
Less imputed interest	(22,445)		(250)
Total lease liability	$ 135,080		$ 3,987

December 31, 2022

	Operating Leases	Sub-lease Income	Finance Leases
Year 1	$ 38,783	$ (3,527)	$ 2,071
Year 2	26,789	(2,940)	1,020
Year 3	18,229	(2,940)	268
Year 4	12,906	(490)	14
Year 5	9,749	—	—
Thereafter	10,320	—	—
Total minimum lease payments	$ 116,776	$ (9,897)	$ 3,373
Less imputed interest	(11,930)		(60)
Total lease liability	$ 104,846		$ 3,313

In 2008, the Company sub-leased one of its customer engagement centers to a third party for the remaining term of the lease. The sub-lease began on January 1, 2009 and rental income is recognized on a straight-line basis over the term of the sub-lease through 2026. In 2017, the Company sub-leased one of its office spaces for the remaining term of the original lease. The sub-lease began on November 6, 2017 and ended on May 31, 2021. In 2019, the Company sub-leased one of its office spaces for the remaining term of the original lease. The sub-lease began on March 1, 2019 and ended July 21, 2023. In 2020, the Company sub-leased one of its office spaces for the remaining term of the original lease. The sub-lease began on February 6, 2020 and ended on June 14, 2023. In 2022, the Company sub-leased one of its office spaces for the majority of the remaining term of the original lease. The sub-lease began on June 29, 2022 and ends January 31, 2024.

(16) OTHER LONG-TERM LIABILITIES

The components of Other long-term liabilities as of December 31, 2023 and 2022 are as follows (in thousands):

	December 31, 2023	December 31, 2022
Deferred revenue	$ 4,814	$ 5,760
Deferred compensation plan	30,999	25,889
Other	36,270	34,655
Total	$ 72,083	$ 66,304

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(17) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	Foreign Currency Translation Adjustment	Derivative Valuation, Net of Tax	Other, Net of Tax	Totals
Accumulated other comprehensive income (loss) at December 31, 2020	$ (78,139)	$ 8,431	$ (2,448)	$ (72,156)
Other comprehensive income (loss) before reclassifications	(17,408)	(12,126)	(103)	(29,637)
Amounts reclassified from accumulated other comprehensive income (loss)	—	3,655	(288)	3,367
Net current period other comprehensive (income) loss	(17,408)	(8,471)	(391)	(26,270)
Accumulated other comprehensive income (loss) at December 31, 2021	$ (95,547)	$ (40)	$ (2,839)	$ (98,426)
Accumulated other comprehensive income (loss) at December 31, 2021	$ (95,547)	$ (40)	$ (2,839)	$ (98,426)
Other comprehensive income (loss) before reclassifications	(28,187)	2,281	455	(25,451)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(2,152)	(272)	(2,424)
Net current period other comprehensive income (loss)	(28,187)	129	183	(27,875)
Accumulated other comprehensive income (loss) at December 31, 2022	$ (123,734)	$ 89	$ (2,656)	$ (126,301)
Accumulated other comprehensive income (loss) at December 31, 2022	$ (123,734)	$ 89	$ (2,656)	$ (126,301)
Other comprehensive income (loss) before reclassifications	30,891	3,292	(62)	34,121
Amounts reclassified from accumulated other comprehensive income (loss)	(301)	2,934	(329)	2,304
Net current period other comprehensive income (loss)	30,590	6,226	(391)	36,425
Accumulated other comprehensive income (loss) at December 31, 2023	$ (93,144)	$ 6,315	$ (3,047)	$ (89,876)

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the Year Ended December 31,			Statement of Comprehensive Income (Loss) Classification
	2023	2022	2021	
Derivative valuation				
(Gain)/loss on foreign currency forward exchange contracts	$ 3,964	$ (2,906)	$ 4,939	Revenue
Tax effect	(1,030)	754	(1,284)	Provision for income taxes
	$ 2,934	$ (2,152)	$ 3,655	Net income (loss)
Other				
Actuarial loss on defined benefit plan	$ (366)	$ (302)	$ (320)	Cost of services
Tax effect	37	30	32	Provision for income taxes
	$ (329)	$ (272)	$ (288)	Net income (loss)

(18) WEIGHTED AVERAGE SHARE COUNTS

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

	Year Ended December 31,		
	2023	2022	2021
Shares used in basic earnings per share calculation	47,335	47,121	46,890
Effect of dilutive securities:			
Restricted stock units	78	205	468
Performance-based restricted stock units	6	9	28
Total effects of dilutive securities	84	214	496
Shares used in dilutive earnings per share calculation	47,419	47,335	47,386

For the years ended December 31, 2023, 2022 and 2021, restricted stock units of 935 thousand, 462 thousand, and 124 thousand, respectively, were outstanding but not included in the computation of diluted net income per share because the effect would have been anti-dilutive.

(19) EMPLOYEE COMPENSATION PLANS

Employee Benefit Plan

The Company currently has a 401(k) profit-sharing plan that allows participation by U.S. employees who have completed six months of service, as defined, and are 21 years of age or older. Participants may defer up to 75% of their gross pay, up to a maximum limit determined by U.S. federal law. Participants are also eligible for a matching contribution. The Company may from time to time, at its discretion, make a “matching contribution” based on the amount and rate of the elective deferrals. The Company determines how much, if any, it will contribute for each dollar of elective deferrals. Participants vest in matching contributions over a three-year period. Company matching contributions to the 401(k) plan(s) totaled $11.6 million, $12.2 million and $10.8 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Equity Compensation Plans

In February 2020, the Company adopted the TTEC Holdings, Inc., 2020 Equity Incentive Plan (the “2020 Plan”), which permits awards of incentive stock options, non-qualified stock options, stock appreciation rights, shares of restricted common stock, performance stock units and restricted stock units. The 2020 Plan will also provide for annual equity-based compensation grants to members of the Company’s Board of Directors. Options granted to employees under the 2020 Plan generally vest over three to five years and have a contractual life of ten years. Options issued to Directors vest over one year and have a contractual life of ten years. At the 2020 Annual Stockholder Meeting, the Company received shareholder approval for the 2020 Plan, including 4.0 million shares of common stock to be reserved for issuance under the Plan. At the 2024 Annual Stockholder Meeting, the Company intends to seek shareholder approval for an additional 4.5 million shares of TTEC common stock to be reserved for future issuance under the Plan.

