

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 3, 2023

TTEC Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-11919
(Commission file
number)

84-1291044
(IRS Employer
Identification Number)

6312 S. Fiddler's Green Circle, Suite 100N, Greenwood Village, CO 80111
(Address of principal executive offices) (Zip Code)

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

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common stock of TTEC Holdings, Inc., \$0.01 par value per share | TTEC | NASDAQ |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On August 3, 2023, TTEC Holdings, Inc. issued a press release announcing its financial results for second quarter 2023, the reporting period ended June 30, 2023.

A copy of the August 3, 2023 press release is attached hereto as Exhibit 99.1 to this current report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

EXHIBIT INDEX

| Exhibit No. | Description |
|----------------------|---|
| 99.1 | Press release announcing financial results for second quarter ended June 30, 2023 |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101) |

The information in this Form 8-K, including the exhibits attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

SIGNATURE

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

TTEC Holdings, Inc.
(Registrant)

Date: August 4, 2023

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



Press Release

TTEC Announces Second Quarter 2023 Financial Results

Second Quarter 2023

Revenue was \$600.4 Million
 Operating Income was \$31.3 Million or 5.2 Percent of Revenue
 (\$50.6 Million or 8.4 Percent of Revenue Non-GAAP)
 Net Income was \$3.8 Million or 0.6 Percent of Revenue
 (\$25.9 Million or 4.3 Percent of Revenue Non-GAAP)
 Adjusted EBITDA was \$67.2 Million or 11.2 Percent of Revenue
 Fully Diluted EPS was \$0.08 (\$0.55 Non-GAAP)

Reiterates Outlook for Full Year 2023

DENVER, August 3, 2023 – TTEC Holdings, Inc. (NASDAQ:TTEC), a leading global CX (customer experience) technology and services innovator for AI-enabled CX with solutions from TTEC Engage and TTEC Digital, announced today financial results for the second quarter ended June 30, 2023.

“We delivered on our top priorities this quarter and exceeded the mid-point of our communicated financial guidance,” commented Ken Tuchman, Chairman and chief executive officer of TTEC. “We made meaningful progress in TTEC Engage by further expanding our geographic footprint and language capabilities as well as continuing to grow our client portfolio with a focus on resilient verticals, including financial services, healthcare and public sector. In TTEC Digital, we expanded our strategic CX technology partnerships, launched new and innovative AI-related offerings, and continued to accelerate our pace of cloud migrations for clients. While it is early in the adoption of Generative AI for CX, we are actively working with our clients and CX technology partners on exciting pilots using private large language models, augmentation solutions for contact center associates, knowledge management solutions for AI-enablement, and advanced CX analytics.”

Tuchman continued, “We enter the second half of the year with a healthy sales funnel and backlog. Recognizing that some of our clients are cautious in light of difficult to predict consumer demand, we maintain a prudent outlook for the remainder of the year. We have a high level of confidence in the factors we control and will remain agile and adapt to market conditions as they evolve.”

SECOND QUARTER 2023 FINANCIAL HIGHLIGHTS

Revenue

- Second quarter 2023 GAAP revenue decreased 0.6 percent to \$600.4 million compared to \$604.3 million in the prior year period.
- Foreign exchange had a \$1.2 million negative impact on revenue in the second quarter of 2023.

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Income from Operations

- Second quarter 2023 GAAP income from operations was \$31.3 million, or 5.2 percent of revenue, compared to \$35.9 million, or 5.9 percent of revenue in the prior year period.
- Non-GAAP income from operations, excluding restructuring and impairment charges, equity-based compensation expenses, amortization of purchased intangibles, and other items, was \$50.6 million, or 8.4 percent of revenue, compared to \$61.2 million, or 10.1 percent for the prior year period.
- Foreign exchange had a \$1.4 million positive impact on Non-GAAP income from operations in the second quarter of 2023.

Adjusted EBITDA

- Second quarter 2023 Non-GAAP Adjusted EBITDA was \$67.2 million, or 11.2 percent of revenue, compared to \$80.6 million, or 13.3 percent of revenue in the prior year period.

Earnings Per Share

- Second quarter 2023 GAAP fully diluted earnings per share was \$0.08 compared to \$0.61 for the same period last year.
- Non-GAAP fully diluted earnings per share was \$0.55 compared to \$0.93 in the prior year periods.

