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

FORM 10-Q

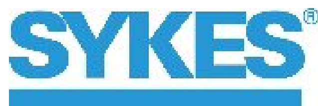
☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2021

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission File No. **0-28274**



Sykes Enterprises, Incorporated

(Exact name of Registrant as specified in its charter)

Florida	**56-1383460**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 North Ashley Drive, Suite 2800, Tampa, FL 33602
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (813) 274-1000

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, $0.01 par value	**SYKE**	**NASDAQ Global Select Market**

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 at least the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of July 15, 2021, there were 39,797,116 outstanding shares of common stock.

Sykes Enterprises, Incorporated and Subsidiaries

Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except per share data)	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 103,209	$ 103,077
Receivables, net of allowance of $4.8 million and $4.8 million, respectively	418,105	415,746
Prepaid expenses	22,690	21,348
Other current assets	22,802	19,718
Total current assets	566,806	559,889
Property and equipment, net	116,797	121,084
Operating lease right-of-use assets	132,032	158,866
Goodwill, net	299,669	299,409
Intangibles, net	227,891	233,975
Deferred charges and other assets	63,249	62,582
	$ 1,406,444	$ 1,435,805
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 30,277	$ 32,049
Accrued employee compensation and benefits	138,810	147,212
Income taxes payable	1,745	3,521
Deferred revenue and customer liabilities	24,270	24,802
Operating lease liabilities	48,321	55,928
Other accrued expenses and current liabilities	36,401	31,994
Total current liabilities	279,824	295,506
Long-term debt	23,000	63,000
Long-term income tax liabilities	19,607	21,586
Long-term operating lease liabilities	100,342	126,336
Other long-term liabilities	39,028	35,723
Total liabilities	461,801	542,151
Commitments and loss contingencies (Note 11)		
Shareholders' equity:		
Preferred stock, $0.01 par value per share, 10,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value per share, 200,000 shares authorized; 39,797 and 39,614 shares issued, respectively	398	396
Additional paid-in capital	303,065	298,037
Retained earnings	687,158	639,000
Accumulated other comprehensive income (loss)	(42,786)	(40,999)
Treasury stock at cost: 144 and 135 shares, respectively	(3,192)	(2,780)
Total shareholders' equity	944,643	893,654
	$ 1,406,444	$ 1,435,805

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 448,885	$ 416,833	$ 906,771	$ 827,999
Operating expenses:				
Direct salaries and related costs	292,086	268,433	591,563	535,378
General and administrative	110,924	102,664	220,551	205,911
Depreciation, net	12,809	12,630	25,924	25,091
Amortization of intangibles	2,959	4,093	5,946	8,212
Impairment of long-lived assets	386	1,800	1,536	1,800
Total operating expenses	419,164	389,620	845,520	776,392
Income from operations	29,721	27,213	61,251	51,607
Other income (expense):				
Interest income	103	165	201	428
Interest (expense)	(382)	(560)	(805)	(1,280)
Other income (expense), net	92	1,797	(230)	(2,996)
Total other income (expense), net	(187)	1,402	(834)	(3,848)
Income before income taxes	29,534	28,615	60,417	47,759
Income taxes	6,354	6,385	12,259	11,611
Net income	$ 23,180	$ 22,230	$ 48,158	$ 36,148
Net income per common share:				
Basic	$ 0.58	$ 0.55	$ 1.21	$ 0.89
Diluted	$ 0.58	$ 0.55	$ 1.21	$ 0.88
Weighted average common shares outstanding:				
Basic	39,779	40,318	39,711	40,726
Diluted	39,942	40,380	39,951	40,857

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2021	2020	2021	2020
Net income	$ 23,180	$ 22,230	$ 48,158	$ 36,148
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	1,511	8,311	(2,952)	(13,039)
Unrealized gain (loss) on cash flow hedging instruments, net of taxes	186	(253)	1,177	(1,595)
Unrealized actuarial gain (loss) related to pension liability, net of taxes	(5)	16	(12)	(1)
Unrealized gain (loss) on postretirement obligation, net of taxes	—	(22)	—	(44)
Other comprehensive income (loss), net of taxes	1,692	8,052	(1,787)	(14,679)
Comprehensive income (loss)	$ 24,872	$ 30,282	$ 46,371	$ 21,469

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(in thousands)	Common Stock Shares Issued	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2020	39,614	$ 396	$ 298,037	$ 639,000	$ (40,999)	$ (2,780)	$ 893,654
Stock-based compensation expense	—	—	4,751	—	—	—	4,751
Issuance of common stock under equity award plans, net of forfeitures	241	2	287	—	—	(289)	—
Shares withheld for taxes paid related to net share settlement of equity awards	(76)	(1)	(3,440)	—	—	—	(3,441)
Comprehensive income (loss)	—	—	—	24,978	(3,479)	—	21,499
Balance at March 31, 2021	39,779	397	299,635	663,978	(44,478)	(3,069)	916,463
Stock-based compensation expense	—	—	3,618	—	—	—	3,618
Issuance of common stock under equity award plans, net of forfeitures	25	1	122	—	—	(123)	—
Shares withheld for taxes paid related to net share settlement of equity awards	(7)	—	(310)	—	—	—	(310)
Retirement of treasury stock	—	—	—	—	—	—	—
Comprehensive income (loss)	—	—	—	23,180	1,692	—	24,872
Balance at June 30, 2021	39,797	$ 398	$ 303,065	$ 687,158	$ (42,786)	$ (3,192)	$ 944,643

(in thousands)	Common Stock Shares Issued	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2019	41,549	$ 416	$ 288,935	$ 634,668	$ (47,001)	$ (2,543)	$ 874,475
Stock-based compensation expense	—	—	1,860	—	—	—	1,860
Issuance of common stock under equity award plans, net of forfeitures	(146)	(2)	69	—	—	(67)	—
Shares withheld for taxes paid related to net share settlement of equity awards	(39)	—	(1,009)	—	—	—	(1,009)
Repurchase of common stock	—	—	—	—	—	(22,909)	(22,909)
Retirement of treasury stock	(860)	(9)	(26)	(22,874)	—	22,909	—
Comprehensive income (loss)	—	—	—	13,918	(22,731)	—	(8,813)
Balance at March 31, 2020	40,504	405	289,829	625,712	(69,732)	(2,610)	843,604
Stock-based compensation expense	—	—	2,042	—	—	—	2,042
Issuance of common stock under equity award plans, net of forfeitures	57	1	82	—	—	(83)	—
Shares withheld for taxes paid related to net share settlement of equity awards	(6)	—	(124)	—	—	—	(124)
Repurchase of common stock	—	—	—	—	—	(13,019)	(13,019)
Retirement of treasury stock	(500)	(5)	(15)	(12,999)	—	13,019	—
Comprehensive income (loss)	—	—	—	22,230	8,052	—	30,282
Balance at June 30, 2020	40,055	$ 401	$ 291,814	$ 634,943	$ (61,680)	$ (2,693)	$ 862,785

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities:		
Net income	$ 48,158	$ 36,148
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	25,948	25,206
Amortization of intangibles	5,946	8,212
Amortization of deferred grants	(480)	(170)
Impairment losses	1,536	1,800
Unrealized foreign currency transaction (gains) losses, net	1,948	510
Stock-based compensation expense	8,369	3,902
Deferred income tax provision (benefit)	(846)	564
Net (gain) loss on lease termination	(1,670)	—
Bad debt expense (reversals)	236	1,129
Unrealized (gains) losses and premiums on financial instruments, net	(521)	665
(Earnings) losses from equity method investees	1,535	547
Other	1,011	(104)
Changes in assets and liabilities, net of acquisitions:		
Receivables, net	(6,793)	294
Prepaid expenses	(1,364)	(239)
Other current assets	(1,097)	(263)
Deferred charges and other assets	(943)	238
Accounts payable	(4,702)	(4,184)
Income taxes receivable / payable	(3,481)	2,324
Accrued employee compensation and benefits	(6,731)	6,998
Other accrued expenses and current liabilities	6,241	(279)
Deferred revenue and customer liabilities	(938)	(1,666)
Other long-term liabilities	676	6,585
Operating lease assets and liabilities	(6,138)	(1,575)
Net cash provided by operating activities	65,900	86,642
Cash flows from investing activities:		
Capital expenditures	(19,103)	(22,880)
Cash paid for business acquisitions, net of cash acquired	(165)	—
Purchase of intangible assets	(252)	—
Sale of intangible assets	200	—
Other	59	592
Net cash (used for) investing activities	(19,261)	(22,288)

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Continued)

(in thousands)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from financing activities:		
Payments of long-term debt	(40,000)	(47,000)
Proceeds from issuance of long-term debt	—	23,000
Cash paid for repurchase of common stock	—	(35,928)
Taxes paid related to net share settlement of equity awards	(3,751)	(1,133)
Net cash (used for) financing activities	(43,751)	(61,061)
Effects of exchange rates on cash, cash equivalents and restricted cash	(2,819)	(1,795)
Net increase (decrease) in cash, cash equivalents and restricted cash	69	1,498
Cash, cash equivalents and restricted cash – beginning	104,396	129,185
Cash, cash equivalents and restricted cash – ending	$ 104,465	$ 130,683
Supplemental disclosures of cash flow information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 35,307	$ 31,484
Cash paid during period for interest	$ 584	$ 1,009
Cash paid during period for income taxes	$ 17,457	$ 8,947
Non-cash transactions:		
Net right-of-use assets arising from new or remeasured operating lease liabilities	$ 1,836	$ 12,976
Capital expenditures incurred but not yet paid	$ 9,187	$ 4,978
Unrealized gain (loss) on postretirement obligation, net of taxes, in accumulated other comprehensive income (loss)	$ —	$ (44)
Property and equipment acquired under grant agreement	$ 2,136	$ —

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Notes to Condensed Consolidated Financial Statements
Six Months Ended June 30, 2021 and 2020
(Unaudited)

Note 1. Overview and Basis of Presentation

Business — Sykes Enterprises, Incorporated and consolidated subsidiaries ("SYKES" or the "Company") is a leading full lifecycle provider of global customer experience management services, multichannel demand generation and digital transformation. The Company provides differentiated full lifecycle customer experience management solutions and services primarily to Global 2000 companies and their end customers principally in the financial services, technology, communications, transportation & leisure and healthcare industries. The Company's differentiated full lifecycle services platform effectively engages customers at every touchpoint within the customer journey, including digital media and acquisition, sales expertise, customer service, technical support and retention, many of which can be optimized through a suite of digital transformation capabilities under its SYKES Digital Services ("SDS") group, which spans robotic process automation ("RPA"), self-service, insight analytics and digital learning. In addition to digital transformation, the Company also provides artificial intelligence ("AI") solutions that can be embedded and leveraged across its lifecycle offerings. Utilizing SYKES' integrated onshore/offshore global delivery model, the Company provides its services through multiple communication channels including phone, e-mail, social media, text messaging, chat and digital self-service. The Company also provides various enterprise support services in the United States that include services for its clients' internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, SYKES also provides fulfillment services, which include order processing, payment processing, inventory control, product delivery and product returns handling. Additionally, through the Company's acquisition of RPA provider Symphony Ventures Ltd ("Symphony") coupled with its investment in AI through XSell Technologies, Inc. ("XSell"), the Company also provides a suite of solutions such as consulting, implementation, hosting and managed services that optimizes its differentiated full lifecycle management services platform. The Company has operations in two reportable segments entitled (1) the Americas, in which the client base is primarily companies in the United States that are using the Company's services to support their customer management needs, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim; and (2) EMEA, which includes Europe, the Middle East and Africa.

Proposed Transaction with Sitel Group

On June 17, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Sitel Worldwide Corporation, a Delaware corporation ("Parent"), and Florida Mergersub, Inc., a Florida corporation and wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are subsidiaries of Sitel Group, a global provider of customer experience products and solutions. Pursuant to the Merger Agreement, and subject to the terms thereof, Parent will acquire each share of the Company's common stock ("Company Common Stock") issued and outstanding immediately prior to the effective time of the merger contemplated by the Merger Agreement for $54.00 in cash, without interest and subject to any required tax withholding (the "Merger").

Consummation of the Merger is subject to customary closing conditions, including, among others, (i) the absence of certain legal impediments that prohibit the consummation of the Merger and the other transactions contemplated by the Merger Agreement, (ii) receipt of certain regulatory clearances, including, the expiration or termination of the required waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (iii) the adoption of the Merger Agreement by the holders of a majority of the issued and outstanding shares of Company Common Stock and (iv) all consents, approvals, clearances and other authorizations of any governmental entity.