The following table presents the total equity-based compensation expense (stock options and RSUs) for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Equity-based compensation expense recognized in Cost of services	$ 9,766	$ 7,175	$ 6,099
Equity-based compensation expense recognized in Selling, general and administrative	12,305	10,396	10,326
Total equity-based compensation expense	$ 22,071	$ 17,571	$ 16,425
Total tax benefit recognized	$ 2,329	$ 5,512	$ 8,673

Restricted Stock Units

2021, 2022 and 2023 RSU Awards: The Company granted RSUs in 2021, 2022 and 2023 to new and existing employees that vest over four or five years. The Company also granted RSUs in 2021, 2022 and 2023 to members of the Board of Directors that vest over one year.

Summary of RSUs: Settlement of the RSUs shall be made in shares of the Company’s common stock by delivery of one share of common stock for each RSU then being settled. The Company calculates the fair value for RSUs based on the closing price of the Company’s stock on the date of grant and records compensation expense over the vesting period using a straight-line method. The Company factors an estimated forfeiture rate in calculating compensation expense on RSUs and adjusts for actual forfeitures upon the vesting of each tranche of RSUs. The Company also factors in the present value of the estimated dividend payments that will have accrued as these RSUs are vesting.

The weighted average grant-date fair value of RSUs, including performance-based RSUs, granted during the years ended December 31, 2023, 2022, and 2021 was $33.34, $65.36, and $96.47, respectively. The total intrinsic value and fair value of RSUs vested during the years ended December 31, 2023, 2022, and 2021 was $17.7 million, $18.4 million, and $14.2 million, respectively.

Performance Based Restricted Stock Unit Grants

During 2019, the Company awarded performance restricted stock units (“PRSUs”) that were subject to service and performance vesting conditions. If defined minimum targets were met, the annual value of the PRSUs issued would be between $0.4 million and $1.4 million and vest immediately. If the defined minimum targets were not met, then no shares would be issued. The award amounts were based on the Company’s annual adjusted operating income for the fiscal years 2019, 2020 and 2021. Each fiscal year’s adjusted operating income determined the award amount. The Company recognized compensation expense related to the 2019 PRSUs of $1.1 million and $1.1 million for the years ended December 31, 2021 and 2020, respectively.

During 2020, the Company awarded PRSUs that are subject to service and performance vesting conditions. If defined minimum targets are met, the annual value of the PRSUs issued will be between $0.2 million and $2.0 million and vest immediately. If the defined minimum targets are not met, then no shares will be issued. The number of shares awarded are based on the Company's annual revenue and adjusted operating income for the fiscal years 2021 and 2022. Each fiscal year's revenue and adjusted operating income will determine the award amount. The Company recognized compensation expense related to the 2020 PRSUs of $1.2 million and $1.6 million for the year ended December 31, 2022 and 2021, respectively.

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 $0.7 million for the year ended December 31, 2023.

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

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 in March 2026. 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 fiscal year 2023. Expense for these awards will begin at the start of the requisite service period, beginning January 1, 2025.

A summary of the status of the Company's non-vested RSUs and PRSUs and activity for the year ended December 31, 2023 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2022	1,358,723	$ 65.37
Granted	729,076	$ 33.34
Vested	(273,558)	$ 61.90
Cancellations/expirations	(209,968)	$ 63.78
Unvested as of December 31, 2023	1,604,273	$ 51.61

All RSUs vested during the year ended December 31, 2023 were issued out of treasury stock. As of December 31, 2023, there was approximately $36.6 million of total unrecognized compensation expense and approximately $34.8 million in total intrinsic value related to non-vested RSU grants. The unrecognized compensation expense will be recognized over the remaining weighted-average vesting period of 1.7 years using the straight-line method.

(20) STOCK REPURCHASE PROGRAM

The Company has a stock repurchase program, which was initially authorized by the Company's Board of Directors in November 2001, and is accounted for using the cash method. As of December 31, 2023, the cumulative authorized repurchase allowance was $762.3 million. During the year ended December 31, 2023, the Company purchased no additional shares. Since inception of the program, the Company has purchased 46.1 million shares for $735.8 million. As of December 31, 2023, the remaining allowance under the program was approximately $26.6 million. For the period from January 1, 2023 through February 23, 2024, the Company did not purchase any additional shares. Although the stock repurchase program does not have an expiration date, the Company would seek a re-authorization of repurchase from the Board of Directors, if it decides to make repurchases during 2024.

(21) 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 2023, 2022 and 2021, the Company expensed $1.0 million, $0.5 million and $0.6 million, respectively, to Avion and Airmax for services provided to the Company. There was $218 thousand in payments due and outstanding to Avion and Airmax as of December 31, 2023.

Ms. Regina M. Paolillo, former Global Chief Operating Officer of the Company, was a member of the board of directors of Welltok, Inc., a consumer health SaaS company, and partner of the Company in the TTEC Welltok joint venture. During the years ended December 31, 2022 and 2021, the Company recorded revenue of $0.5 million and $1.5 million, respectively, in connection with work performed through the joint venture. As of December 2021, Ms. Paolillo is no longer a member of the board of directors and the joint venture has been wound down, but TTEC continues to service revenue for Welltok, Inc.

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 years ended December 31, 2023 and 2022, the Company expensed $3.8 million and $2.9 million, respectively, for these services.

Exhibit 10.34

Independent Director Compensation Arrangements

The following compensation arrangements for TTEC Holdings, Inc.'s (the "Company") Independent Directors was adopted by the TTEC Compensation Committee and its Board of Directors on February 23, 2023 to be effective as of the start of the 2023/2024 board cycle in May 2023 (the "Effective Date") until otherwise modified by the Compensation Committee of the Board. For purposes of these arrangements, the term Independent Director shall mean a director who is not an employee director, whether or not the person qualifies as an "independent director" pursuant to the Rules of the NASDAQ Stock Market as they apply to the Company.

1. Commencing as of the Effective Date, each Independent Director shall be paid as follows:

   (a) An annual retainer of US $75,000 for Board service ("Annual Retainer").