CASH FLOW AND BALANCE SHEET FUND INVESTMENTS AND DIVIDENDS

- Cash flow from operations in the second quarter 2023 was \$95.9 million compared to \$77.6 million for the second quarter 2022.
- Capital expenditures in the second quarter 2023 were \$19.3 million compared to \$19.1 million for the second quarter 2022.
- As of June 30, 2023, TTEC had cash and cash equivalents of \$114.8 million and debt of \$919.0 million, resulting in a net debt position of \$804.2 million. This compares to a net debt position of \$771.5 million for the same period 2022. The increase in net debt is primarily attributable to capital distributions and acquisition-related investments, partially offset by positive cash flow from operations.
- As of June 30, 2023, TTEC's remaining borrowing capacity under its revolving credit facility was approximately \$265 million compared to \$425 million for the same period 2022.
- TTEC paid a \$0.52 per share, or \$24.6 million, semi-annual dividend on April 20, 2023 to shareholders of record on March 31, 2023. This dividend is unchanged over the October 2022 dividend and a 4.0 percent increase over the April 2022 dividend.

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SEGMENT REPORTING & COMMENTARY

TTEC reports financial results for the following two business segments: TTEC Digital (Digital) and TTEC Engage (Engage). Financial highlights for the two segments are provided below.

TTEC Digital – Design, build and operate tech-enabled, insight-driven CX solutions

- Second quarter 2023 GAAP revenue for TTEC Digital increased 2.8 percent to \$117.6 million from \$114.4 million for the year ago period. Income from operations was \$7.2 million or 6.1 percent of revenue compared to operating income of \$10.8 million or 9.4 percent of revenue for the prior year period.
- Non-GAAP income from operations was \$14.7 million, or 12.5 percent of revenue compared to operating income of \$16.9 million or 14.8 percent of revenue in the prior year period.

TTEC Engage – Digitally-enabled customer care, acquisition, and fraud mitigation services

- Second quarter 2023 GAAP revenue for TTEC Engage decreased 1.4 percent to \$482.8 million from \$489.8 million for the year ago period. Income from operations was \$24.1 million or 5.0 percent of revenue compared to operating income of \$25.1 million, or 5.1 percent of revenue for the prior year period.
- Non-GAAP income from operations was \$35.9 million, or 7.4 percent of revenue, compared to operating income of \$44.2 million, or 9.0 percent of revenue in the prior year period.
- Foreign exchange had a \$0.8 million negative impact on revenue and \$1.5 million positive impact on Non-GAAP income from operations.

BUSINESS OUTLOOK

“We are pleased with our execution and second quarter financial results, in-line with our plan and above the mid-point of our revenue and profit guidance range,” commented Francois Bourret, Interim Chief Financial Officer of TTEC. “In the second quarter, we prioritized investments around our CX technology capabilities and global delivery footprint expansion, while maintaining a company-wide agile cost structure.”

Bourret continued, “Looking at the remainder of 2023, we continue to operate in a dynamic environment where consumers and organizations are taking a cautious approach to their spending priorities. This is impacting select clients’ level of confidence, which may impact volumes as well as timing to commit to CX technology investments for the second half of the year. We remain focused on our execution and are re-affirming the mid-point of our full-year 2023 revenue and profit guidance range.”

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TTEC Full Year 2023 Outlook

| | Third Quarter 2023 Guidance | Third Quarter 2023 Mid-Point | Full Year 2023 Guidance | Full Year 2023 Mid-Point |
|-----------------------------------|--------------------------------|---------------------------------|----------------------------|-----------------------------|
| Revenue | \$593M — \$613M | \$603M | \$2,470M — \$2,530M | \$2,500M |
| Non-GAAP adjusted EBITDA | \$60M — \$66M | \$63M | \$290M — \$310M | \$300M |
| Non-GAAP adjusted EBITDA margins | 10.1% — 10.7% | 10.4% | 11.7% — 12.3% | 12.0% |
| Non-GAAP operating income | \$44M — \$50M | \$47M | \$221M — \$241M | \$231M |
| Non-GAAP operating income margins | 7.4% — 8.1% | 7.8% | 9.0% — 9.5% | 9.3% |
| Interest expense, net | (\$18M) — (\$20M) | (\$19M) | (\$74M) — (\$76M) | (\$75M) |
| Non-GAAP adjusted tax rate | 24% — 26% | 25% | 24% — 26% | 25% |
| Diluted share count | 47.3M — 47.5M | 47.4M | 47.3M — 47.5M | 47.4M |
| Non-GAAP earnings per a share | \$0.38 — \$0.47 | \$0.43 | \$2.38 — \$2.70 | \$2.54 |