The foregoing description of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the Merger Agreement, which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 21, 2021.

In connection with the Merger, the Company has incurred, and will continue to incur, merger-related legal and advisory costs, some of which are contingent on the closing of the Merger. Transaction expenses associated with the proposed Merger of $3.5 million were recorded in "General and administrative" costs in the Other segment in the accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021. The Company expects the Merger to close in the second half of 2021.

Coronavirus

On March 11, 2020, the World Health Organization characterized the novel coronavirus ("COVID-19") a pandemic. The global nature, rapid spread and continually evolving response by governments throughout the world to combat the spread has had a negative impact on the global economy. Certain of the Company's customer experience management centers have been impacted by local government actions restricting facility access or are operating at lower capacity utilization levels to achieve social distancing. The Company is committed to the health and safety of its workforce and ensuring business continuity for the brands it serves. In response, the Company has shifted as many employees as possible to a work-at-home model. As of the middle of July 2021, approximately 69% of agents assigned to the Company's brick-and-mortar facilities have temporarily transitioned to a work-at-home model, 30% are working in centers and 1% of the Company's agents are idle primarily due to the lack of technical infrastructure to work from home. The Company's operations in the Philippines, El Salvador and Mexico have been most impacted by the governmental restrictions.

The Company continues to closely monitor the prevalence of COVID-19 and the vaccination rates in the communities where its centers are located as well as guidance from public health authorities, federal and local agencies and municipalities. The Company will work with employees and clients to transition agents back to its centers based on that guidance, but risk further disruption to the business as a result of COVID-19 and government-imposed restrictions. Over time, the Company anticipates a permanent transition to a work-at-home or hybrid model for a portion of its workforce.

Exit of Leased Space

The Company continues to reevaluate its real estate footprint in connection with the transition of a portion of its workforce to a permanent remote working environment in both the Americas and EMEA. Since April 2020, the Company has decided to terminate, sublease or abandon leases prior to the end of their lease terms at certain of its sites as approximately 4,200 seats transitioned from brick and mortar to at home agents. As such, the Company recorded cumulative impairments of right-of-use ("ROU") assets of $13.4 million and impairments of property and equipment of $7.6 million related to these actions since the initiation of its reevaluation in April 2020, of which $0.7 million of ROU assets and $0.5 million of property and equipment impairments were recorded during the six months ended June 30, 2021. See Note 4, Fair Value, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information.

Taylor Media Corp. Acquisition

On December 31, 2020, through its wholly-owned subsidiary, Clear Link Technologies, LLC, the Company completed the acquisition of Taylor Media Corp. ("TMC"), a personal finance digital media company and owner of The Penny Hoarder. Of the total initial purchase price of $104.9 million, $87.2 million was paid upon closing using $63.0 million of additional borrowings under our credit agreement as well as cash on hand. Of the remaining $17.7 million of the purchase price, $0.2 million was used to repay outstanding debt and $17.5 million of the purchase price was deferred and is payable on December 31, 2027, the seventh anniversary of the closing. In the event TMC's previous owner remains employed by the Company or one of its subsidiaries on December 31, 2022, the second anniversary of the closing, the deferred payment will be accelerated and due at that time. The deferred purchase price was included in "Other long-term liabilities" in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020.

The Company accounted for the TMC acquisition in accordance with ASC 805, *Business Combinations* ("ASC 805"), whereby the purchase price paid was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the closing date. The Company completed its final purchase price allocation of the assets acquired and liabilities assumed during the three months ended June 30, 2021 and no entries were recorded as a result. The final purchase price allocation resulted in $2.2 million of cash, $6.7 million of accounts receivable, $87.9 million of intangible assets, primarily domain names, content library and customer relationships, $4.2 million of other assets, $9.0 million of goodwill and $5.1 million of liabilities.

The Company has reflected TMC's assets and liabilities in its consolidated balance sheet as of December 31, 2020 and the results of TMC's operations have been reflected in its consolidated financial statements in the Americas segment since January 1, 2021.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "U.S. GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2021 are not necessarily indicative of the results that may be expected for any future quarters or the year ending December 31, 2021. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission ("SEC") on February 26, 2021.

Principles of Consolidation — The condensed consolidated financial statements include the accounts of SYKES and its wholly-owned subsidiaries and controlled majority-owned subsidiaries. Investments in less than majority-owned subsidiaries in which the Company does not have a controlling interest, but does have significant influence, are accounted for as equity method investments. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates — The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. Other than where noted, the Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date and time of issuance of the condensed consolidated financial statements. These estimates may change, as new events occur, and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

Subsequent Events — Subsequent events or transactions have been evaluated through the date and time of issuance of the condensed consolidated financial statements. There were no material subsequent events that required recognition or disclosure in the accompanying condensed consolidated financial statements.

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

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

	June 30, 2021	December 31, 2020	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 103,209	$ 103,077	$ 129,050	$ 127,246
Restricted cash included in "Other current assets"	290	355	318	568
Restricted cash included in "Deferred charges and other assets"	966	964	1,315	1,371
	$ 104,465	$ 104,396	$ 130,683	$ 129,185

Allowance for Doubtful Accounts — The Company recorded a $0.2 million and $1.1 million increase to the allowance for credit losses related to its short-term trade receivables primarily as a result of deterioration in certain clients' credit ratings reflecting current and expected economic conditions during the six months ended June 30, 2021 and 2020, respectively, and wrote off $0.2 million and $0.4 million of the allowance for credit losses related to certain short-term trade receivables deemed to be uncollectible during the six months ended June 30, 2021 and 2020,

respectively. The Company recorded a $0.1 million increase to the allowance for credit losses related to its long-term trade receivables during the six months ended June 30, 2021 (none in 2020).

Customer-Acquisition Advertising Costs — The Company's advertising costs are expensed as incurred. Total advertising costs included in "Direct salaries and related costs" in the accompanying Condensed Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Customer-acquisition advertising costs	21,297	9,826	$ 40,862	$ 20,008

New Accounting Standards Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Compensation – Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides companies with optional guidance, including expedients and exceptions for applying generally accepted accounting principles to contracts and other transactions affected by reference rate reform, such as the London Interbank Offered Rate ("LIBOR"). These amendments are effective for all entities as of March 12, 2020 and an entity may elect to apply the amendments prospectively through December 31, 2022. The Company is currently evaluating the impact of the transition from LIBOR to alternative reference interest rates but does not expect a material impact on its financial position, results of operations or cash flows.

New Accounting Standards Recently Adopted

Income Taxes

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). These amendments simplify the accounting for income taxes by eliminating certain exceptions and also clarifying and amending certain aspects of existing guidance. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Most of the amendments are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. Early adoption was permitted, including adoption in any interim period for which financial statements had not yet been issued. The Company's adoption of ASU 2019-12 on January 1, 2021 did not have a material impact on its financial position, results of operations, cash flows or disclosures.

Significant Accounting Policies

There have been no new or material changes to the significant accounting policies disclosed in Note 1, Overview and Summary of Significant Accounting Policies, in the "Notes to the Consolidated Financial Statements" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Note 2. Revenues

Revenues from Contracts with Customers

Revenues for customer experience management solutions and services are recognized over time using output methods such as a per minute, per hour, per call, per transaction or per time and materials basis. RPA services revenues are primarily recognized over time using output methods such as per time and materials basis. Revenues from fulfillment services are recognized upon shipment to the customer and satisfaction of all obligations. Revenues from enterprise support services are recognized over time using output methods such as number of positions filled.

Disaggregated Revenues

The Company disaggregates its revenues from contracts with customers by service type and delivery location (see Note 14, Segments and Geographic Information), for each of its reportable segments, as the Company believes it best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by economic factors.

The following table represents revenues from contracts with customers disaggregated by service type and by the reportable segment for each category for the periods indicated (in thousands):

	Three Months Ended June 30,					
	2021			2020		
		Amount	% of Revenue		Amount	% of Revenue
Americas:						
Customer experience management solutions and services	$	356,108	79.3%	$	338,963	81.3%
Other revenues		319	0.1%		309	0.1%
Total Americas		356,427	79.4%		339,272	81.4%
EMEA:						
Customer experience management solutions and services		86,950	19.4%		73,285	17.6%
Other revenues		5,505	1.2%		4,276	1.0%
Total EMEA		92,455	20.6%		77,561	18.6%
Other:						
Other revenues		3	0.0%		—	0.0%
Total Other		3	0.0%		—	0.0%
	$	448,885	100.0%	$	416,833	100.0%

The following table represents revenues from contracts with customers disaggregated by service type and by the reportable segment for each category for the periods indicated (in thousands):

	Six Months Ended June 30,					
	2021			2020		
		Amount	% of Revenue		Amount	% of Revenue
Americas:						
Customer experience management solutions and services	$	719,561	79.4%	$	671,577	81.1%
Other revenues		585	0.0%		621	0.1%
Total Americas		720,146	79.4%		672,198	81.2%
EMEA:						
Customer experience management solutions and services		176,286	19.4%		145,918	17.6%
Other revenues		10,336	1.2%		9,876	1.2%
Total EMEA		186,622	20.6%		155,794	18.8%
Other:						
Other revenues		3	0.0%		7	0.0%
Total Other		3	0.0%		7	0.0%
	$	906,771	100.0%	$	827,999	100.0%

Trade Accounts Receivable

The Company's noncurrent trade accounts receivable result from contracts with customers that include renewal provisions and contracts with customers under multi-year arrangements. The Company's trade accounts receivable, net, consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Trade accounts receivable, net, current (1)	$ 401,251	$ 398,112
Trade accounts receivable, net, noncurrent (2)	30,408	30,021
	$ 431,659	$ 428,133

(1) Included in "Receivables, net" in the accompanying Condensed Consolidated Balance Sheets.
(2) Included in "Deferred charges and other assets" in the accompanying Condensed Consolidated Balance Sheets.

Deferred Revenue and Customer Liabilities

Deferred revenue and customer liabilities consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Deferred revenue	$ 3,322	$ 2,916
Customer arrangements with termination rights	15,479	15,771
Estimated refund liabilities	5,469	6,115
	$ 24,270	$ 24,802

The Company expects to recognize the majority of its deferred revenue as of June 30, 2021 over the next 180 days. Revenues of $0.1 million and $0.2 million were recognized during the three months ended June 30, 2021 and 2020, respectively, and $2.9 million and $2.9 million were recognized during the six months ended June 30, 2021 and 2020, respectively, from amounts included in deferred revenue at December 31, 2020 and 2019, respectively.

The Company expects to recognize the majority of the customer arrangements with termination rights into revenue as the Company has not historically experienced a high rate of contract terminations.

Estimated refund liabilities are generally resolved within 180 days, once it is determined whether the requisite service levels and client requirements were achieved to settle the contingency.

Note 3. Leases

The Company leases facilities for its corporate headquarters, many of its customer experience management centers, several regional support offices and data centers. These leases are classified as operating leases in accordance with ASC 842, *Leases*, and are included in "Operating lease right-of-use assets," "Operating lease liabilities" and "Long-term operating lease liabilities" in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2021. The Company has no finance leases.

Lease costs, net of sublease income, of $15.3 million and $15.5 million for the three months ended June 30, 2021 and 2020, respectively, and $30.9 million and $31.5 million for the six months ended June 30, 2021 and 2020, respectively, were primarily included in "General and administrative" costs in the accompanying Condensed Consolidated Statements of Operations.

Additional supplemental information related to leases was as follows:

	June 30, 2021	December 31, 2020
Weighted average remaining lease term of operating leases	4.2 years	4.3 years
Weighted average discount rate of operating leases	3.4%	3.4%

Maturities of operating lease liabilities as of June 30, 2021 were as follows (in thousands):

		Amount
2021 (remainder of the year)	$	25,367
2022		47,200
2023		31,600
2024		21,999
2025		14,725
2026 and thereafter		19,706
Total future lease payments		160,597
Less: Imputed interest		11,934
Present value of future lease payments		148,663
Less: Operating lease liabilities		48,321
Long-term operating lease liabilities	$	100,342

Exit of Leased Space

The Company continues to reevaluate its real estate footprint in connection with a transition of a portion of its workforce to a permanent remote working environment in both the Americas and EMEA. Since April 2020, the Company decided to terminate, sublease or abandon leases prior to the end of their lease terms at certain of its sites and recorded impairments of ROU assets as a result (see Note 4, Fair Value, for further information). During the three and six months ended June 30, 2021, the Company terminated two leases which resulted in a $1.7 million gain on lease terminations which was recorded in "General and administrative" costs in the accompanying Condensed Consolidated Statements of Operations.