   (b) Incremental to the Annual Retainer, the Company will also provide special fees for services on Board Committees, if any, as follows:

Chair of Audit Committee	$ 27,000
Other Members of Audit Committee	$ 13,500
Chair of Compensation Committee	$ 20,000
Other Members of Compensation Committee	$ 10,000
Chair of Nominating & Governance Committee	$ 15,000
Other Members of Nominating & Governance Committee	$ 7,500
Chair of Security & Technology Committee	$ 15,000
Other Members of Security & Technology Committee	$ 7,500

   (c) The annual equity grant in restricted stock units ("RSUs") grant, to be made as of the date of the next Annual Stockholder Meeting in the amount of $190,000, based on the fair market value of the Company's common stock on the grant date; *provided, however,* that the Company will not issue RSUs that are convertible into fractional shares of the Company's common stock. The RSUs will vest in full on the earlier of (i) the first anniversary of the date of grant; (ii) the date of the succeeding year's Annual Stockholders Meeting; or (iii) any change-in-control event (as defined in the relevant RSU agreement).

2. All cash fees shall be paid quarterly in arrears, with fees earned during a fiscal quarter to be paid during the first month of the immediately succeeding quarter. In the event an Independent Director serves as a member of the Board, a member of a Committee or as Chair of a Committee for less than all of a fiscal quarter, the amount of the quarterly installment of each applicable fee under paragraphs 1(a) and 1(b) above shall be pro-rated based on the number of days served during the quarter.

   For each Independent Director who joins the Board after the start of the annual board term, the equity grant shall be made at the time the Director joins the Board and it is to be pro-rated based on the start date through the end of that term.

3. The fair market value of the Company's common stock shall be determined by the closing price of the Company's common stock on the grant date or, if the Company's common stock is not traded on the NASDAQ Stock Market (or other applicable exchange or quotation system) on the date of the grant, the last preceding trading day.

4. All equity grants are subject to the ***Stock Ownership Guidelines*** for the Board of Directors as approved by the Board from time to time. Current Guidelines state that within five years of joining our Board, each director must hold common stock value at 5x their Annual Retainer amount.

Exhibit 10.98

EIGHTH AMENDMENT
TO AMENDED AND RESTATED CREDIT AGREEMENT

This EIGHTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") dated as of February 26, 2024, and effective in accordance with Section 3 below, by and among TTEC HOLDINGS, INC. (formerly known as TeleTech Holdings, Inc.), a Delaware corporation (the "US Borrower" or the "Administrative Borrower", as applicable), certain subsidiaries of the Administrative Borrower party hereto, the Lenders (as defined below) party hereto (the "Consenting Lenders"), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent for the Lenders party to the Credit Agreement (as defined below) ("Agent").

STATEMENT OF PURPOSE:

WHEREAS, the US Borrower, each Subsidiary of the US Borrower that is or may become a party thereto as a Foreign Borrower (each such Foreign Borrower, together with US Borrower shall be referred to herein, collectively, as "Borrowers" and, individually, each a "Borrower"), the financial institutions party thereto from time to time (the "Lenders") and Agent are parties to the Amended and Restated Credit Agreement dated as of June 3, 2013 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; as amended by this Amendment, and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Borrowers have elected to reduce the Revolving Credit Commitment to an aggregate principal amount of $1,300,000,000, in accordance with Section 2.9(a) of the Existing Credit Agreement;

WHEREAS, the Borrowers have requested, and subject to the terms and conditions set forth herein, Agent and the Consenting Lenders have agreed, to certain amendments to the Existing Credit Agreement as more specifically set forth herein; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Capitalized Terms. All capitalized undefined terms used in this Amendment (including, without limitation, in the introductory paragraph and the statement of purpose hereto) shall have the meanings assigned thereto in the Credit Agreement.

2. Amendment to Existing Credit Agreement. As of the Eighth Amendment Effective Date (as defined below), subject to the terms and conditions hereof, the parties hereto agree that the Existing Credit Agreement is amended as follows:

(a) The following definitions are hereby added (in appropriate alphabetical order) to Section 1.1 of the Existing Credit Agreement to read in their entirety as follows:

> " "Covenant Adjustment Period" means the period commencing with the fiscal quarter ending March 31, 2024 and ending on the earlier of (a) April 1, 2025 and (b) upon written notice from the Administrative Borrower, at the Administrative Borrower's option, the date that the Administrative Borrower provides a Compliance Certificate to the Agent demonstrating that the US Borrower is in pro forma compliance with the financial covenants set forth in Section 5.7, as in effect immediately prior to the Covenant Adjustment Period for the applicable fiscal quarter."
> " "Eighth Amendment Effect Date" means February 26, 2024."

(b) The defined term "Applicable Commitment Fee Rate" set forth in Section 1.1 of the Existing Credit Agreement is hereby amended and restated to read in its entirety as follows.

" "Applicable Commitment Fee Rate" means:

(a) commencing on the Calculation Date for the fiscal quarter ending March 31, 2024 and for each Calculation Date in respect of a fiscal quarter ending prior to the date on which the Covenant Adjustment Period terminated (including a termination pursuant to clause (b) thereof), the percentage per annum set forth in the following matrix, based upon the result of the computation of the Net Leverage Ratio as set forth in the Compliance Certificate for such fiscal period, as provided below:

Net Leverage Ratio	Applicable Commitment Fee Rate
Greater than or equal to 3.50 to 1.00	0.275%
Greater than or equal to 3.00 to 1.00 but less than 3.50 to 1.00	0.250%
Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	0.200%
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	0.175%
Greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00	0.150%
Less than 1.00 to 1.00	0.125%

(b) commencing on the Calculation Date for the first fiscal quarter ending after the date on which the Covenant Adjustment Period terminated (including a termination pursuant to clause (b) of the definition thereof), the percentage per annum set forth in the following matrix, based upon the result of the computation of the Net Leverage Ratio as set forth in the Compliance Certificate for such fiscal period, as provided below:

Net Leverage Ratio	Applicable Commitment Fee Rate
Greater than or equal to 4.00 to 1.00	0.275%
Greater than or equal to 3.00 to 1.00 but less than 4.00 to 1.00	0.250%
Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	0.200%
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	0.175%
Greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00	0.150%
Less than 1.00 to 1.00	0.125%