Engage Full Year 2023 outlook

| | Third Quarter 2023 Guidance | Third Quarter 2023 Mid-Point | Full Year 2023 Guidance | Full Year 2023 Mid-Point |
|-----------------------------------|--------------------------------|---------------------------------|----------------------------|-----------------------------|
| Revenue | \$469M — \$481M | \$475M | \$1,980M — \$2,020M | \$2,000M |
| Non-GAAP adjusted EBITDA | \$42M — \$46M | \$44M | \$221M — \$235M | \$228M |
| Non-GAAP adjusted EBITDA margins | 9.0% — 9.6% | 9.3% | 11.2% — 11.6% | 11.4% |
| Non-GAAP operating income | \$30M — \$34M | \$32M | \$164M — \$178M | \$171M |
| Non-GAAP operating income margins | 6.3% — 7.0% | 6.7% | 8.3% — 8.8% | 8.6% |

Digital Full Year 2023 outlook

| | Third Quarter 2023 Guidance | Third Quarter 2023 Mid-Point | Full Year 2023 Guidance | Full Year 2023 Mid-Point |
|-----------------------------------|--------------------------------|---------------------------------|----------------------------|-----------------------------|
| Revenue | \$124M — \$132M | \$128M | \$490M — \$510M | \$500M |
| Non-GAAP adjusted EBITDA | \$17M — \$19M | \$18M | \$69M — \$75M | \$72M |
| Non-GAAP adjusted EBITDA margins | 14.0% — 14.7% | 14.3% | 14.1% — 14.7% | 14.4% |
| Non-GAAP operating income | \$14M — \$16M | \$15M | \$57M — \$63M | \$60M |
| Non-GAAP operating income margins | 11.5% — 12.3% | 11.9% | 11.7% — 12.4% | 12.1% |

The Company has not quantitatively reconciled its guidance for Non-GAAP operating income, Non-GAAP operating income margins, Non-GAAP adjusted EBITDA, Non-GAAP adjusted EBITDA margins, or Non-GAAP earnings per share to their respective most comparable GAAP measures because certain of the reconciling items that impact these metrics, including restructuring and impairment charges, cybersecurity incident-related costs, equity-based compensation expense, changes in acquisition contingent consideration, depreciation and amortization expense, and provision for income taxes are dependent on the timing of future events outside of the Company's control or cannot be reliably predicted. Accordingly, the Company is unable to provide reconciliations to GAAP operating income, operating income margins, net income margins, and diluted earnings per share without unreasonable effort. Please note that the unavailable reconciling items could significantly impact the Company's 2023 financial results as reported under GAAP.

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NON-GAAP FINANCIAL MEASURES

This press release contains a discussion of certain Non-GAAP financial measures that the Company includes to allow investors and analysts to measure, analyze and compare its financial condition and results of operations in a meaningful and consistent manner. A reconciliation of these Non-GAAP financial measures can be found in the tables accompanying this press release.

- **GAAP** metrics are presented in accordance with Generally Accepted Accounting Principles.
- **Non-GAAP** - As reflected in the attached reconciliation table, the definition of Non-GAAP may exclude from operating income, EBITDA, net income and earnings per share restructuring and impairment charges, equity-based compensation expenses, amortization of purchased intangibles, among other items.

ABOUT TTEC

TTEC Holdings, Inc. (NASDAQ: TTEC) is a leading global CX (customer experience) technology and services innovator for AI-enabled digital CX solutions. The Company delivers leading CX technology and operational CX orchestration at scale through its proprietary cloud-based CXaaS (Customer Experience as a Service) platform. Serving iconic and disruptive brands, TTEC's outcome-based solutions span the entire enterprise, touch every virtual interaction channel, and improve each step of the customer journey. Leveraging next gen digital and cognitive technology, the Company's Digital business designs, builds, and operates omnichannel contact center technology, conversational messaging, CRM, automation (AI / ML and RPA), and analytics solutions. The Company's Engage business delivers digital customer engagement, customer acquisition and growth, content moderation, fraud prevention, and data annotation solutions. Founded in 1982, the Company's singular obsession with CX excellence has earned it leading client NPS scores across the globe. The Company's 63,900 employees operate on six continents and bring technology and humanity together to deliver happy customers and differentiated business results. To learn more visit us at <https://www.ttec.com>