Note 4. Fair Value

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") defines fair value and establishes a framework for measuring fair value. ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Additionally, ASC 820 requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for how these assets and liabilities must be grouped, based on significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determination of Fair Value — The Company generally uses quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access to determine fair value and classifies such items in Level 1. Fair values determined by Level 2 inputs utilize inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, and inputs other than quoted market prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency exchange rates, etc. Assets or liabilities valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

The following describes the valuation methodologies used by the Company to measure assets and liabilities at fair value on a recurring basis, including an indication of the level in the fair value hierarchy in which each asset or liability is generally classified, if applicable.

Cash, Short-Term and Other Investments and Accounts Payable — The carrying values for cash, short-term and other investments, and accounts payable approximate their fair values.

Long-Term Debt — The carrying value of long-term debt approximates its estimated fair value as the debt bears interest based on variable market rates, as outlined in the debt agreement.

Foreign Currency Contracts — The Company enters into foreign currency forward contracts and options over the counter and values such contracts, including premiums paid on options, at fair value using quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current market and model assumptions, including adjustments for credit risk. The key inputs include forward or option foreign currency exchange rates and interest rates. These items are classified in Level 2 of the fair value hierarchy.

Investments Held in Rabbi Trust — The investment assets of the rabbi trust are valued using quoted market prices in active markets, which are classified in Level 1 of the fair value hierarchy. For additional information about the deferred compensation plan, refer to Note 7, Investments Held in Rabbi Trust.

The Company's assets and liabilities measured at fair value on a recurring basis subject to the requirements of ASC 820 consisted of the following (in thousands):

		Fair Value Measurements Using:		
	Balance at June 30, 2021	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Foreign currency contracts (1)	$ 617	$ —	$ 617	$ —
Equity investments held in rabbi trust for the Deferred Compensation Plan (2)	14,357	14,357	—	—
Debt investments held in rabbi trust for the Deferred Compensation Plan (2)	5,242	5,242	—	—
	$ 20,216	$ 19,599	$ 617	$ —
Liabilities:				
Foreign currency contracts (1)	$ 1,076	$ —	$ 1,076	$ —
	$ 1,076	$ —	$ 1,076	$ —

		Fair Value Measurements Using:		
	Balance at December 31, 2020	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Foreign currency contracts (1)	$ 337	$ —	$ 337	$ —
Equity investments held in rabbi trust for the Deferred Compensation Plan (2)	11,263	11,263	—	—
Debt investments held in rabbi trust for the Deferred Compensation Plan (2)	5,517	5,517	—	—
	$ 17,117	$ 16,780	$ 337	$ —
Liabilities:				
Foreign currency contracts (1)	$ 2,478	$ —	$ 2,478	$ —
	$ 2,478	$ —	$ 2,478	$ —

(1) See Note 6, Financial Derivatives, for the classification in the accompanying Condensed Consolidated Balance Sheets.
(2) Included in “Other current assets” in the accompanying Condensed Consolidated Balance Sheets. See Note 7, Investments Held in Rabbi Trust.

Non-Recurring Fair Value

Certain assets are not required to be measured at fair value on a recurring basis and are reported at their carrying values, including goodwill, other intangible assets, other long-lived assets, ROU assets and equity method investments. The carrying value of these assets is evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (and at least annually for goodwill and indefinite-lived intangible assets), and if applicable, written down to fair value.

The following table summarizes the total impairment losses in the accompanying Condensed Consolidated Statements of Operations related to nonrecurring fair value measurements of certain assets (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Americas:				
Property and equipment, net	$ 386	$ 760	$ 442	$ 760
Operating lease right-of-use assets	—	1,040	301	1,040
	386	1,800	743	1,800
EMEA:				
Property and equipment, net	—	—	77	—
Operating lease right-of-use assets	—	—	398	—
	—	—	475	—
Other:				
Property and equipment, net	—	—	318	—
	$ 386	$ 1,800	$ 1,536	$ 1,800

The Company continues to reevaluate its real estate footprint in connection with a shift of a portion of its workforce to a permanent remote working environment in both the Americas and EMEA and transitioned approximately 4,200 seats from brick and mortar to at home agents since April 2020. The Company decided to terminate, sublease or abandon leases prior to the end of their lease terms at certain of its sites and recorded impairment losses related to the exit of leased facilities and the leasehold improvements, equipment, furniture and fixtures located in these sites which were not recoverable.

As the fair value of certain ROU assets was less than the carrying value, the Company recognized an impairment of the applicable ROU assets, reducing the carrying value of the ROU assets to an estimated fair value of $0.4 million and $5.0 million during the six months ended June 30, 2021 and 2020, respectively. The fair value of the ROU assets where the Company intends to sublease was estimated using Level 2 inputs such as market comparables to estimate future cash flows expected from sublease income over the remaining lease terms. Further changes in the estimated amount or timing of cash flows from sublease arrangements could result in additional impairment charges. The impairment of property and equipment reduced the carrying value of the applicable assets to their fair value of $0 during the six months ended June 30, 2021 and 2020, respectively.

The Company also recorded an impairment charge of $0.3 million during the six months ended June 30, 2021 related to software that was no longer being utilized. The impairment of the software reduced the carrying value of the applicable asset to its fair value of $0.

Note 5. Goodwill and Intangible Assets

Intangible Assets

The following table presents the Company’s purchased intangible assets as of June 30, 2021 (in thousands):

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Intangible assets subject to amortization:				
Customer relationships	$ 195,587	$ (138,830)	$ 56,757	10
Trade names and trademarks	7,955	(3,743)	4,212	8
Non-compete agreements	1,051	(872)	179	3
Content library	4,835	(965)	3,870	5
Proprietary software	870	(870)	—	5
	210,298	(145,280)	65,018	9
Intangible assets not subject to amortization:				
Domain names	162,873	—	162,873	N/A
	$ 373,171	$ (145,280)	$ 227,891	

The following table presents the Company’s purchased intangible assets as of December 31, 2020 (in thousands):

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Intangible assets subject to amortization:				
Customer relationships	$ 195,116	$ (133,689)	$ 61,427	10
Trade names and trademarks	7,918	(3,225)	4,693	8
Non-compete agreements	1,100	(712)	388	3
Content library	4,851	(551)	4,300	5
Proprietary software	870	(835)	35	5
	209,855	(139,012)	70,843	9
Intangible assets not subject to amortization:				
Domain names	163,132	—	163,132	N/A
	$ 372,987	$ (139,012)	$ 233,975	

The Company’s estimated future amortization expense for the succeeding years relating to the purchased intangible assets resulting from acquisitions completed prior to June 30, 2021 is as follows (in thousands):

	Amount
2021 (remainder of the year)	$ 5,803
2022	10,421
2023	8,311
2024	8,077
2025	7,963
2026	6,982
2027 and thereafter	17,461

Goodwill

Changes in goodwill for the six months ended June 30, 2021 consisted of the following (in thousands):

	January 1, 2021	Acquisition-Related [1]	Impairment	Effect of Foreign Currency	June 30, 2021
Americas	$ 269,472	$ 176	$ —	$ 393	$ 270,041
EMEA	29,937	—	—	(309)	29,628
	$ 299,409	$ 176	$ —	$ 84	$ 299,669

Changes in goodwill for the year ended December 31, 2020 consisted of the following (in thousands):

	January 1, 2020	Acquisition-Related (1)	Impairment (2)	Effect of Foreign Currency	December 31, 2020
Americas	$ 259,953	$ 8,851	$ —	$ 668	$ 269,472
EMEA	51,294	—	(21,792)	435	29,937
	$ 311,247	$ 8,851	$ (21,792)	$ 1,103	$ 299,409

(1) The six months ended June 30, 2021 includes the impact of adjustments to acquired goodwill upon refinements of the purchase price allocation of TMC's assets acquired and liabilities assumed. The year ended December 31, 2020 includes the goodwill recorded related to the TMC acquisition.
(2) The year ended December 31, 2020 includes the impairment of a portion of the Symphony reporting unit's goodwill.

The Company performs its annual goodwill impairment test during the third quarter, or more frequently if indicators of impairment exist.

For the annual goodwill impairment test, the Company elected to forgo the option to first assess qualitative factors and performed its annual quantitative goodwill impairment test as of July 31, 2020. Under ASC 350, *Intangibles – Goodwill and Other*, the carrying value of assets is calculated at the reporting unit level. The quantitative assessment of goodwill includes comparing a reporting unit's calculated fair value to its carrying value. The calculation of fair value requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the projected long-term growth rate and determination of the Company's weighted average cost of capital ("WACC"), which are classified as Level 3 inputs. Changes in these estimates and assumptions could materially affect the determination of fair value and/or conclusions on goodwill impairment for each reporting unit. If the fair value of the reporting unit is less than its carrying value, goodwill is considered impaired and an impairment loss is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

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 considered the income and market approaches to determine its best estimates of fair value, which incorporated the following significant assumptions:

- Revenue projections, including revenue growth during the forecast periods;
- EBITDA margin projections over the forecast periods;
- Estimated income tax rates;
- Estimated capital expenditures; and
- Discount rates based on various inputs, including the risks associated with the specific reporting units as well as their revenue growth and EBITDA margin assumptions.

As of July 31, 2020, the Company had eight reporting units, seven of which had goodwill. The Company concluded that goodwill was not impaired for six of its seven of its reporting units with goodwill, based on generally accepted valuation techniques and the significant assumptions outlined above. The fair values of three of the seven reporting units were substantially in excess of their carrying value. As part of this analysis, the Company considered the ongoing deterioration in general economic and market conditions due to the pandemic and its impact on each of the Company's reporting units' performance. The Clearlink, Latin America and Qelp reporting units' fair value exceeded their respective carrying values, although the fair value cushion was not substantial. The Clearlink, Latin America and Qelp reporting units are at risk of future impairment if projected operating results are not met or other inputs into the fair value measurement model change.

The Symphony reporting unit's carrying value exceeded its fair value as of the July 31, 2020 annual impairment analysis, which resulted in a non-cash goodwill impairment of $21.8 million. Symphony's on-site consulting model has been negatively impacted by travel and shelter-in-place restrictions imposed by governments, as well as the shift by businesses to work from home in an attempt to reduce the spread of COVID-19. These restrictions have continued longer than initially anticipated and have resulted in further declines in the cash flow projections at Symphony for 2020 as well as the Company's projections for 2021 at the time of the annual impairment test. There is significant uncertainty regarding the length of time these restrictions will remain in place. An additional impairment charge may arise in the future if Symphony's operations experience a protracted delay in the resumption

of its operations or a significant shift in client demand results from the economic downturn. As of June 30, 2021, the Company believes there was no impairment related to Symphony's remaining $19.3 million of goodwill as no triggering events were identified during the three and six months ended June 30, 2021.

As of June 30, 2021, the Company believes there were no indicators of impairment related to Clearlink's $83.4 million of goodwill (which includes goodwill from the TMC acquisition), Latin America's $18.1 million of goodwill and Qelp's $10.4 million of goodwill. It is possible that future changes in circumstances, including a more prolonged and/or severe pandemic, or future changes in the variable associated with the judgments, assumptions and estimates used in assessing the fair value of the reporting units, could require the Company to record additional non-cash impairment charges.

Note 6. Financial Derivatives

Cash Flow Hedges — The Company has derivative assets and liabilities relating to outstanding forward contracts and options, designated as cash flow hedges, as defined under ASC 815, *Derivatives and Hedging* ("ASC 815"), consisting of Philippine Peso, Costa Rican Colon, Hungarian Forint and Romanian Leu contracts. These foreign currency contracts are entered into to hedge the exposure to variability in the cash flows of a specific asset or liability, or of a forecasted transaction that is attributable to changes in exchange rates.

The deferred gains (losses) and related taxes on the Company's cash flow hedges recorded in "Accumulated other comprehensive income (loss)" ("AOCI") in the accompanying Condensed Consolidated Balance Sheets were as follows (in thousands):

	June 30, 2021	December 31, 2020
Deferred gains (losses) in AOCI	$ (1,017)	$ (2,188)
Tax on deferred gains (losses) in AOCI	3	(3)
Deferred gains (losses) in AOCI, net of taxes	$ (1,014)	$ (2,191)
Deferred gains (losses) expected to be reclassified to "Revenues" from AOCI during the next twelve months	$ (869)	

Deferred gains (losses) and other future reclassifications from AOCI will fluctuate with movements in the underlying market price of the forward contracts and options as well as the related settlement of forecasted transactions.