The Applicable Commitment Fee Rate shall be determined and adjusted quarterly on the date five (5) Business Days after the day on which US Borrower provides a Compliance Certificate pursuant to Section 5.3(c) for the most recently ended fiscal quarter of US Borrower (each such date, a "Calculation Date"). The above matrix (as applicable) does not modify or waive, in any respect, the requirements of Section 5.7 hereof, the rights of Agent and the Lenders to charge the Default Rate, or the rights and remedies of Agent and the Lenders pursuant to Articles VII and VIII hereof. Notwithstanding anything herein to the contrary, (i) during any period when US Borrower shall have failed to timely deliver the Consolidated financial statements pursuant to Section 5.3(a) or (b) hereof, or the Compliance Certificate pursuant to Section 5.3(c) hereof, until such time as the appropriate Consolidated financial statements and Compliance Certificate are delivered, the Applicable Commitment Fee Rate shall be the highest rate per annum indicated in the above pricing grid then in effect regardless of the Net Leverage Ratio at such time, and (ii) in the event that any financial information or certification provided to Agent in the Compliance Certificate is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Commitment Fee Rate for any period (an "Applicable Commitment Fee Period") than the Applicable Commitment Fee Rate applied for such Applicable Commitment Fee Period, then (A) US Borrower shall immediately deliver to Agent a corrected Compliance Certificate for such Applicable Commitment Fee Period, (B) the Applicable Commitment Fee Rate shall be determined based on such corrected Compliance Certificate, and (C) US Borrower shall immediately pay to Agent the accrued additional fees owing as a result of such increased Applicable Commitment Fee Rate for such Applicable Commitment Fee Period."

(c) The defined term "Applicable Margin" set forth in Section 1.1 of the Existing Credit Agreement is hereby amended and restated to read in its entirety as follows.

" "Applicable Margin" means, with respect to the Revolving Loans:

(a) commencing on the Calculation Date for the fiscal quarter ending March 31, 2024 and for each Calculation Date in respect of a fiscal quarter ending prior to the date on which the Covenant Adjustment Period terminated (including a termination pursuant to clause (b) of the definition thereof), the percentage per annum (depending upon whether Loans are Eurodollar Fixed Rate Loans, Transitioned RFR Loans, Initial RFR Loans (GBP) or Base Rate Loans) set forth in the following matrix, based upon the result of the computation of the Net Leverage Ratio as set forth in the Compliance Certificate for such fiscal period, as provided below; provided, however, that in the case of any Initial RFR Loan (GBP), the Applicable Margin set forth below shall be the Applicable Margin for Eurodollar Fixed Rate Loans plus 0.0326% at each level of the matrix:

Net Leverage Ratio	**Applicable Margin for Eurodollar Fixed Rate Loans/Transitioned RFR Loans/Initial RFR Loans (GBP)**	**Applicable Margin for Base Rate Loans**
Greater than or equal to 3.50 to 1.00	2.00%	1.00%
Greater than or equal to 3.00 to 1.00 but less than 3.50 to 1.00	1.750%	0.750%
Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	1.500%	0.500%
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	1.375%	0.375%
Greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00	1.125%	0.125%
Less than 1.00 to 1.00	1.000%	0.000%

(b) commencing on the Calculation Date for the first fiscal quarter ending after the date on which the Covenant Adjustment Period terminated (including a termination pursuant to clause (b) of the definition thereof), the percentage per annum (depending upon whether Loans are Eurodollar Fixed Rate Loans, Transitioned RFR Loans, Initial RFR Loans (GBP) or Base Rate Loans) set forth in the following matrix, based upon the result of the computation of the Net Leverage Ratio as set forth in the Compliance Certificate for such fiscal period, as provided below; provided, however, that in the case of any Initial RFR Loan (GBP), the Applicable Margin set forth below shall be the Applicable Margin for Eurodollar Fixed Rate Loans plus 0.0326% at each level of the matrix:

Net Leverage Ratio	Applicable Margin for Eurodollar Fixed Rate Loans/Transitioned RFR Loans/Initial RFR Loans (GBP)	Applicable Margin for Base Rate Loans
Greater than or equal to 4.00 to 1.00	1.875%	0.875%
Greater than or equal to 3.00 to 1.00 but less than 4.00 to 1.00	1.750%	0.750%
Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	1.500%	0.500%
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	1.375%	0.375%
Greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00	1.125%	0.125%
Less than 1.00 to 1.00	1.000%	0.000%

The Applicable Margin shall be determined and adjusted quarterly on the date five (5) Business Days after the day on which US Borrower provides a Compliance Certificate pursuant to Section 5.3(c) for the most recently ended fiscal quarter of US Borrower (each such date, a "Calculation Date") The above matrix (as applicable), does not modify or waive, in any respect, the requirements of Section 5.7 hereof, the rights of Agent and the Lenders to charge the Default Rate, or the rights and remedies of Agent and the Lenders pursuant to Articles VII and VIII hereof. Notwithstanding anything herein to the contrary, (i) during any period when US Borrower shall have failed to timely deliver the Consolidated financial statements pursuant to Section 5.3(a) or (b) hereof, or the Compliance Certificate pursuant to Section 5.3(c) hereof, until such time as the appropriate Consolidated financial statements and Compliance Certificate are delivered, the Applicable Margin shall be the highest rate per annum indicated in the above pricing grid then in effect for Loans of that type, regardless of the Net Leverage Ratio at such time, and (ii) in the event that any financial information or certification provided to Agent in the Compliance Certificate is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Margin Period") than the Applicable Margin applied for such Applicable Margin Period, then (A) US Borrower shall immediately deliver to Agent a corrected Compliance Certificate for such Applicable Margin Period, (B) the Applicable Margin shall be determined based on such corrected Compliance Certificate, and (C) US Borrower shall immediately pay to Agent the accrued additional interest owing as a result of such increased Applicable Margin for such Applicable Margin Period."

(d) The defined term "Revolving Amount" set forth in Section 1.1 of the Existing Credit Agreement is hereby amended and restated to read in its entirety as follows.

" "Revolving Amount" means, for each Lender, the amount set forth opposite such Lender's name on Schedule 1 hereto as of the Eighth Amendment Effective Date, subject to decreases determined pursuant to Section 2.9(a) hereof, increases pursuant to Section 2.9(b) hereof and assignments of interests pursuant to Section 11.10 hereof; provided that the Revolving Amount for the Swing Line Lender shall exclude the Swing Line Commitment (other than its pro rata share), and the Revolving Amount of the Fronting Lender shall exclude the Letter of Credit Commitment (other than its pro rata share). The Revolving Amount for all the Lenders on the Eighth Amendment Effective Date shall be One Billion Three Hundred Million Dollars ($1,300,000,000)."

(e) Clause (a) of Section 5.7 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Net Leverage Ratio.