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FORWARD-LOOKING STATEMENTS

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

We caution you not to rely unduly on any forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements, and you should review and consider carefully the risks, uncertainties, and other factors that affect our business and may cause such differences as outlined in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022 and any subsequent filings with the U.S. Securities and Exchange Commission (the “SEC”) which are available on TTEC’s website www.ttec.com, and on the SEC’s public website at www.sec.gov. Important factors that could cause our actual results to differ materially from those indicated in the forward looking statements include, among others: the risks related to our business operations and strategy in a competitive market; our ability to innovate and introduce disruptive technologies that would allow us to maintain and grow our market share (e.g., effective adoption of artificial intelligence into our solutions); risks that may arise in connection with events outside of our control (macroeconomic conditions, geopolitical tensions, outbreaks of infectious diseases); risks inherent in a disruption and cybersecurity of our information technology systems, including cybersecurity criminal activity, which can impact our ability to consistently deliver uninterrupted service to our clients or unauthorized access to data, any of which may result in government investigations and enforcement actions, and private legal actions; risks inherent in the delivery of services by employees working from home; our ability to attract and retain qualified personnel at a price point that we can afford and our clients are willing to pay; our M&A activity, including our ability to properly integrate acquired businesses; our reliance on a relatively small number of TTEC Engage clients to generate the majority of our revenue and our reliance on technology partners to generate a large portion of TTEC Digital’s revenue; the changes in laws and regulations that impact our and our clients’ businesses, including the rapidly changing data privacy and data protection laws, healthcare business regulations, financial and public sector specific regulations; the cost of labor and data privacy litigation and other class action litigation; the risks related to our international operations including the stress that geographic expansion may have on our business, the impact if we are unable to expand geographically to meet our clients’ demand; and risks inherent in our equity structure including our controlling shareholder risk, and Delaware choice of dispute resolution risks.

Our forward-looking statements speak only as of the date that this release is issued. 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.

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TTEC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|------------------|------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | \$ 600,394 | \$ 604,250 | \$ 1,233,680 | \$ 1,192,976 |
| Operating Expenses: | | | | |
| Cost of services | 464,686 | 463,510 | 947,364 | 910,725 |
| Selling, general and administrative | 75,338 | 66,766 | 149,348 | 131,605 |
| Depreciation and amortization | 24,946 | 26,314 | 50,773 | 52,944 |
| Restructuring charges, net | 1,474 | 2,528 | 3,527 | 3,148 |
| Impairment losses | 2,652 | 9,248 | 6,959 | 10,360 |
| Total operating expenses | <u>569,096</u> | <u>568,366</u> | <u>1,157,971</u> | <u>1,108,782</u> |
| Income From Operations | 31,298 | 35,884 | 75,709 | 84,194 |
| Other income (expense), net | <u>(21,439)</u> | <u>188</u> | <u>(37,011)</u> | <u>(2,118)</u> |
| Income Before Income Taxes | 9,859 | 36,072 | 38,698 | 82,076 |
| Provision for income taxes | <u>(6,102)</u> | <u>(7,274)</u> | <u>(14,024)</u> | <u>(15,308)</u> |
| Net Income | 3,757 | 28,798 | 24,674 | 66,768 |
| Net income attributable to noncontrolling interest | <u>(2,546)</u> | <u>(3,564)</u> | <u>(4,816)</u> | <u>(8,130)</u> |
| Net Income Attributable to TTEC Stockholders | <u>\$ 1,211</u> | <u>\$ 25,234</u> | <u>\$ 19,858</u> | <u>\$ 58,638</u> |
| Net Income Per Share | | | | |
| Basic | <u>\$ 0.08</u> | <u>\$ 0.61</u> | <u>\$ 0.52</u> | <u>\$ 1.42</u> |
| Diluted | <u>\$ 0.08</u> | <u>\$ 0.61</u> | <u>\$ 0.52</u> | <u>\$ 1.41</u> |
| Net Income Per Share Attributable to TTEC Stockholders | | | | |
| Basic | <u>\$ 0.03</u> | <u>\$ 0.54</u> | <u>\$ 0.42</u> | <u>\$ 1.25</u> |
| Diluted | <u>\$ 0.03</u> | <u>\$ 0.53</u> | <u>\$ 0.42</u> | <u>\$ 1.24</u> |
| Income From Operations Margin | 5.2% | 5.9% | 6.1% | 7.1% |
| Net Income Margin | 0.6% | 4.8% | 2.0% | 5.6% |
| Net Income Attributable to TTEC Stockholders Margin | 0.2% | 4.2% | 1.6% | 4.9% |
| Effective Tax Rate | 61.9% | 20.2% | 36.2% | 18.7% |
| Weighted Average Shares Outstanding | | | | |
| Basic | 47,264 | 47,047 | 47,249 | 47,026 |
| Diluted | 47,453 | 47,383 | 47,417 | 47,381 |