Non-Designated Hedges

Foreign Currency Contracts — The Company also periodically enters into foreign currency hedge contracts that are not designated as hedges as defined under ASC 815. The purpose of these derivative instruments is to protect the Company's interests against adverse foreign currency moves relating primarily to intercompany receivables and payables, and other assets and liabilities that are denominated in currencies other than the Company's subsidiaries' functional currencies.

The Company had the following outstanding foreign currency forward contracts and options (in thousands):

	June 30, 2021		December 31, 2020	
Contract Type	Notional Amount in USD	Settle Through Date	Notional Amount in USD	Settle Through Date
Cash flow hedges:				
Options:				
US Dollars/Philippine Pesos	$ 40,000	April 2022	$ 12,000	June 2021
Forwards:				
US Dollars/Philippine Pesos	$ 2,000	August 2021	—	—
US Dollars/Costa Rican Colones	34,000	August 2022	36,000	December 2021
Euros/Hungarian Forints	1,138	December 2021	—	—
Euros/Romanian Leis	7,514	December 2021	—	—
Non-designated hedges:				
Forwards	$ 8,693	November 2021	$ 12,439	November 2021

Master netting agreements exist with each respective counterparty to reduce credit risk by permitting net settlement of derivative positions. In the event of default by the Company or one of its counterparties, these agreements include

a set-off clause that provides the non-defaulting party the right to net settle all derivative transactions, regardless of the currency and settlement date. The maximum amount of loss due to credit risk that, based on gross fair value, the Company would incur if parties to the derivative transactions that make up the concentration failed to perform according to the terms of the contracts was $0.6 million and $ 0.3 million as of June 30, 2021 and December 31, 20 20, respectively. After consideration of these netting arrangements and offsetting positions by counterparty, the total net settlement amount as it relates to these positions are asset positions of $0.5 million and $0.3 million as of June 30, 2021 and December 31, 2020, respectively, and liability positions of $1.0 million and $2.4 million as of June 30, 2021 and December 31, 2020, respectively.

Although legally enforceable master netting arrangements exist between the Company and each counterparty, the Company has elected to present the derivative assets and derivative liabilities on a gross basis in the accompanying Condensed Consolidated Balance Sheets. Additionally, the Company is not required to pledge, nor is it entitled to receive, cash collateral related to these derivative transactions.

The following tables present the fair value of the Company's derivative instruments included in the accompanying Condensed Consolidated Balance Sheets (in thousands):

		Derivative Assets	
	Balance Sheet Location	**June 30, 2021**	**December 31, 2020**
Derivatives designated as cash flow hedging instruments:			
Foreign currency contracts	Other current assets	$ 341	$ 154
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	276	183
Total derivative assets		$ 617	$ 337

		Derivative Liabilities	
	Balance Sheet Location	**June 30, 2021**	**December 31, 2020**
Derivatives designated as cash flow hedging instruments:			
Foreign currency contracts	Other accrued expenses and current liabilities	$ 905	$ 2,253
Foreign currency contracts	Other long-term liabilities	148	—
		1,053	2,253
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other accrued expenses and current liabilities	23	225
Total derivative liabilities		$ 1,076	$ 2,478

The following table presents the effect of the Company's derivative instruments included in the accompanying condensed consolidated financial statements (in thousands):

	Location of Gains (Losses) in Net Income	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
		2021	**2020**	**2021**	**2020**
Revenues		$ 448,885	$ 416,833	$ 906,771	$ 827,999
Derivatives designated as cash flow hedging instruments:					
Gains (losses) recognized in AOCI:					
Foreign currency contracts		$ (504)	$ 1,179	(296)	868
Gains (losses) reclassified from AOCI:					
Foreign currency contracts	Revenues	$ (676)	$ 1,438	(1,433)	2,364
Derivatives not designated as hedging instruments:					
Gains (losses) recognized from foreign currency contracts	Other income (expense), net	$ (42)	$ (164)	$ (7)	$ (410)

Note 7. Investments Held in Rabbi Trust

The Company's investments held in rabbi trust, classified as trading securities and included in "Other current assets" in the accompanying Condensed Consolidated Balance Sheets, at fair value, consist of the following (in thousands):

	June 30, 2021		December 31, 2020	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	$ 11,560	$ 19,599	$ 10,332	$ 16,780

The mutual funds held in rabbi trust were 73% equity-based and 27% debt-based as of June 30, 2021. Net investment gains (losses) included in "Other income (expense), net" in the accompanying Condensed Consolidated Statements of Operations consists of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net realized gains (losses) from sale of trading securities	$ 309	$ 12	$ 734	$ 62
Dividend and interest income	41	48	73	81
Net unrealized holding gains (losses)	773	1,756	841	(384)
	$ 1,123	$ 1,816	$ 1,648	$ (241)

Note 8. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) consist of the following (in thousands):

	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Net Investment Hedge	Unrealized Gain (Loss) on Cash Flow Hedging Instruments	Unrealized Actuarial Gain (Loss) Related to Pension Liability	Unrealized Gain (Loss) on Postretirement Obligation	Total
Balance at January 1, 2020	$ (52,749)	$ 1,046	$ 2,290	$ 2,324	$ 88	$ (47,001)
Pre-tax amount	12,461	—	(839)	(1,914)	—	9,708
Tax (provision) benefit	—	—	(253)	182	—	(71)
Reclassification of (gain) loss to net income	—	—	(3,418)	(129)	(88)	(3,635)
Foreign currency translation	(162)	—	29	133	—	—
Balance at December 31, 2020	(40,450)	1,046	(2,191)	596	—	(40,999)
Pre-tax amount	(2,927)	—	(296)	—	—	(3,223)
Tax (provision) benefit	—	—	11	1	—	12
Reclassification of (gain) loss to net income	—	—	1,428	(4)	—	1,424
Foreign currency translation	(25)	—	34	(9)	—	—
Balance at June 30, 2021	$ (43,402)	$ 1,046	$ (1,014)	$ 584	$ —	$ (42,786)

The following table summarizes the amounts reclassified to net income from accumulated other comprehensive income (loss) and the associated line item in the accompanying Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Statements of Operations Location
	2021	2020	2021	2020	
Gain (loss) on cash flow hedging instruments: (1)					
Pre-tax amount	$ (676)	$ 1,438	$ (1,433)	$ 2,364	Revenues
Tax (provision) benefit	4	(42)	5	(70)	Income taxes
Reclassification to net income	(672)	1,396	(1,428)	2,294	
Actuarial gain (loss) related to pension liability: (2)					
Pre-tax amount	2	23	3	46	Other income (expense), net
Tax (provision) benefit	1	4	1	7	Income taxes
Reclassification to net income	3	27	4	53	
Gain (loss) on postretirement obligation: (2)(3)					
Reclassification to net income	—	22	—	44	Other income (expense), net
	$ (669)	$ 1,445	$ (1,424)	$ 2,391	

(1) See Note 6, Financial Derivatives, for further information.
(2) See Note 12, Defined Benefit Pension Plan and Postretirement Benefits, for further information.
(3) No related tax (provision) benefit.

The Company has accrued income taxes on earnings which it plans to repatriate to the U.S. Any remaining earnings as well as other outside basis differences associated with the Company's investments in its foreign subsidiaries are considered to be indefinitely reinvested and no provision for income taxes on those earnings or translation adjustments has been provided. See Note 9, Income Taxes, for further information.

Note 9. Income Taxes

The Company's effective tax rates were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Effective tax rate	21.5%	22.3%	20.3%	24.3%

The decrease in the effective tax rate for the three months ended June 30, 2021 as compared to 2020 was primarily due to a $1.0 million discrete tax benefit relating to changes in the Company's valuation allowances, which was partially offset by the UK tax rate change during the three months ended June 30, 2021. The decrease was also affected by shifts in earnings among the various jurisdictions in which the Company operates. Several additional factors, none of which were individually material, also impacted the rate. The difference between the Company's effective tax rate as compared to the U.S. statutory federal tax rate of 21.0% was primarily due to the tax impact of permanent differences, state income and foreign withholding taxes, partially offset by the recognition of net tax benefits resulting from foreign tax rate differentials, income earned in certain tax holiday jurisdictions and tax credits.

The decrease in the effective tax rate for the six months ended June 30, 2021 as compared to 2020 was primarily due to $2.0 million in discrete tax benefits relating to changes in the Company's valuation allowances, the Philippines tax law change and stock compensation recognized, partially offset by the UK tax rate change during the six months ended June 30, 2021. The decrease was also affected by shifts in earnings among the various jurisdictions in which the Company operates. Several additional factors, none of which were individually material, also impacted the rate. The difference between the Company's effective tax rate as compared to the U.S. statutory federal tax rate of 21.0% was primarily due to the recognition of net tax benefits resulting from foreign tax rate differentials, income earned in certain tax holiday jurisdictions and tax credits, partially offset by the tax impact of permanent differences, state income and foreign withholding taxes.

The Company provides U.S. income taxes on the earnings of foreign subsidiaries unless they are exempted from taxation. No additional income taxes have been provided for any indefinitely reinvested earnings or outside basis differences. Determining the amount of unrecognized deferred tax liability related to any remaining outside basis

difference in these entities is not practicable due to the inherent complexity of the multi-jurisdictional tax environment in which the Company operates.

The Company is currently under audit in several tax jurisdictions. The Company believes it has adequate reserves related to all matters pertaining to these audits. Should the Company experience unfavorable outcomes from these audits, such outcomes could have a significant impact on its financial condition, results of operations and cash flows.

Note 10. Earnings Per Share

Basic earnings per share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per share includes the weighted average number of common shares outstanding during the respective periods and the further dilutive effect, if any, from stock appreciation rights, restricted stock, restricted stock units and shares held in rabbi trust using the treasury stock method.

The numbers of shares used in the earnings per share computation were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Basic:				
Weighted average common shares outstanding	39,779	40,318	39,711	40,726
Diluted:				
Dilutive effect of stock appreciation rights, restricted stock, restricted stock units and shares held in rabbi trust	163	62	240	131
Total weighted average diluted shares outstanding	39,942	40,380	39,951	40,857
Anti-dilutive shares excluded from the diluted earnings per share calculation	86	101	52	51

On August 18, 2011, the Company's Board of Directors (the "Board") authorized the Company to purchase up to 5.0 million shares of its outstanding common stock (the "2011 Share Repurchase Program"). On March 16, 2016, the Board authorized an increase of 5.0 million shares to the 2011 Share Repurchase Program for a total of 10.0 million shares. A total of 8.3 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date.

The shares repurchased under the Company's 2011 Share Repurchase Program were as follows (none in 2021) (in thousands, except per share amounts):

	Total Number of Shares Repurchased	Range of Prices Paid Per Share		Total Cost of Shares Repurchased
		Low	High	
Three Months Ended:				
June 30, 2020	500	$ 23.90	$ 27.94	$ 13,019
Six Months Ended:				
June 30, 2020	1,360	$ 23.33	$ 31.91	$ 35,928

Note 11. Commitments and Loss Contingencies

Purchase Commitments

The Company enters into various purchase commitment agreements with third-party vendors in the ordinary course of business whereby the Company commits to purchase goods and services used in its normal operations. These agreements generally are not cancelable, range from one to five-year periods and may contain fixed or minimum annual commitments. Certain of these agreements allow for renegotiation of the minimum annual commitments.

Loss Contingencies

Contingencies are recorded in the consolidated financial statements when it is probable that a liability will be incurred and the amount of the loss is reasonably estimable, or otherwise disclosed, in accordance with ASC 450, *Contingencies* ("ASC 450"). Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. In the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosures related to such matter as appropriate and in compliance with ASC 450.

The Company received a state audit assessment and is currently rebutting the position. The Company has determined that the likelihood of a liability is reasonably possible and developed a range of possible loss up to $2.0 million, net of federal benefit, as of June 30, 2021.

Two lawsuits relating to the Merger, each filed by an individual shareholder, have been filed in the United States District Court for the Southern District of New York, captioned *Shiva Stein v. Sykes Enterprises, Incorporated, et al.*, Case No. 1:21-cv-06043, and *Matthew Whitfield v. Sykes Enterprises, Incorporated, et al.*, Case No. 1:21-cv-06163.