(i) During the Covenant Adjustment Period, but prior to a Qualifying Debt Issuance, US Borrower shall not suffer or permit the Net Leverage Ratio as of the last day of the most recently completed fiscal quarter during the Covenant Adjustment Period to exceed the ratio set forth below for such fiscal quarter:

Period	Maximum Ratio
Fiscal quarter ending March 31, 2024	4.00 to 1.00
Fiscal quarter ending June 30, 2024	4.25 to 1.00
Fiscal quarter ending September 30, 2024	4.50 to 1.00
Fiscal quarter ending December 31, 2024	4.50 to 1.00
Fiscal quarter ending March 31, 2025	4.00 to 1.00

(ii) At any time after the Covenant Adjustment Period (including if the Covenant Adjustment Period is terminated pursuant to clause (b) of the definition thereof prior to the dates set forth in the grid in clause (i) above), but prior to a Qualifying Debt Issuance, US Borrower shall not suffer or permit the Net Leverage Ratio as of the last day of the most recently completed fiscal quarter to exceed 3.50 to 1.00, subject to the Optional Leverage Ratio Increase."

(f) The proviso at the end of Section 5.7 of the Existing Credit Agreement is hereby amended to read as follows:

"provided that (i) there shall be at least one full fiscal quarter following the cessation of each such Optional Leverage Ratio Increase during which no Optional Leverage Ratio Increase shall then be in effect, (ii) US Borrower may only elect three Optional Leverage Ratio Increases during the term of this Agreement and (iii) the Optional Leverage Ratio Increase shall not be available during the Covenant Adjustment Period."

(g) On the Eighth Amendment Effective Date, the aggregate Revolving Credit Commitment shall be permanently reduced such that after giving effect to such reduction, the aggregate amount of the Revolving Credit Commitment is $1,300,000,000 (the "Revolving Commitment Reduction"). The parties hereto hereby waive any prior notice required by Section 2.9(a) of the Existing Credit Agreement with respect to the Revolving Commitment Reduction.

(h) Schedule 1 (Commitments of Lenders) to the Existing Credit Agreement is hereby amended to read it its entirety as set forth on Annex A attached hereto; and

3. Conditions to Effectiveness. This Amendment shall be deemed to be effective upon the satisfaction of each of the following conditions to the reasonable satisfaction of Agent (such date the "Eighth Amendment Effective Date"):

(a) Executed Amendment. Agent shall have received counterparts of this Amendment duly executed by Agent, the Lenders constituting Required Lenders and by an Authorized Officer of the Administrative Borrower and each Credit Party;

(b) No Default or Event of Default. No Default or Event of Default has occurred and is continuing as of the Eighth Amendment Effective Date or after giving pro forma effect to this Amendment;

(c) Representations and Warranties. All of the representations and warranties set forth in Article VI of the Credit Agreement shall be true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) as of the Eighth Amendment Effective Date, or if such representation speaks as of an earlier date, as of such earlier date;

(d) Upfront Fees. The Borrowers shall have paid to the Agent, for the account of each Lender that provides its executed signature page to this Amendment to the Agent or its counsel on or prior to 5:00 p.m. Eastern time on February 23, 2024, upfront fees for the account of each Consenting Lender in an amount equal to 7.5 basis points multiplied by the Revolving Credit Commitment (determined as of the date hereof and after giving effect to the Revolving Commitment Reduction) of such Consenting Lender; and

(e) Agent Fees and Expenses. Payment of all fees and expenses of Agent, Wells Fargo Securities, LLC and their counsel required to be paid on the Eighth Amendment Effective Date.

For purposes of determining compliance with the conditions specified in this Section 3, the Agent and each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Eighth Amendment Effective Date specifying its objection thereto.

4. Representations and Warranties. By its execution hereof, each Credit Party hereby represents and warrants to Agent and the Lenders that, as of the date hereof after giving effect to this Amendment:

each of the representations and warranties made by the Credit Parties in or pursuant to the Loan Documents is true and correct in all material respects (except to the extent that such representation and warranty is subject to a materiality or Material Adverse Effect qualifier, in which case it shall be true and correct in all respects), in each case, on and as of the date hereof as if made on and as of the date hereof, except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date;

no Default or Event of Default has occurred and is continuing as of the date hereof or after giving pro forma effect to this Amendment;

it has the right and power and is duly authorized and empowered to enter into, execute and deliver this Amendment and to perform and observe the provisions of this Amendment;

this Amendment has been duly authorized and approved by such Credit Party's board of directors or other governing body, as applicable, and constitutes a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

the execution, delivery and performance of this Amendment do not conflict with, result in a breach in any of the provisions of, constitute a default under, or result in the creation of a Lien (other than Liens permitted under Section 5.9 of the Credit Agreement) upon any assets or property of any Company under the provisions of, such Company's Organizational Documents or any material agreement to which such Company is a party.

5. Effect of this Amendment. Except as expressly provided herein, the Credit Agreement and the other Loan Documents shall remain unmodified and in full force and effect. Except as expressly set forth herein, this Amendment shall not be deemed (a) to be a waiver of, or consent to, a modification or amendment of, any other term or condition of the Credit Agreement or any other Loan Document, (b) to prejudice any other right or rights which Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or otherwise modified from time to time, (c) to be a commitment or any other undertaking or expression of any willingness to engage in any further discussion with the Borrowers or any other Person with respect

to any waiver, amendment, modification or any other change to the Credit Agreement or the Loan Documents or any rights or remedies arising in favor of the Lenders or Agent, or any of them, under or with respect to any such documents or (d) to be a waiver of, or consent to or a modification or amendment of, any other term or condition of any other agreement by and among the Credit Parties, on the one hand, and Agent or any other Lender, on the other hand. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", and "hereof") and in any Loan Document to the "Credit Agreement" shall be deemed to be references to the Credit Agreement as modified hereby. This Amendment is a Loan Document.

6. Reaffirmations. Each Credit Party (a) consents to this Amendment and agrees that the transactions contemplated by this Amendment shall not limit or diminish the obligations of such Person under, or release such Person from any obligations under, any of the Loan Documents to which it is a party, (b) confirms and reaffirms its obligations under each of the Loan Documents to which it is a party and (c) agrees that each of the Loan Documents to which it is a party remain in full force and effect and are hereby ratified and confirmed.