TTEC HOLDINGS, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(In thousands)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------|--------------------------------|-------------------|------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue: | | | | |
| TTEC Digital | \$ 117,585 | \$ 114,433 | \$ 234,512 | \$ 225,847 |
| TTEC Engage | 482,809 | 489,817 | 999,168 | 967,129 |
| Total | <u>\$ 600,394</u> | <u>\$ 604,250</u> | <u>\$ 1,233,680</u> | <u>\$ 1,192,976</u> |
| Income From Operations: | | | | |
| TTEC Digital | \$ 7,154 | \$ 10,751 | \$ 7,939 | \$ 16,956 |
| TTEC Engage | 24,144 | 25,133 | 67,770 | 67,238 |
| Total | <u>\$ 31,298</u> | <u>\$ 35,884</u> | <u>\$ 75,709</u> | <u>\$ 84,194</u> |

TTEC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)
(unaudited)

| | June 30, 2023 | December 31, 2022 |
|---|----------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 114,776 | \$ 153,435 |
| Accounts receivable, net | 402,664 | 417,637 |
| Other current assets | 203,697 | 178,898 |
| Total current assets | <u>721,137</u> | <u>749,970</u> |
| Property and equipment, net | 189,049 | 183,360 |
| Operating lease assets | 111,764 | 92,431 |
| Goodwill | 808,613 | 807,845 |
| Other intangibles assets, net | 216,168 | 233,909 |
| Other assets | 124,578 | 86,447 |
| Total assets | <u>\$ 2,171,309</u> | <u>\$ 2,153,962</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 84,335 | \$ 93,937 |
| Accrued employee compensation and benefits | 149,919 | 145,096 |
| Deferred revenue | 91,757 | 87,846 |
| Current operating lease liabilities | 35,620 | 35,271 |
| Other current liabilities | 89,607 | 49,214 |
| Total current liabilities | <u>451,238</u> | <u>411,364</u> |
| Long-term liabilities: | | |
| Line of credit | 915,000 | 960,000 |
| Non-current operating lease liabilities | 89,388 | 69,575 |
| Other long-term liabilities | 74,144 | 79,273 |
| Total long-term liabilities | <u>1,078,532</u> | <u>1,108,848</u> |
| Redeemable noncontrolling interest | 3,997 | 55,645 |
| Equity: | | |
| Common stock | 473 | 472 |
| Additional Paid in Capital | 396,444 | 367,673 |
| Treasury stock | (592,306) | (593,164) |
| Accumulated other comprehensive income (loss) | (90,463) | (126,301) |
| Retained earnings | 906,518 | 911,233 |
| Noncontrolling interest | 16,876 | 18,192 |
| Total equity | <u>637,542</u> | <u>578,105</u> |
| Total liabilities and equity | <u>\$ 2,171,309</u> | <u>\$ 2,153,962</u> |