The Company and individual members of its Board of Directors are named as defendants in each complaint. The complaints generally allege that the defendants violated the Exchange Act by making untrue statements in, or failing to disclose material information in, the Company's preliminary proxy statement filed on July 12, 2021, and generally seeks, among other things, injunctive relief prohibiting consummation of the Merger and unspecified damages and attorneys' fees.

The defendants deny the allegations made in the complaints. Additional complaints arising out of or relating to the Merger Agreement and the transactions contemplated thereby may be filed in the future. If additional similar complaints are filed, absent new or different allegations that are material, the Company will not necessarily announce such additional filings.

The Company, from time to time, is involved in legal actions arising in the ordinary course of business. With respect to any such other currently pending matters, management believes that the Company has adequate legal defenses and/or, when possible and appropriate, has provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Note 12. Defined Benefit Pension Plan and Postretirement Benefits

Defined Benefit Pension Plans

The following table provides information about the net periodic benefit cost for the Company's pension plans (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Service cost (1)	$ 183	$ 108	$ 364	$ 213
Interest cost (2)	61	52	122	103
Recognized actuarial (gains) (2)	(2)	(23)	(3)	(46)
	$ 242	$ 137	$ 483	$ 270

(1) Included in "Direct salaries and related costs" and "General and administrative" costs in the accompanying Condensed Consolidated Statements of Operations.
(2) Included in "Other income (expense), net" in the accompanying Condensed Consolidated Statements of Operations.

Employee Retirement Savings Plans

The Company maintains a 401(k) plan covering defined employees who meet established eligibility requirements. The Company's contributions included in the accompanying Condensed Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
401(k) plan contributions	$ 801	$ 711	$ 1,652	$ 1,491

Note 13. Stock-Based Compensation

The following table summarizes the stock-based compensation expense (primarily in the Americas) and income tax benefits related to the stock-based compensation, both plan and non-plan related (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Stock-based compensation (expense) (1)	$ (3,618)	$ (2,042)	$ (8,369)	$ (3,902)
Income tax benefit (2)	869	490	2,009	936

(1) Included in "General and administrative" costs in the accompanying Condensed Consolidated Statements of Operations.
(2) Included in "Income taxes" in the accompanying Condensed Consolidated Statements of Operations.

During the six months ended June 30, 2021, the Company granted 0.3 million performance-based restricted shares/restricted stock units and 0.1 million service-based restricted shares/restricted stock units under the Company's 2019 Plan, all at a weighted average grant-date fair value of $44.79 per share.

Note 14. Segments and Geographic Information

The Company operates within two regions, the Americas and EMEA. Each region represents a reportable segment comprised of aggregated regional operating segments, which portray similar economic characteristics. The Company aligns its business into two segments to effectively manage the business and support the customer care needs of every client and to respond to the demands of the Company's global customers.

The reportable segments consist of (1) the Americas, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim, and provides outsourced customer experience management solutions and services (with an emphasis on inbound technical support, digital support and demand generation, and customer service) and technical staffing and (2) EMEA, which includes Europe, the Middle East and Africa, and provides outsourced customer experience management solutions and services (with an emphasis on technical support and customer service) and fulfillment services. The sites within Latin America, Australia and the Asia Pacific Rim are included in the Americas segment given the nature of the business and client profile, which is primarily made up of U.S.-based companies that are using the Company's services in these locations to support their customer experience management needs.

Information about the Company's reportable segments is as follows (in thousands):

	Americas	EMEA	Other (1)	Consolidated
Three Months Ended June 30, 2021:				
Revenues	$ 356,427	$ 92,455	$ 3	$ 448,885
Percentage of revenues	79.4%	20.6%	0.0%	100.0%
Depreciation, net	$ 9,864	$ 2,212	$ 733	$ 12,809
Amortization of intangibles	$ 2,061	$ 898	$ —	$ 2,959
Income (loss) from operations	$ 47,275	$ 4,593	$ (22,147)	$ 29,721
Total other income (expense), net			(187)	(187)
Income taxes			(6,354)	(6,354)
Net income (loss)				$ 23,180
Three Months Ended June 30, 2020:				
Revenues	$ 339,272	$ 77,561	$ —	$ 416,833
Percentage of revenues	81.4%	18.6%	0.0%	100.0%
Depreciation, net	$ 10,088	$ 1,818	$ 724	$ 12,630
Amortization of intangibles	$ 3,281	$ 812	$ —	$ 4,093
Income (loss) from operations	$ 40,479	$ 4,078	$ (17,344)	$ 27,213
Total other income (expense), net			1,402	1,402
Income taxes			(6,385)	(6,385)
Net income				$ 22,230
Six Months Ended June 30, 2021:				
Revenues	$ 720,146	$ 186,622	$ 3	$ 906,771
Percentage of revenues	79.4%	20.6%	0.0%	100.0%
Depreciation, net	$ 20,085	$ 4,368	$ 1,471	$ 25,924
Amortization of intangibles	$ 4,157	$ 1,789	$ —	$ 5,946
Income (loss) from operations	$ 92,147	$ 11,261	$ (42,157)	$ 61,251
Total other income (expense), net			(834)	(834)
Income taxes			(12,259)	(12,259)
Net income				$ 48,158
Six Months Ended June 30, 2020:				
Revenues	$ 672,198	$ 155,794	$ 7	$ 827,999
Percentage of revenues	81.2%	18.8%	0.0%	100.0%
Depreciation, net	$ 20,121	$ 3,523	$ 1,447	$ 25,091
Amortization of intangibles	$ 6,567	$ 1,645	$ —	$ 8,212
Income (loss) from operations	$ 76,258	$ 7,258	$ (31,909)	$ 51,607
Total other income (expense), net			(3,848)	(3,848)
Income taxes			(11,611)	(11,611)
Net income				$ 36,148

(1) Other items (including corporate and other costs, other income and expense, and income taxes) are included for purposes of reconciling to the Company's consolidated totals as shown in the tables above for the periods shown. Inter-segment revenues are not material to the Americas and EMEA segment results.

The Company's reportable segments are evaluated regularly by its chief operating decision maker to decide how to allocate resources and assess performance. The chief operating decision maker evaluates performance based upon reportable segment revenue and income (loss) from operations. Because assets by segment are not reported to or used by the Company's chief operating decision maker to allocate resources, or to assess performance, total assets by segment are not disclosed.

The following table represents a disaggregation of revenue from contracts with customers by delivery location and by the reportable segment (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Americas:				
United States	$ 157,174	$ 164,773	$ 327,178	$ 322,437
The Philippines	70,076	62,567	138,070	127,006
Costa Rica	36,722	39,250	74,248	74,131
Canada	29,392	22,955	57,379	48,196
El Salvador	19,368	16,902	37,364	35,622
Other	43,695	32,825	85,907	64,806
Total Americas	356,427	339,272	720,146	672,198
EMEA:				
Germany	27,252	24,116	56,275	48,767
Other	65,203	53,445	130,347	107,027
Total EMEA	92,455	77,561	186,622	155,794
Total Other	3	—	3	7
	$ 448,885	$ 416,833	$ 906,771	$ 827,999

Note 15. Other Income (Expense)

Other income (expense), net consists of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Foreign currency transaction gains (losses)	$ (72)	$ 48	$ (257)	$ (1,558)
Gains (losses) on derivative instruments not designated as hedges	(42)	(164)	(7)	(410)
Net investment gains (losses) on investments held in rabbi trust	1,123	1,816	1,648	(241)
Other miscellaneous income (expense)	(917)	97	(1,614)	(787)
	$ 92	$ 1,797	$ (230)	$ (2,996)

Note 16. Related Party Transactions

In January 2008, the Company entered into a lease for a customer experience management center located in Kingstree, South Carolina. The landlord, Kingstree Office One, LLC, is an entity controlled by John H. Sykes, the founder, former Chairman and former Chief Executive Officer of the Company and the father of Charles Sykes, President and Chief Executive Officer of the Company. The lease payments on the 20-year lease were negotiated at or below market rates, and the lease is cancellable at the option of the Company. Upon giving notice in September 2020, the Company paid a lease termination penalty of $0.1 million and the Company vacated the space as of March 31, 2021. The Company paid $0.1 million to the landlord during the three months ended June 30, 2020 (none in the three months ended June 30, 2021), $0.1 million during the six months ended June 30, 2021 and $0.2 million during the six months ended June 30, 2020, under the terms of the lease.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Sykes Enterprises, Incorporated
400 North Ashley Drive
Tampa, Florida

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Sykes Enterprises, Incorporated and subsidiaries (the "Company") as of June 30, 2021, the related condensed consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity for the three-month and six-month periods ended June 30, 2021 and 2020, and of cash flows for the six-month periods ended June 30, 2021 and 2020, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2021, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the 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 reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP
Tampa, Florida

August 9, 2021

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the condensed consolidated financial statements and notes included elsewhere in this report and the consolidated financial statements and notes in the Sykes Enterprises, Incorporated ("SYKES," "our," "we" or "us") Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission ("SEC").

Our discussion and analysis may contain forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations, estimates, forecasts, and projections about SYKES, our beliefs, and assumptions made by us, including our belief that our operations have not been materially impacted by the April 2020 cyber incident, as discussed in our Form 10-Q for the three months ended March 31, 2020, as filed with the SEC, or the October 2020 cyber incident, as discussed in Note 18, Subsequent Event, in our Form 10-Q for the three and nine months ended September 30, 2020, as filed with the SEC. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as "believe," "estimate," "project," "expect," "intend," "may," "anticipate," "plan," "seek," variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives, or goals also are forward-looking statements. Further, statements about the effects of the novel coronavirus ("COVID-19") pandemic on our business, operations, financial performance and prospects may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our clients, third parties and us. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this report. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any such forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to: (i) the impact of economic recessions in the U.S. and other parts of the world, (ii) fluctuations in global business conditions and the global economy, (iii) currency fluctuations, (iv) the timing of significant orders for our products and services, (v) variations in the terms and the elements of services offered under our standardized contract including those for future bundled service offerings, (vi) changes in applicable accounting principles or interpretations of such principles, (vii) difficulties or delays in implementing our bundled service offerings, (viii) failure to achieve sales, marketing and other objectives, (ix) construction delays of new or expansion of existing customer experience management centers, (x) delays in our ability to develop new products and services and market acceptance of new products and services, (xi) rapid technological change, (xii) loss or addition of significant clients, (xiii) political and country-specific risks inherent in conducting business abroad, (xiv) our ability to attract and retain key management personnel, (xv) our ability to continue the growth of our support service revenues through additional technical and customer experience management centers, (xvi) our ability to further penetrate into vertically integrated markets, (xvii) our ability to expand our global presence through strategic alliances and selective acquisitions, (xviii) our ability to continue to establish a competitive advantage through sophisticated technological capabilities, (xix) the ultimate outcome of any lawsuits, (xx) our ability to recognize deferred revenue through delivery of products or satisfactory performance of services, (xxi) our dependence on the demand for outsourcing, (xxii) risk of interruption of technical and customer experience management center operations due to such factors as fire, earthquakes, inclement weather and other disasters, power failures, telecommunication failures, unauthorized intrusions, computer viruses and other emergencies, (xxiii) the existence of substantial competition, (xxiv) the early termination of contracts by clients, (xxv) the ability to obtain and maintain grants and other incentives (tax or otherwise), (xxvi) the potential of cost savings/synergies associated with acquisitions not being realized, or not being realized within the anticipated time period, (xxvii) risks related to the integration of the acquisitions and the impairment of any related goodwill, (xxviii) the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement and (xxix) other risk factors that are identified herein and in our most recent Annual Report on Form 10-K for the year ended December 31, 2020, including factors identified under the headings "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Executive Summary

We are a leading full lifecycle provider of global customer experience management services, multichannel demand generation and digital transformation. We provide differentiated full lifecycle customer experience management solutions and services primarily to Global 2000 companies and their end customers principally in the financial services, technology, communications, transportation & leisure and healthcare industries. Our differentiated full lifecycle services platform effectively engages customers at every touchpoint within the customer journey, including digital media and acquisition, sales expertise, customer service, technical support and retention, many of which can be optimized by a suite of digital transformation capabilities under our SYKES Digital Services ("SDS") group, which spans robotic process automation ("RPA"), self-service, insight analytics and digital learning. In addition to digital transformation, we also provide artificial intelligence ("AI") solutions that can be embedded and leveraged across our lifecycle offerings. We serve our clients through two geographic operating regions: the Americas (United States, Canada, Latin America, Australia and the Asia Pacific Rim) and EMEA (Europe, the Middle East and Africa). Our Americas and EMEA regions primarily provide customer experience management solutions and services with an emphasis on inbound multichannel demand generation, customer service and technical support to our clients' customers. These services, which represented 98.7% and 98.9% of consolidated revenues during the three months ended June 30, 2021 and 2020, respectively, and 98.8% and 98.7% of consolidated revenues during the six months ended June 30, 2021 and 2020, respectively, are delivered through multiple communication channels including phone, e-mail, social media, text messaging, chat and digital self-service. We also provide various enterprise support services in the United States ("U.S.") that include services for our clients' internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, we also provide fulfillment services, which include order processing, payment processing, inventory control, product delivery and product returns handling. Additionally, through our acquisition of RPA provider Symphony Ventures Ltd ("Symphony") coupled with our investment in AI through XSell Technologies, Inc. ("XSell"), we also provide a suite of digital transformation capabilities that optimizes our differentiated full lifecycle management services platform. Our complete service offering helps our clients acquire, retain and increase the lifetime value of their customer relationships. We have developed an extensive global reach with customer experience management centers across six continents, including North America, South America, Europe, Asia, Australia and Africa. We deliver cost-effective solutions that generate demand, enhance the customer service experience, promote stronger brand loyalty, and bring about high levels of performance and profitability.