7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK AND THE RESPECTIVE RIGHTS AND OBLIGATIONS OF BORROWERS, AGENT, AND THE LENDERS SHALL BE GOVERNED BY NEW YORK LAW, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

8. Counterparts. This Amendment may be executed in any number of counterparts, and by different parties hereto in separate counterparts and by facsimile signature, each of which counterparts when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

9. Electronic Transmission. Delivery of this Amendment by facsimile, telecopy or pdf shall be effective as delivery of a manually executed counterpart hereof; provided that, upon the request of any party hereto, such facsimile transmission or electronic mail transmission shall be promptly followed by the original thereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date and year first above written.

ADMINISTRATIVE BORROWER:

TTEC HOLDINGS, INC., as Borrower

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer

GUARANTORS OF PAYMENT:

TTEC SERVICES CORPORATION, as Guarantor of Payment

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer/Director

TTEC DIGITAL, LLC, as Guarantor of Payment

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer/Board of Managers

TTEC GOVERNMENT SOLUTIONS, LLC, as Guarantor of Payment

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer/Board of Managers

TTEC INTERNATIONAL HOLDINGS, LLC, as Guarantor of Payment

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer/Board of Managers

TTEC HEALTHCARE SOLUTIONS, INC., as Guarantor of Payment

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer

MOTIF, INC., as Guarantor of Payment

By: /s/Paul Miller
Name: Paul Miller
Title: Treasurer

TTEC Holdings, Inc.
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AGENT AND LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: /s/Faraj Elmagbari
Name: Faraj Elmagbari
Title: Director

BANK OF AMERICA, N.A., as Lender

By: /s/Scott Zuiderveen
Name: Scott Zuiderveen
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION, as Lender

By: /s/Danielle Marek
Name: Danielle Marek
Title: Vice President

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U.S. BANK NATIONAL ASSOCIATION, as Lender

By: /s/Marty McDonald

Name: Marty McDonald

Title: Vice President

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BMO Bank N.A., successor by merger to BANK OF THE WEST

By: /s/Christopher Golec
Name: Christopher Golec
Title: Director

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KEYBANK NATIONAL ASSOCIATION, as Lender

By: /s/Allyn A. Coskun
Name: Allyn A. Coskun
Title: Senior Vice President

CITIBANK, N.A., as Joining Lender

By: /s/Tony Sood

Name: Tony Sood

Title: Director

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HSBC BANK USA, NATIONAL ASSOCIATION, as Lender

By: /s/David Sanders
Name: David Sanders
Title: Global Relationship Manager

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THE NORTHERN TRUST COMPANY, as Lender

By: /s/Sam Lincoln
Name: Sam Lincoln
Title: Vice President

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COMMERCE BANK, as Joining Lender

By: /s/Kyle Area
Name: Kyle Area
Title: Senior Vice President

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ANNEX A

SCHEDULE 1

COMMITMENTS OF LENDERS

Lender	Revolving Amount	Commitment Percentage
Wells Fargo Bank, National Association	$229,666,666.67	17.666666667%
Bank of America, N.A.	229,666,666.67	17.666666667%
U.S. Bank, National Association	208,000,000.00	16.000000000%
PNC Bank National Association	208,000,000.00	16.000000000%
Bank of the West	143,000,000.00	11.000000000%
KeyBank National Association	125,666,666.67	9.666666667%
Citibank, N.A.	60,666,666.67	4.666666667%
HSBC Bank USA, National Association	43,333,333.33	3.333333333%
The Northern Trust Company	30,333,333.33	2.333333333%
Commerce Bank	21,666,666.66	1.666666666%
Total	**$1,300,000,000.00**	**100.000000000%**

Exhibit 21.1

List of Subsidiaries

Subsidiary	Jurisdiction
TTEC Services Corporation	Colorado, USA
TTEC Government Solutions, LLC	Colorado, USA
TTEC Digital, LLC	Colorado, USA
TTEC Healthcare Solutions, Inc.	Delaware, USA
TTEC Financial Services Management, LLC	Delaware, USA
Percepta, LLC	Delaware, USA
TTEC Canada Solutions, Inc.	Canada
TTEC Digital Canada, Inc.	Canada
TTEC Europe B.V.	Netherlands
TTEC B.V.	Netherlands
TTEC CX Solutions Mexico, S.A. de C.V.	Mexico
TTEC India Customer Solutions Private Limited	India
TTEC Digital Analytics India LLP	India
TTEC Brasil Servicos Ltda.	Brazil
TTEC Eastern Europe EAD	Bulgaria
TTEC International Pty Ltd.	NSW, Australia
AZTech Labs Pty Ltd.	Australia
TTEC Customer Care Management Philippines, Inc.	Philippines
TTEC Customer Care Management – Philippine Branch	Philippines
TTEC Consulting (UK) Limited	United Kingdom
TTEC (UK) Solutions Limited	United Kingdom
TTEC Customer Care Management (Ireland) Limited	Ireland
TTEC Technology Ireland, Limited	Ireland
TTEC Europe B.V. Spolka z Organiczona Odpowiedzialnoscia Oddzial w Polsce	Poland
TTEC Solutions South Africa Proprietary Limited	South Africa
TTEC Egypt LLC	Egypt
Aegean TTEC Solutions Single Member IKE	Greece
TTEC CX Solutions Colombia S.A.S.	Colombia
TTEC CX Solutions Honduras S. De R.L.	Honduras
TTEC CX Solutions Rwanda Ltd.	Rwanda
TTEC CX Solutions Malaysia SDN. BHD	Malaysia
TTEC CX Solutions (Thailand) Co., Ltd.	Thailand

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-232756) and Form S-8 (Nos. 333-167300, 333-239003) of TTEC Holdings, Inc. of our report dated February 29, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
February 29, 2024

Exhibit 24.1

POWER OF ATTORNEY

Each person whose signature appears below does hereby make, constitute and appoint each of Kenneth D. Tuchman, Francois Bourret and Margaret B. McLean, acting individually, as such person's true and lawful attorney-in-fact and agent, with full power of substitution, re-substitution and revocation to execute, deliver and file with the U.S. Securities and Exchange Commission, and the securities regulatory agency in each other country where a registration or filing may be necessary or advised in connection with any offering of the Company's securities, including but not limited to: Brazil, Bulgaria, Canada, Colombia, Egypt, Greece, Honduras, India, Ireland, Malaysia, Mexico, the Philippines, Poland, Singapore, South Africa, the Netherlands, Thailand, and the United Kingdom, for and on such person's behalf, and in any and all capacities,

1. The Annual Report on Form 10-K of TTEC Holdings, Inc. for the year ended December 31, 2023, any and all amendments (including post-effective reports and statements;
2. A Prospectus for use in the member nations of the European Union pursuant to the EU Prospectus Directions and any and all amendments thereto with all exhibits and other documents in connection therewith; and
3. Such annual or other periodic reports on business, prospects, financial and results of operations as may be required in any such other country granting unto each of said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or such person's substitute or substitutes may lawfully do or cause to be done by virtue hereof.