TTEC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

| | <u>Six months ended</u> <u>June 30,</u> <u>2023</u> | <u>Six months ended</u> <u>June 30,</u> <u>2022</u> |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | \$ 24,674 | \$ 66,768 |
| Adjustment to reconcile net income to net cash provided by operating activities : | | |
| Depreciation and amortization | 50,773 | 52,944 |
| Amortization of contract acquisition costs | 1,158 | 1,063 |
| Amortization of debt issuance costs | 534 | 500 |
| Imputed interest expense and fair value adjustments to contingent consideration | 6,762 | - |
| Provision for credit losses | 1,704 | 198 |
| Loss on disposal of assets | 856 | 1,116 |
| Impairment losses | 6,959 | 10,360 |
| Loss on dissolution of subsidiary | 301 | - |
| Deferred income taxes | (10,390) | (9,161) |
| Excess tax benefit from equity-based awards | 243 | (913) |
| Equity-based compensation expense | 9,802 | 7,882 |
| Loss / (gain) on foreign currency derivatives | 247 | 224 |
| Changes in assets and liabilities, net of acquisitions: | | |
| Accounts receivable | 14,645 | (38,271) |
| Prepays and other assets | 20,324 | 35,866 |
| Accounts payable and accrued expenses | 43,429 | 21,041 |
| Deferred revenue and other liabilities | (27,072) | (58,345) |
| Net cash provided by operating activities | <u>144,949</u> | <u>91,272</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of property, plant and equipment | 28 | 102 |
| Purchases of property, plant and equipment | (32,954) | (35,790) |
| Acquisitions | - | (142,420) |
| Net cash used in investing activities | <u>(32,926)</u> | <u>(178,108)</u> |
| Cash flows from financing activities: | | |
| Net proceeds / (borrowings) from line of credit | (45,000) | 139,000 |
| Payments on other debt | (1,217) | (1,877) |
| Payments of contingent consideration and hold back payments to acquisitions | (37,676) | (9,600) |
| Dividends paid to shareholders | (24,572) | (23,518) |
| Payments to noncontrolling interest | (5,887) | (7,219) |
| Tax payments related to the issuance of restricted stock units | (629) | (3,065) |
| Net cash (used in) / provided by financing activities | <u>(114,981)</u> | <u>93,721</u> |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | <u>1,275</u> | <u>(12,350)</u> |
| Increase in cash, cash equivalents and restricted cash | (1,683) | (5,465) |
| Cash, cash equivalents and restricted cash, beginning of period | 167,064 | 180,682 |
| Cash, cash equivalents and restricted cash, end of period | <u>\$ 165,381</u> | <u>\$ 175,217</u> |

TTEC HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION
(In thousands, except per share data)
(unaudited)

| | Three months ended | | Six months ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | \$ 600,394 | \$ 604,250 | \$ 1,233,680 | \$ 1,192,976 |
| Reconciliation of Non-GAAP Income from Operations and EBITDA: | | | | |
| Income from Operations | \$ 31,298 | \$ 35,884 | \$ 75,709 | \$ 84,194 |
| Restructuring charges, net | 1,474 | 2,528 | 3,527 | 3,148 |
| Impairment losses | 2,652 | 9,248 | 6,959 | 10,360 |
| Cybersecurity incident related impact, net of insurance recovery | 26 | (167) | (3,210) | 3,669 |
| Grant income for pandemic relief | 40 | - | 40 | - |
| Change in acquisition related obligation | 483 | - | 483 | - |
| Equity-based compensation expenses | 5,648 | 4,143 | 9,802 | 7,882 |
| Amortization of purchased intangibles | 9,007 | 9,554 | 18,010 | 19,090 |
| Non-GAAP Income from Operations | \$ 50,628 | \$ 61,190 | \$ 111,320 | \$ 128,343 |
| Non-GAAP Income from Operations Margin | 8.4% | 10.1% | 9.0% | 10.8% |
| Depreciation and amortization | 15,939 | 16,760 | 32,763 | 33,854 |
| Changes in acquisition contingent consideration | 3,584 | - | 6,762 | - |
| Change in escrow balance related to acquisition | - | - | 625 | - |
| Loss on dissolution of subsidiary | - | - | 301 | - |
| Foreign exchange loss / (gain), net | 578 | (3,473) | 1,212 | (4,516) |
| Other Income (expense), net | (3,574) | 6,111 | (2,919) | 7,371 |
| Adjusted EBITDA | \$ 67,155 | \$ 80,588 | \$ 150,064 | \$ 165,052 |
| Adjusted EBITDA Margin | 11.2% | 13.3% | 12.2% | 13.8% |
| Reconciliation of Non-GAAP EPS: | | | | |
| Net Income | \$ 3,757 | \$ 28,798 | \$ 24,674 | \$ 66,768 |
| Add: Asset impairment and restructuring charges | 4,126 | 11,776 | 10,486 | 13,508 |
| Add: Equity-based compensation expenses | 5,648 | 4,143 | 9,802 | 7,882 |
| Add: Amortization of purchased intangibles | 9,007 | 9,554 | 18,010 | 19,090 |
| Add: Cybersecurity incident related impact, net of insurance recovery | 26 | (167) | (3,210) | 3,669 |
| Add: Grant income for pandemic relief | 40 | - | 40 | - |
| Add: Change in acquisition related obligation | 483 | - | 483 | - |
| Add: Changes in acquisition contingent consideration | 3,584 | - | 6,762 | - |
| Add: Changes in escrow balance related to acquisition | - | - | 625 | - |
| Add: Loss on dissolution of subsidiary | - | - | 301 | - |
| Add: Foreign exchange loss / (gain), net | 578 | (3,473) | 1,212 | (4,516) |
| Less: Changes in valuation allowance, return to provision adjustments and other, and tax effects of items separately disclosed above | (1,349) | (6,782) | (6,384) | (12,176) |
| Non-GAAP Net Income | \$ 25,900 | \$ 43,849 | \$ 62,801 | \$ 94,225 |
| Diluted shares outstanding | 47,453 | 47,383 | 47,417 | 47,381 |
| Non-GAAP EPS | \$ 0.55 | \$ 0.93 | \$ 1.32 | \$ 1.99 |
| Reconciliation of Free Cash Flow: | | | | |
| Cash Flow From Operating Activities: | | | | |
| Net income | \$ 3,757 | \$ 28,798 | \$ 24,674 | \$ 66,768 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 24,946 | 26,314 | 50,773 | 52,944 |
| Other | 67,188 | 22,474 | 69,502 | (28,440) |
| Net cash provided by operating activities | 95,891 | 77,586 | 144,949 | 91,272 |
| Less - Total Cash Capital Expenditures | 19,285 | 19,099 | 32,954 | 35,790 |
| Free Cash Flow | \$ 76,606 | \$ 58,487 | \$ 111,995 | \$ 55,482 |