Recent Developments

Proposed Transaction with Sitel Global

On June 17, 2021, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Sitel Worldwide Corporation, a Delaware corporation ("Parent"), and Florida Mergersub, Inc., a Florida corporation and wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are subsidiaries of Sitel Group, a global provider of customer experience products and solutions. Pursuant to the Merger Agreement, and subject to the terms thereof, Parent will acquire each share of the Company's common stock ("Company Common Stock") issued and outstanding immediately prior to the effective time of the merger contemplated by the Merger Agreement for $54.00 in cash, without interest and subject to any required tax withholding (the "Merger"). Consummation of the Merger is subject to customary closing conditions, including, among others, (i) the absence of certain legal impediments that prohibit the consummation of the Merger and the other transactions contemplated by the Merger Agreement, (ii) receipt of certain regulatory clearances, including, the expiration or termination of the required waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (iii) the adoption of the Merger Agreement by the holders of a majority of the issued and outstanding shares of Company Common Stock and (iv) all consents, approvals, clearances and other authorizations of any governmental entity.

The full text of the Merger Agreement was filed as Exhibit 2.1 to our Current Report on Form 8-K filed on June 21, 2021.

In connection with the Merger, we have incurred, and will continue to incur, merger-related legal and advisory costs, some of which are contingent on the closing of the Merger. Transaction expenses associated with the proposed Merger of $3.5 million were recorded in “General and administrative” costs in the Other segment in the accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021. We expect the Merger to close in the second half of 2021.

Coronavirus

On March 11, 2020, the World Health Organization characterized the novel coronavirus (“COVID-19”) a pandemic. The global nature, rapid spread and continually evolving response by governments throughout the world to combat the spread has had a negative impact on the global economy. Certain of our customer experience management centers have been impacted by local government actions restricting facility access or are operating at lower capacity utilization levels to achieve social distancing. We are committed to the health and safety of our workforce and ensuring business continuity for the brands we serve. In response, we have shifted as many employees as possible to a work-at-home model. As of the middle of July 2021, approximately 69% of agents assigned to our brick-and-mortar have temporarily transitioned to a work-at-home model, 30% are working in our centers and 1% of our agents are idle primarily due to the lack of technical infrastructure to work from home. Our operations in the Philippines, El Salvador and Mexico have been most impacted by the governmental restrictions.

We continue to closely monitor the prevalence of COVID-19 and the vaccination rates in the communities where our centers are located as well as guidance from public health authorities, federal and local agencies and municipalities. We will work with employees and clients to transition agents back to our centers based on that guidance, but risk further disruption to our business as a result of COVID-19 and government-imposed restrictions. Over time, we anticipate a permanent transition to a work-at-home or hybrid model for a portion of our workforce.

Exit of Leased Space

We continue to reevaluate our real estate footprint in connection with the transition of a portion of our workforce to a permanent remote working environment in both the Americas and EMEA. Since April 2020, we have decided to terminate, sublease or abandon leases prior to the end of their lease terms at certain of our sites as approximately 4,200 seats transitioned from brick and mortar to at home agents. As such, we recorded impairments of right-of-use (“ROU”) assets of $13.4 million and impairments of property and equipment of $7.6 million since the initiation of our reevaluation in April 2020, of which $0.7 million of ROU assets and $0.5 million of property and equipment impairments were recorded during the six months ended June 30, 2021. See Note 4, Fair Value, in the accompanying “Notes to Condensed Consolidated Financial Statements” for further information. Annualized lease expense savings of $0.7 million is expected from the actions in 2021, of which approximately 70% is anticipated to be realized as cash savings.

Taylor Media Corp. Acquisition

On December 31, 2020, through our wholly-owned subsidiary, Clear Link Technologies, LLC, we completed the acquisition of Taylor Media Corp. (“TMC”), a personal finance digital media company and owner of The Penny Hoarder. Of the total initial purchase price of $104.9 million, $87.2 million was paid upon closing using $63.0 million of additional borrowings under our credit agreement as well as cash on hand. Of the remaining $17.7 million of the purchase price, $0.2 million was used to repay outstanding debt and $17.5 million of the purchase price was deferred and is payable on December 31, 2027, the seventh anniversary of the closing. In the event TMC’s previous owner remains employed by the Company or one of its subsidiaries on December 31, 2022, the second anniversary of the closing, the deferred payment will be accelerated and due at that time. TMC’s assets and liabilities have been reflected in our consolidated balance sheet as of December 31, 2020 in the Americas segment and the results of TMC’s operations have been reflected in our consolidated financial statements since January 1, 2021.

Results of Operations

The following table sets forth, for the periods indicated, the amounts presented in the accompanying Condensed Consolidated Statements of Operations as well as the change between the periods:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands)	2021	2020	$ Change	2021	2020	$ Change
Revenues	$ 448,885	$ 416,833	$ 32,052	$ 906,771	$ 827,999	$ 78,772
Operating expenses:						
Direct salaries and related costs	292,086	268,433	23,653	591,563	535,378	56,185
General and administrative	110,924	102,664	8,260	220,551	205,911	14,640
Depreciation, net	12,809	12,630	179	25,924	25,091	833
Amortization of intangibles	2,959	4,093	(1,134)	5,946	8,212	(2,266)
Impairment of long-lived assets	386	1,800	(1,414)	1,536	1,800	(264)
Total operating expenses	419,164	389,620	29,544	845,520	776,392	69,128
Income from operations	29,721	27,213	2,508	61,251	51,607	9,644
Other income (expense):						
Interest income	103	165	(62)	201	428	(227)
Interest (expense)	(382)	(560)	178	(805)	(1,280)	475
Other income (expense), net	92	1,797	(1,705)	(230)	(2,996)	2,766
Total other income (expense), net	(187)	1,402	(1,589)	(834)	(3,848)	3,014
Income before income taxes	29,534	28,615	919	60,417	47,759	12,658
Income taxes	6,354	6,385	(31)	12,259	11,611	648
Net income	$ 23,180	$ 22,230	$ 950	$ 48,158	$ 36,148	$ 12,010

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Revenues

	Three Months Ended June 30,				
	2021		2020		
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change
Americas	$ 356,427	79.4%	$ 339,272	81.4%	$ 17,155
EMEA	92,455	20.6%	77,561	18.6%	14,894
Other	3	0.0%	—	0.0%	3
Consolidated	$ 448,885	100.0%	$ 416,833	100.0%	$ 32,052

Consolidated revenues increased $32.1 million, or 7.7%, for the three months ended June 30, 2021 from the comparable period in 2020.

The increase in Americas' revenues was due to higher volumes from existing clients of $12.8 million, new clients of $19.5 million and a favorable foreign currency impact of $5.8 million, partially offset by end-of-life client programs of $20.9 million primarily in the communications and technology verticals. Revenues from our offshore operations represented 44.9% of Americas' revenues in 2021, compared to 42.6% for the comparable period in 2020.

The increase in EMEA's revenues was due to higher volumes from existing clients of $6.4 million, new clients of $2.5 million and a favorable foreign currency impact of $8.8 million, partially offset by end-of-life client programs of $2.8 million primarily in the communications and technology verticals.

On a consolidated basis, we had 44,600 brick-and-mortar seats as of June 30, 2021, a decrease of 4,000 seats from the comparable period in 2020, driven by decisions made by certain clients to permanently alter their delivery mix away from brick and mortar to a home agent solution due to COVID-19, coupled with the consolidation of underutilized facilities in both the Americas and EMEA. On a segment basis, 37,100 seats were located in the Americas, a decrease of 3,300 seats from the comparable period in 2020, and 7,500 seats were located in EMEA, a decrease of 700 seats from the comparable period in 2020.

On a consolidated basis, the capacity utilization rate was 73%, compared to 73% in the comparable period in 2020. As of the middle of July 2021, approximately 69% of agents who typically work in our brick-and-mortar facilities

have temporarily transitioned to work at home, 30% are working in our centers and the remaining 1% of agents are at home but idle.

The capacity utilization rate for the Americas was 73% in 2021 and in the comparable period in 2020. The capacity utilization rate for EMEA in 2021 was 72%, compared to 69% in the comparable period in 2020. We strive to attain a capacity utilization rate of 85% at each of our locations. Capacity utilization is measured by taking the number of agents and indirect support headcount and dividing it by the number of seats provisioned for utilization. Agents assigned to brick-and-mortar facilities but temporarily working from home to meet social distancing requirements resulting from the COVID-19 pandemic are included as if they were working in a center. Capacity utilization is a critical metric for us as it is used as an input to the pricing, revenue and margin drivers of our business as well as capital allocation.

Direct Salaries and Related Costs

	Three Months Ended June 30,					
	2021		2020			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 226,429	63.5%	$ 214,606	63.3%	$ 11,823	0.2%
EMEA	65,657	71.0%	53,827	69.4%	11,830	1.6%
Consolidated	$ 292,086	65.1%	$ 268,433	64.4%	$ 23,653	0.7%

The increase of $23.7 million in direct salaries and related costs included an unfavorable foreign currency impact of $5.0 million in the Americas and an unfavorable foreign currency impact of $6.5 million in EMEA.

The increase in Americas' direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher customer-acquisition advertising costs of 2.9% driven primarily by the activity at recently acquired TMC in the current period and higher auto tow claim costs of 0.4%, partially offset by lower compensation costs of 1.7% primarily due to higher agent productivity in the healthcare and financial services verticals, lower travel costs of 1.2% primarily driven by employee transportation costs during the pandemic in the prior period and lower other costs of 0.2%.

The increase in EMEA's direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 1.1% primarily driven by lower agent productivity in the financial services, communications and technology verticals and higher fulfillment materials costs of 1.0%, partially offset by lower communications costs of 0.4% and lower other costs of 0.1%.

General and Administrative

	Three Months Ended June 30,					
	2021		2020			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 70,412	19.8%	$ 69,018	20.3%	$ 1,394	-0.5%
EMEA	19,095	20.7%	17,026	22.0%	2,069	-1.3%
Other	21,417	-	16,620	-	4,797	-
Consolidated	$ 110,924	24.7%	$ 102,664	24.6%	$ 8,260	0.1%

The increase of $8.3 million in general and administrative expenses included an unfavorable foreign currency impact of $1.2 million in the Americas and an unfavorable foreign currency impact of $1.8 million in EMEA.

The decrease in Americas' general and administrative expenses, as a percentage of revenues, was primarily attributable to a higher net gain on lease terminations of 0.6%, lower merger and integration costs of 0.4% and lower facility-related costs of 0.3%, partially offset by higher compensation costs of 0.4%, higher software and maintenance costs of 0.2% and higher legal and professional fees of 0.2%.

The decrease in EMEA's general and administrative expenses, as a percentage of revenues, was primarily attributable to lower compensation costs of 0.9% and lower facility-related costs of 0.8%, partially offset by higher severance costs of 0.4%.