/s/ Kenneth D. Tuchman Kenneth D. Tuchman	Feb. 21, 2024	*/s/ Steven J. Anenen* Steven J. Anenen	Feb. 21, 2024
/s/ Tracy L. Bahl Tracy L. Bahl	Feb. 21, 2024	*/s/ Gregory A. Conley* Gregory A. Conley	Feb. 21, 2024
/s/ Robert N. Frerichs Robert N. Frerichs	Feb. 21, 2024	*/s/ Marc L. Holtzman* Marc L. Holtzman	Feb. 21, 2024
/s/ Ekta Singh-Bushell Ekta Singh-Bushell	Feb. 21, 2024	*/s/ Gina L. Loften* Gina L. Loften	Feb. 21, 2024

Exhibit 31. 1

CERTIFICATION

I, Kenneth D. Tuchman, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

By: /s/ Kenneth D. Tuchman

Kenneth D. Tuchman

Chairman and Chief Executive Officer

(Principal Executive Officer)

Date: February 29, 2024

Exhibit 31.2

CERTIFICATION

I, Francois Bourret, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

By: /s/ Francois Bourret

Francois Bourret

Interim Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: February 29, 2024

Written Statement of Chief Executive Officer
Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

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

a. The Annual Report on Form 10-K of the Company for the year ended December 31, 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 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
Chief Executive Officer

Date: February 29, 2024

Exhibit 32.2

Written Statement of Chief Financial Officer
Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

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 Annual Report on Form 10-K of the Company for the year ended December 31, 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 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: February 29, 2024

TTEC INCENTIVES RECOUPMENT POLICY

I. PURPOSE

The Compensation Committee (the "Committee") of TTEC Holdings, Inc. (together with its subsidiaries and controlled affiliates, "TTEC" or the "Company") is adopting this Incentives Recoupment Policy (this "Policy") to provide for the recovery of certain incentive compensation in the event of an Accounting Restatement or certain Detrimental Conduct to align with the highest standards of honest and ethical business standards.

II. STATEMENT OF POLICY

Recovery Due to an Accounting Restatement

In the event that the Company is required to prepare an Accounting Restatement, except as otherwise set forth in this Policy, the Company shall recover, reasonably promptly, the Excess Incentive Compensation received by any Section 16 Officer during the Recoupment Period.

If the Committee cannot determine the amount of Excess Incentive Compensation received by a Section 16 Officer directly from the information in the Accounting Restatement, such as in the case of Incentive Compensation tied to stock price or total stockholder return, then it shall make its determination based on its reasonable estimate of the effect of the Accounting Restatement and shall maintain documentation of such determination, including for purposes of providing such documentation to the Nasdaq Stock Market LLC ("Nasdaq").

Recovery Due to Detrimental Conduct

If the Committee, in its reasonable discretion, determines that a Covered Executive engaged in Detrimental Conduct that is likely to cause or has caused material financial, operational, or reputational harm to TTEC, the Company may recover, as set forth herein, some or all of the Incentive Compensation received by such Covered Executive with respect to the reporting period in which such Detrimental Conduct occurred.

Detrimental Conduct subject to this Policy must have occurred within the three years preceding the date on which the Committee determines that the Detrimental Conduct has occurred. The amount of the Incentive Compensation to be recovered pursuant to this Policy in the case of Detrimental Conduct shall be determined by the Committee in its reasonable discretion and shall be set at the Incentive Compensation received for the relevant reporting period, adjusted (if at all) in the Committee's reasonable discretion based on the Covered Executive's relative degree of fault or involvement in the Detrimental Conduct, the impact that the conduct had (or in the Committee's reasonable view, may have) on TTEC, the magnitude of any loss caused by the conduct, and other relevant facts and circumstances.

Application of the Policy

This Policy applies to all Incentive Compensation received by a person (a) after beginning service as a Covered Executive, (b) who served as a Covered Executive at any time during the performance period for that Incentive Compensation, and (c) while the Company has a class of securities listed on Nasdaq or another national securities exchange or association. This Policy may therefore apply to a Covered Executive even after that person is no longer a Company employee or a Covered Executive at the time of recovery.

Incentive Compensation is deemed “received” for purposes of this Policy in the fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or issuance of such Incentive Compensation occurs after the end of that period. For example, if the performance target for an award is based on total stockholder return for the year ended December 31, 2023, the award will be deemed to have been received in 2023 even if paid in 2024.

Exceptions

In the event of an Accounting Restatement, the Company is not required to recover Excess Incentive Compensation pursuant to this Policy to the extent the Committee makes a determination that recovery would be impracticable for one of the following reasons (and the applicable procedural requirements are met):

(a) after making a reasonable and documented attempt to recover the Excess Incentive Compensation, which documentation will be provided to Nasdaq to the extent required, the Committee determines that the direct expenses that would be paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered;
(b) based on a legal opinion of counsel acceptable to Nasdaq, the Committee determines that recovery would violate a home country law adopted prior to November 28, 2022; or
(c) the Committee determines that recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

III. DEFINITIONS

“Accounting Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. For the avoidance of doubt, restatements that do not represent the correction of an error are not Accounting Restatements, including, without limitation, restatements resulting solely from: retrospective application of a change in generally accepted accounting principles; retrospective revisions to reportable segment information due to a change in the structure of the Company’s internal organization; retrospective reclassifications due to discontinued operations; retrospective applications of changed in reporting entity, such as from a reorganization of entities under common control; retrospective adjustments to provisional amounts in connection with prior business combinations; and retrospective revisions for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

"Covered Executive" shall mean any Section 16 Officer and any other member of the TTEC executive leadership team (consisting of members of the Executive Committee or its successor in interest), any senior vice president of any TTEC business segment, and any current or former chief financial officer or controller for any TTEC business segment.