TTEC HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION
(In thousands, except per share data)
(unaudited)

Reconciliation of Non-GAAP Income from Operations and Adjusted EBITDA by Segment :

| | TTEC Engage | | TTEC Digital | | TTEC Engage | | TTEC Digital | |
|--|-------------|-----------|--------------|-----------|-------------|------------|--------------|-----------|
| | Q2 23 | Q2 22 | Q2 23 | Q2 22 | YTD 23 | YTD 22 | YTD 23 | YTD 22 |
| Income from Operations | \$ 24,144 | \$ 25,133 | \$ 7,154 | \$ 10,751 | \$ 67,770 | \$ 67,238 | \$ 7,939 | \$ 16,956 |
| Restructuring charges, net | 801 | 2,415 | 673 | 113 | 1,793 | 3,035 | 1,734 | 113 |
| Impairment losses | 2,652 | 9,248 | - | - | 4,105 | 10,360 | 2,854 | - |
| Cybersecurity incident related impact, net of insurance recovery | 26 | (167) | - | - | (3,210) | 3,669 | - | - |
| Grant income for pandemic relief | 40 | - | - | - | 40 | - | - | - |
| Change in acquisition related obligation | - | - | 483 | - | - | - | 483 | - |
| Equity-based compensation expenses | 3,596 | 2,834 | 2,052 | 1,309 | 6,272 | 5,286 | 3,530 | 2,596 |
| Amortization of purchased intangibles | 4,652 | 4,784 | 4,355 | 4,770 | 9,302 | 7,999 | 8,708 | 11,091 |
| Non-GAAP Income from Operations | \$ 35,911 | \$ 44,247 | \$ 14,717 | \$ 16,943 | \$ 86,072 | \$ 97,587 | \$ 25,248 | \$ 30,756 |
| Depreciation and amortization | 13,572 | 13,696 | 2,367 | 3,064 | 27,888 | 27,700 | 4,875 | 6,154 |
| Changes in acquisition contingent consideration | 3,584 | - | - | - | 6,762 | - | - | - |
| Change in escrow balance related to acquisition | - | - | - | - | 625 | - | - | - |
| Loss on dissolution of subsidiary | - | - | - | - | 301 | - | - | - |
| Foreign exchange loss / (gain), net | 411 | (3,105) | 167 | (368) | 1,112 | (4,082) | 100 | (434) |
| Other Income (expense), net | (3,422) | 5,776 | (152) | 335 | (2,910) | 7,094 | (9) | 277 |
| Adjusted EBITDA | \$ 50,056 | \$ 60,614 | \$ 17,099 | \$ 19,974 | \$ 119,850 | \$ 128,299 | \$ 30,214 | \$ 36,753 |