The increase in Other general and administrative expenses, which includes corporate and other costs, was primarily attributable to higher merger and integration costs of $3.7 million resulting primarily from the proposed Merger with Sitel Group and higher compensation costs of $1.3 million driven by higher long-term and annual performance-based compensation in the current period, partially offset by lower other costs of $0.2 million.

Depreciation, Amortization and Impairment of Long-Lived Assets

	Three Months Ended June 30,					
	2021		2020			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	$ 9,864	2.8%	$ 10,088	3.0%	$ (224)	-0.2%
EMEA	2,212	2.4%	1,818	2.3%	394	0.1%
Other	733	-	724	-	9	-
Consolidated	$ 12,809	2.9%	$ 12,630	3.0%	$ 179	-0.1%
Amortization of intangibles:						
Americas	$ 2,061	0.6%	$ 3,281	1.0%	$ (1,220)	-0.4%
EMEA	898	1.0%	812	1.0%	86	0.0%
Other	—	-	—	-	—	-
Consolidated	$ 2,959	0.7%	$ 4,093	1.0%	$ (1,134)	-0.3%
Impairment of long-lived assets:						
Americas	$ 386	0.1%	$ 1,800	0.5%	$ (1,414)	-0.4%
EMEA	—	0.0%	—	0.0%	—	0.0%
Other	—	-	—	-	—	-
Consolidated	$ 386	0.1%	$ 1,800	0.4%	$ (1,414)	-0.3%

The increase in depreciation was primarily due to new depreciable fixed assets placed into service supporting site expansions and infrastructure upgrades as well as accelerated depreciation related to certain site exits, partially offset by the impact since the prior period of certain fully depreciated fixed assets as well as assets that were impaired.

The decrease in amortization was primarily due to the impact since the prior period of certain fully amortized intangible assets.

See Note 4, Fair Value, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information on the impairment of long-lived assets.

Other Income (Expense)

	Three Months Ended June 30,		
(in thousands)	2021	2020	$ Change
Interest income	$ 103	$ 165	$ (62)
Interest (expense)	$ (382)	$ (560)	$ 178
Other income (expense), net:			
Foreign currency transaction gains (losses)	$ (72)	$ 48	$ (120)
Gains (losses) on derivative instruments not designated as hedges	(42)	(164)	122
Gains (losses) on investments held in rabbi trust	1,123	1,816	(693)
Other miscellaneous income (expense)	(917)	97	(1,014)
Total other income (expense), net	$ 92	$ 1,797	$ (1,705)

The decrease in interest income was primarily due to lower invested balances and interest rates than in the comparable period.

The decrease in interest (expense) was primarily due to lower average outstanding borrowings and interest rates than in the comparable period.

The change in other income (expense), net, was primarily due to an increase in losses from XSell, our equity method investee, and a decrease in the value of investments held in rabbi trust. See Note 7, Investments Held in Rabbi Trust, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information.

Income Taxes

	Three Months Ended June 30,					
(in thousands)	2021		2020		$ Change	
Income before income taxes	$	29,534	$	28,615	$	919
Income taxes		6,354		6,385		(31)
					% Change	
Effective tax rate		21.5%		22.3%		-0.8%

The decrease in the effective tax rate in 2021 compared to 2020 was primarily due to a $1.0 million discrete tax benefit relating to changes in the Company's valuation allowances, which was partially offset by the UK tax rate change in the current period. The decrease was also affected by shifts in earnings among the various jurisdictions in which we operate. Several additional factors, none of which are individually material, also impacted the rate.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Revenues

	Six Months Ended June 30,							
	2021			2020				
(in thousands)	Amount		% of Revenues	Amount		% of Revenues	$ Change	
Americas	$	720,146	79.4%	$	672,198	81.2%	$	47,948
EMEA		186,622	20.6%		155,794	18.8%		30,828
Other		3	0.0%		7	0.0%		(4)
Consolidated	$	906,771	100.0%	$	827,999	100.0%	$	78,772

Consolidated revenues increased $78.8 million, or 9.5%, for the six months ended June 30, 2021 from the comparable period in 2020.

The increase in Americas' revenues was due to higher volumes from existing clients of $47.9 million, new clients of $35.6 million and a favorable foreign currency impact of $9.2 million, partially offset by end-of-life client programs of $44.8 million primarily in the communications, technology and financial services verticals. Revenues from our offshore operations represented 43.8% of Americas' revenues in 2021, compared to 42.7% for the comparable period in 2020.

The increase in EMEA's revenues was due to higher volumes from existing clients of $15.6 million, new clients of $4.1 million and a favorable foreign currency impact of $16.9 million, partially offset by end-of-life client programs of $5.8 million primarily in the communications and technology verticals.

Direct Salaries and Related Costs

	Six Months Ended June 30,								
	2021			2020					
(in thousands)	Amount		% of Revenues	Amount		% of Revenues	$ Change		Change in % of Revenues
Americas	$	460,926	64.0%	$	427,234	63.6%	$	33,692	0.4%
EMEA		130,637	70.0%		108,144	69.4%		22,493	0.6%
Consolidated	$	591,563	65.2%	$	535,378	64.7%	$	56,185	0.5%

The increase of $56.2 million in direct salaries and related costs included an unfavorable foreign currency impact of $7.5 million in the Americas and an unfavorable foreign currency impact of $12.1 million in EMEA.

The increase in Americas' direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher customer-acquisition advertising costs of 2.5% driven primarily by the activity at recently acquired TMC in

the current period, partially offset by lower compensation costs of 0.9%, lower travel costs of 0.8%, lower communication costs of 0.2% and lower recruiting costs of 0.2%.

The increase in EMEA's direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher fulfillment materials costs of 0.8% and higher compensation costs of 0.7%, partially offset by lower software purchased for resale of 0.2%, lower rebillable costs of 0.2% and lower other costs of 0.5%.

General and Administrative

	Six Months Ended June 30,					
	2021		2020			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 142,088	19.7%	$ 140,218	20.9%	$ 1,870	-1.2%
EMEA	38,092	20.4%	35,224	22.6%	2,868	-2.2%
Other	40,371	-	30,469	-	9,902	-
Consolidated	$ 220,551	24.3%	$ 205,911	24.9%	$ 14,640	-0.6%

The increase of $14.6 million in general and administrative expenses included an unfavorable foreign currency impact of $1.9 million in the Americas and an unfavorable foreign currency impact of $3.3 million in EMEA.

The decrease in Americas' general and administrative expenses, as a percentage of revenues, was primarily attributable to lower facility-related costs of 0.6%, a higher net gain on lease terminations of 0.3%, lower merger and integration costs of 0.3%, lower travel costs of 0.2% and lower other costs of 0.2%, partially offset by higher compensation costs of 0.2% and higher software and maintenance costs of 0.2%.

The decrease in EMEA's general and administrative expenses, as a percentage of revenues, was primarily attributable to lower compensation costs of 0.9%, lower facility-related costs of 0.9% and lower travel costs of 0.4%.

The increase in Other general and administrative expenses, which includes corporate and other costs, was primarily attributable to higher compensation costs of $7.4 million driven by higher long-term and annual performance-based compensation and mark-to-market adjustment of executive deferred compensation in the current period and higher merger and integration costs of $3.8 million resulting primarily from the proposed Merger with Sitel Group, partially offset by lower insurance costs of $0.6 million, lower legal and professional fees of $0.4 million and lower travel costs of $0.3 million.

Depreciation, Amortization and Impairment of Long-Lived Assets

	Six Months Ended June 30,					
	2021		2020			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	$ 20,085	2.8%	$ 20,121	3.0%	$ (36)	-0.2%
EMEA	4,368	2.3%	3,523	2.3%	845	0.0%
Other	1,471	-	1,447	-	24	-
Consolidated	$ 25,924	2.9%	$ 25,091	3.0%	$ 833	-0.1%
Amortization of intangibles:						
Americas	$ 4,157	0.6%	$ 6,567	1.0%	$ (2,410)	-0.4%
EMEA	1,789	1.0%	1,645	1.1%	144	-0.1%
Other	—	-	—	-	—	-
Consolidated	$ 5,946	0.7%	$ 8,212	1.0%	$ (2,266)	-0.3%
Impairment of long-lived assets:						
Americas	$ 743	0.1%	$ 1,800	0.3%	$ (1,057)	-0.2%
EMEA	475	0.3%	—	0.0%	475	0.3%
Other	318	-	—	-	318	-
Consolidated	$ 1,536	0.2%	$ 1,800	0.2%	$ (264)	0.0%

The increase in depreciation was primarily due to new depreciable fixed assets placed into service supporting site expansions and infrastructure upgrades as well as accelerated depreciation related to certain site exits, partially offset by the impact since the prior period of certain fully depreciated fixed assets as well as assets that were impaired.

The decrease in amortization was primarily due to the impact since the prior period of certain fully amortized intangible assets.

See Note 4, Fair Value, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information on the impairment of long-lived assets.

Other Income (Expense)

	Six Months Ended June 30,		
(in thousands)	2021	2020	$ Change
Interest income	$ 201	$ 428	$ (227)
Interest (expense)	$ (805)	$ (1,280)	$ 475
Other income (expense), net:			
Foreign currency transaction gains (losses)	$ (257)	$ (1,558)	$ 1,301
Gains (losses) on derivative instruments not designated as hedges	(7)	(410)	403
Gains (losses) on investments held in rabbi trust	1,648	(241)	1,889
Other miscellaneous income (expense)	(1,614)	(787)	(827)
Total other income (expense), net	$ (230)	$ (2,996)	$ 2,766

The decrease in interest income was primarily due to lower invested balances and interest rates than in the comparable period.

The decrease in interest (expense) was primarily due to lower average outstanding borrowings and interest rates than in the comparable period.

The change in other income (expense), net, was primarily due to an increase in the value of investments held in rabbi trust, partially offset by an increase in losses from XSell. See Note 7, Investments Held in Rabbi Trust, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information.

Income Taxes

	Six Months Ended June 30,		
(in thousands)	2021	2020	$ Change
Income before income taxes	$ 60,417	$ 47,759	$ 12,658
Income taxes	12,259	11,611	648
			% Change
Effective tax rate	20.3%	24.3%	-4.0%

The decrease in the effective tax rate in 2021 compared to 2020 was primarily due to $2.0 million in discrete tax benefits relating to changes in the Company's valuation allowances, Philippines tax law changes and stock compensation recognized, partially offset by the UK tax rate change in the current period. The decrease was also affected by shifts in earnings among the various jurisdictions in which we operate. Several additional factors, none of which are individually material, also impacted the rate.

Client Concentration

Our top ten clients accounted for 38.6% and 45.9% of our consolidated revenues in the three months ended June 30, 2021 and 2020, respectively, and 39.4% and 45.3% of our consolidated revenues in the six months ended June 30, 2021 and 2020, respectively.

Total revenues by segment from our largest client in each of the periods, which was in the financial services vertical for the three and six months ended June 30, 2021 and 2020, were as follows (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	$ 26,413	7.4%	$ 32,123	9.5%	$ 58,749	8.2%	$ 61,726	9.2%
EMEA	—	0.0%	—	0.0%	—	0.0%	—	0.0%
	$ 26,413	5.9%	$ 32,123	7.7%	$ 58,749	6.5%	$ 61,726	7.5%

Total revenues by segment of our clients that each individually represents 10% or greater of that segment's revenues in each of the periods were as follows (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	$ —	0.0%	$ —	0.0%	$ —	0.0%	$ —	0.0%
EMEA	32,982	35.7%	17,683	22.8%	67,297	36.1%	35,156	22.6%
	$ 32,982	7.3%	$ 17,683	4.2%	$ 67,297	7.4%	$ 35,156	4.2%

Liquidity and Capital Resources

Our primary sources of liquidity are typically cash flows generated by operating activities and from available borrowings under our revolving credit facility. We utilize these capital resources to make capital expenditures associated primarily with our customer experience management services, invest in technology applications and tools to further develop our service offerings and for working capital and other general corporate purposes, including the repurchase of our common stock in the open market and to fund acquisitions. In future periods, we intend similar uses of these funds.

Our Board of Directors authorized us to purchase up to 10.0 million shares of our outstanding common stock (the "2011 Share Repurchase Program") on August 18, 2011, as amended on March 16, 2016. A total of 8.3 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date.