"Detrimental Conduct" shall mean: (i) the commission of an act of fraud, misappropriation or embezzlement in the course of employment; (ii) the commission of a criminal act, whether or not in the workplace, that in the Committee's reasonable discretion, constitutes an act of a magnitude that could subject TTEC to reputational harm and the Committee has reason to believe that such reputational harm has occurred; or (iii) the material violation of a non-compete, non-solicitation, or confidentiality undertakings that the Covered Executive has with the Company.

"Excess Incentive Compensation" means the amount of Incentive Compensation received during the Recoupment Period by any Section 16 Officer that exceeds the amount of Incentive Compensation that otherwise would have been received by such Section 16 Officer if the determination of the Incentive Compensation to be received had been determined based on restated amounts in the Accounting Restatement and without regard to any taxes paid.

"Incentive Compensation" means any compensation (including cash and equity compensation) that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure and, in the case of recovery of compensation due to Detrimental Conduct, any other cash or equity bonus or short-term or long-term incentive award or amount, including equity-based awards. For purposes of this definition, a "financial reporting measure" is (a) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such measures, or (b) the Company's stock price and/or total shareholder return. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. Incentive Compensation subject to this Policy may be provided by the Company or subsidiaries or affiliates of the Company.

"Recoupment Period" means the three completed fiscal years preceding the Trigger Date, and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years, provided that any transition period of nine months or more shall count as a full fiscal year.

"Section 16 Officer" shall mean the Company's Chief Executive Officer, President, Chief Financial Officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice president of the Company in charge of a principal business unit, division, or function, any other officer who performs a policy-making function for the Company, and any other person who performs similar policy-making functions for the Company.

"Trigger Date" means the earlier to occur of: (a) the date the Board of Directors, the Audit Committee (or such other committee of the Board as may be authorized to make such a conclusion), or the officer or officers of the Company authorized to take such action if action by the Board of Directors is not required concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement; in the case of both (a) and (b) regardless of if or when restated financial statements are filed.

IV. ADMINISTRATION

This Policy is intended to comply with Nasdaq Listing Rule 5608, Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10D-1(b)(1) as promulgated under the Exchange Act, and shall be interpreted in a manner consistent with those requirements. The Committee has full authority to interpret and administer this Policy. The Committee's determinations under this Policy shall be final and binding on all persons, need not be uniform with respect to each individual covered by the Policy, and shall be given the maximum deference permitted by law.

The Committee has the authority to determine the appropriate means of recovering Incentive Compensation based on the particular facts and circumstances, which could include, but is not limited to, seeking direct reimbursement, forfeiture of awards, offsets against other payments, and forfeiture of deferred compensation (subject to compliance with Section 409A of the Internal Revenue Code). The Committee may also direct the Company to seek third party assistance and legal redress for the recovery, in which case and assuming the Company shall prevail in such action, the Covered Executive shall reimburse the Company for all reasonable collection costs, including any reasonable costs of a legal action.

Subject to any limitations under applicable law, the Committee may authorize any officer or employee of the Company to take actions necessary or appropriate to carry out the purpose and intent of this Policy, provided that no such authorization shall relate to any recovery under this Policy that involves such officer or employee.

Except where an action is required by Nasdaq Listing Rule 5608, Section 10D of the Exchange Act or Rule 10D-1(b)(1) promulgated under the Exchange Act to be determined in a different matter, the Board may act to have the independent directors of the Board administer this policy in place of the Committee.

V. NO INDEMNIFICATION OR ADVANCEMENT OF LEGAL FEES

Notwithstanding the terms of any indemnification agreement, insurance policy, contractual arrangement, the governing documents of the Company or other document or arrangement, the Company shall not indemnify any Covered Executive against, or pay the premiums for any insurance policy to cover, any amounts recovered under this Policy or any expenses that a Covered Executive incurs in opposing Company efforts to recoup amounts pursuant to the Policy.

VI. NON-EXCLUSIVE REMEDY; SUCCESSORS

Recovery of Incentive Compensation pursuant to this Policy shall not in any way limit or affect the rights of the Company to pursue disciplinary, legal, or other action or pursue any other remedies available to it. This Policy shall be in addition to, and is not intended to limit, any rights of the Company to recover Incentive Compensation from Covered Executives under any legal remedy available to the Company and applicable laws and regulations, including but not limited to the Sarbanes-Oxley Act of 2002, as amended, or pursuant to the terms of any other Company policy, employment agreement, equity award agreement, or similar agreement with a Covered Executive.

This Policy shall be binding and enforceable against all Covered Executives and their successors, beneficiaries, heirs, executors, administrators, or other legal representatives.

VII. AMENDMENT

This Policy may be amended from time to time by the Committee or the Board of Directors.

VIII. RELATED POLICIES AND PROCEDURES

This Policy is aligned with other TTEC related policies and procedures, including without limitation:

Ethics Code: How TTEC Does Business

Updated Effective September 27, 2023

<u>**FORM OF ACKNOWLEDGMENT**</u>

TTEC INCENTIVES RECOUPMENT POLICY

FORM OF ACKNOWLEDGMENT

By my signature below, I hereby acknowledge that I have read and understand the TTEC Incentives Recoupment Policy (the "<u>Policy</u>") adopted by TTEC Holdings, Inc. (together with its subsidiaries and controlled affiliates, the "<u>Company</u>"), and that I consent and agree to abide by its provisions and further agree that (defined terms used but not defined in this Acknowledgment shall have the meanings set forth in the Policy):

1. The Policy shall apply to any Incentive Compensation as set forth in the Policy and all such Incentive Compensation shall be subject to recovery under the Policy;

2. Any applicable award agreement or other document setting forth the terms and conditions of any Incentive Compensation granted to me by the Company or its affiliates shall be deemed to include the restrictions imposed by the Policy and shall be deemed to incorporate the Policy by reference, and in the event of any inconsistency between the provisions of the Policy and the applicable award agreement or other document setting forth the terms and conditions of any Incentive Compensation granted to me, the terms of the Policy shall govern unless the terms of such other agreement or other document would result in a greater recovery by the Company;

3. In the event it is determined by the Company that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement;

4. I acknowledge that, notwithstanding any indemnification agreement or other arrangement between the Company and me, the Company shall not indemnify me against, or pay the premiums for any insurance policy to cover, losses incurred under the Policy;

5. The Policy may be amended from time to time in accordance with its terms; and

6. This Acknowledgment and the Policy shall survive and continue in full force and in accordance with its terms, notwithstanding any termination of my employment with the Company and its affiliates.

Signature: ___________________________

Print Name: __________________________

Date: _______________________________