During the six months ended June 30, 2021, cash increased due to $65.9 million from operating activities, $0.2 million from the sale of intangible assets and $0.2 million of other miscellaneous cash inflows, partially offset by $40.0 million used to repay long-term debt, $19.1 million used for capital expenditures, $3.8 million used to pay taxes related to net share settlement of equity awards, $0.3 million to purchase intangible assets and $0.2 million related to paying for an acquisition, resulting in a $0.1 million increase in available cash, cash equivalents and restricted cash (including the unfavorable effects of foreign currency exchange rates on cash, cash equivalents and restricted cash of $2.8 million).

Net cash flows provided by operating activities for the six months ended June 30, 2021 were $65.9 million, compared to $86.6 million for the comparable period in 2020. The $20.7 million decrease in net cash flows from operating activities was due to a $33.5 million decrease in cash flows from assets and liabilities, partially offset by a $12.0 million increase in net income and a net increase of $0.8 million in non-cash reconciling items, such as stock compensation, impairment, depreciation, amortization, deferred income taxes, unrealized foreign currency transaction gains (losses), net unrealized gains (losses) and premiums on financial instruments, and net gains (losses) on lease terminations. The $33.5 million decrease in 2021 from 2020 in cash flows from assets and liabilities was principally a result of a $13.6 million decrease in other liabilities, a $7.1 million increase in accounts receivable, a $5.8 million change in net taxes payable, a $4.6 million change in operating lease assets and liabilities and a $3.1 million increase in other assets, partially offset by a $0.7 million increase in deferred revenue and customer liabilities. The $13.6 million decrease in the change in other liabilities was primarily due to a $13.7 million decrease principally related to accrued employee compensation and benefits driven by an increase in annual performance-based compensation and the timing of payroll as well as a $5.9 million decrease principally related to the timing of other long-term liabilities driven by the deferral of our portion of social security taxes in the prior period as

permitted by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, partially offset by a $6.5 million increase principally related to the timing of other accrued expenses and current liabilities. The $7.1 million decrease in the change in accounts receivable was primarily due to the timing of billing and collections. The $5.8 million decrease in net taxes payable was primarily due to extensions of payment deadlines in the prior period granted by several jurisdictions. The $4.6 million change in operating lease assets and liabilities was primarily due to the timing of rent payments as compared to timing of ROU asset amortization. The $3.1 million increase in the change in other assets was primarily due to a $1.2 million increase in deferred charges and other assets and a $1.1 million increase in prepaid expenses.

Capital expenditures, which are generally funded by cash generated from operating activities, available cash balances and borrowings available under our credit facilities, were $19.1 million for the six months ended June 30, 2021, compared to $22.9 million for the comparable period in 2020, a decrease of $3.8 million. In 2021, we anticipate capital expenditures in the range of $47.0 million to $53.0 million, primarily for systems infrastructure upgrades and additions as well as new seat additions.

On February 14, 2019, we entered into a $500 million senior revolving credit facility (the "2019 Credit Agreement") with a group of lenders, KeyBank National Association, as Administrative Agent, Swing Line Lender and Issuing Lender ("KeyBank"), the lenders named therein, and KeyBanc Capital Markets Inc. as Lead Arranger and Sole Book Runner. The 2019 Credit Agreement is subject to certain borrowing limitations and includes certain customary financial and restrictive covenants. We are not currently aware of any inability of our lenders to provide access to the full commitment of funds that exist under the 2019 Credit Agreement, if necessary. However, there can be no assurance that such facility will be available to us, even though it is a binding commitment of the financial institutions. The 2019 Credit Agreement will mature on February 14, 2024. As of June 30, 2021, we were in compliance with all loan requirements of the 2019 Credit Agreement and had $23.0 million of outstanding borrowings under this facility. For additional discussion of our credit agreements, see Note 18, Borrowings in the "Notes to the Consolidated Financial Statements" section of our Annual Report on Form 10-K for the year ended December 31, 2020.

Our credit agreements had an average daily utilization of $44.8 million and $71.4 million during the three months ended June 30, 2021 and 2020, respectively, and $49.4 million and $67.6 million during the six months ended June 30, 2021 and 2020, respectively. During the three months ended June 30, 2021 and 2020, the related interest expense, excluding the commitment fee and the amortization of deferred loan fees, was $0.1 million and $0.3 million, respectively, which represented weighted average interest rates of 1.1% and 1.5%, respectively. During the six months ended June 30, 2021 and 2020, the related interest expense, excluding the commitment fee and the amortization of deferred loan fees, was $0.3 million and $0.7 million, respectively, which represented weighted average interest rates of 1.2% and 2.1%, respectively.

We repaid $40.0 million, net, of long-term debt outstanding under the 2019 Credit Agreement during the six months ended June 30, 2021. Our future interest expense for the remainder of 2021 will vary based on our usage of the 2019 Credit Agreement and market interest rates.

We are currently under audit in several tax jurisdictions. We believe we have adequate reserves related to all matters pertaining to these audits. Should we experience unfavorable outcomes from these audits, such outcomes could have a significant impact on our financial condition, results of operations and cash flows.

As part of the July 1, 2018 WhistleOut Pty Ltd acquisition, an AUD 14.0 million three-year retention bonus was payable in installments on or around July 1, 2019, 2020 and 2021. We paid the first installment of AUD 6.0 million ($4.2 million) in July 2019. We accelerated the 2021 installment of the retention bonus and paid AUD 8.0 million ($5.6 million) in July 2020, which represented both the 2020 and 2021 installments. No further amounts are due. As part of the Symphony acquisition on November 1, 2018, a portion of the purchase price, with an acquisition date present value of GBP 7.9 million ($10.0 million), was deferred and is payable in equal installments over three years, on or around November 1, 2019, 2020 and 2021. We paid the first installment of GBP 2.7 million ($3.3 million) in October 2019 and the second installment of GBP 2.7 million ($3.4 million) in October 2020. The Symphony deferred purchase price was included in "Other accrued expenses and current liabilities" in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020. Also, as part of the December 31, 2020 TMC acquisition, $17.4 million of the purchase price was deferred and is payable on December 31, 2027, the seventh anniversary of the closing. In the event TMC's previous owner remains employed by us or one of our subsidiaries on December 31, 2022, the second anniversary of the closing, the deferred payment will be accelerated and due at that time. The TMC deferred purchase price was included in "Other long-term liabilities" in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020.

As of June 30, 2021, we had $103.2 million in cash and cash equivalents, of which approximately 84.8%, or $87.5 million, was held in international operations. Most of these funds will not be subject to additional taxes in the United States if repatriated; however, certain jurisdictions may impose additional withholding taxes. There are circumstances where we may be unable to repatriate some of the cash and cash equivalents held by our international operations due to country restrictions.

We expect our current cash levels and cash flows from operations to be adequate to meet our anticipated working capital needs, including investment activities such as capital expenditures and debt repayment for the next twelve months and the foreseeable future. However, from time to time, we may borrow funds under our 2019 Credit Agreement as a result of the timing of our working capital needs, including capital expenditures.

Our cash resources could also be affected by various risks and uncertainties, including but not limited to, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2020.

Off-Balance Sheet Arrangements

As of June 30, 2021, we did not have any material commercial commitments, including guarantees or standby repurchase obligations, or any relationships with unconsolidated entities or financial partnerships, including entities often referred to as structured finance or special purpose entities or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Contractual Obligations

There have not been any material changes to the outstanding contractual obligations outside of the ordinary course of business from the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2020.

Critical Accounting Estimates

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2020 for a discussion of our critical accounting estimates, including a description of the methods and key assumptions used and how the key assumptions were determined.

New Accounting Standards Not Yet Adopted

See Note 1, Overview and Basis of Presentation, in the accompanying “Notes to Condensed Consolidated Financial Statements” for information related to recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the normal course of business due primarily to our borrowings and cash-management activities, which are subject to interest rate risk, and to our foreign business operations, which are subject to foreign exchange rate risk. Our market risk disclosures set forth in our Annual Report on Form 10-K for the year ended December 31, 2020 have not otherwise changed significantly.

For a discussion of current market conditions resulting from the COVID-19 pandemic, refer to Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and to Part II, Item 1A, “Risk Factors.”

Fluctuations in Quarterly Results

For the year ended December 31, 2020, quarterly revenues as a percentage of total consolidated annual revenues were approximately 24%, 25%, 25% and 26%, respectively, for each of the respective quarters of the year. We have experienced and anticipate that in the future we will experience variations in quarterly revenues. The variations are due to the timing of new contracts and renewal of existing contracts, the timing and frequency of client spending for customer experience management services, non-U.S. currency fluctuations, and the seasonal pattern of customer experience management support and fulfillment services.

Item 4. Controls and Procedures

As of June 30, 2021, under the direction of our Chief Executive Officer and Chief Finance Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a – 15(e) under the Securities Exchange Act of 1934, as amended. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time period specified by the SEC's rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and Chief Finance Officer, as appropriate to allow timely decisions regarding required disclosure. We concluded that, as of June 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

There were no changes in our internal controls over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting, except for the change discussed under "Change in Internal Control over Financial Reporting" below.

Change in Internal Control over Financial Reporting

On December 31, 2020, we acquired TMC. We have excluded TMC from our assessment of the effectiveness of our internal control over financial reporting as of June 30, 2021 as we are currently integrating policies, processes, people, technology and operations for the combined companies. Management will continue to evaluate our internal control over financial reporting as we execute on our integration activities.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

Two lawsuits relating to the Merger, each filed by an individual shareholder, have been filed in the United States District Court for the Southern District of New York, captioned *Shiva Stein v. Sykes Enterprises, Incorporated, et al.*, Case No. 1:21-cv-06043, and *Matthew Whitfield v. Sykes Enterprises, Incorporated, et al.*, Case No. 1:21-cv-06163.

SYKES and individual members of the Board of Directors are named as defendants in each complaint. The complaints generally allege that the defendants violated the Exchange Act by making untrue statements in, or failing to disclose material information in, our preliminary proxy statement filed on July 12, 2021, and generally seeks, among other things, injunctive relief prohibiting consummation of the Merger and unspecified damages and attorneys' fees.

The defendants deny the allegations made in the complaints. Additional complaints arising out of or relating to the Merger Agreement and the transactions contemplated thereby may be filed in the future. If additional similar complaints are filed, absent new or different allegations that are material, we will not necessarily announce such additional filings.

From time to time, we are involved in legal actions arising in the ordinary course of business. With respect to any such other currently pending matters, we believe that we have adequate legal defenses and/or, when possible and appropriate, have provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on our future financial position or results of operations.

Item 1A. Risk Factors

For risk factors, see Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2020. During the three and six months ended June 30, 2021, we added the following risk factors to address the risks and uncertainties related to the proposed Merger between us and Sitel Group.

Risks Related to the Merger

The Merger is subject to various closing conditions and other risks which may cause the Merger to be delayed or not completed at all or have other adverse consequences.

The Merger is subject to customary closing conditions that must be satisfied or waived to complete the Merger.

Failure to satisfy or obtain waivers of any closing condition may jeopardize or delay the completion of the Merger and result in additional expenditures of money and resources (including the potential payment of termination fees and other costs). There can be no assurance that these conditions will be satisfied or waived or that the Merger will be completed in a timely manner or at all. The Merger is also subject to approval by the Company's shareholders. There is no assurance that the Company's shareholders will approve the Merger. The governmental agencies from which the parties have sought or are seeking certain approvals in connection with the Merger have broad discretion in administering applicable governing regulations, and may impose requirements, limitations or costs, require divestitures or place restrictions on the conduct of the combined company's business after the closing.

If the Merger is not completed for any reason, the price of our Common Stock may decline to the extent that the current market price reflects an assumption that the Merger will be consummated. Furthermore, if the Merger is not completed for any reason, our ongoing business and financial results would be subject to a number of risks, including negative reactions from analysts, media and financial markets, negative reactions from customers or employees, distraction of management attention, and litigation related to the Merger or the Company's failure to perform its obligations under the Merger Agreement. In addition, we may elect to terminate the Merger Agreement in certain circumstances, and the parties can mutually decide to terminate the Merger Agreement at any time prior to the consummation of the Merger.

Uncertainty among our employees about their future roles after the completion of the Merger may impair our ability to attract, retain and motivate key personnel, and the pendency of the Merger may disrupt our business relationships with our existing and potential customers, suppliers, vendors, landlords, and other business partners, who may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than us. The adverse consequence of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

We have incurred and are expected to continue to incur significant costs, expenses and fees for professional services and other transaction costs, which may be in excess of what we expected.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.

While the Merger Agreement is in effect, we are generally required to operate our business in the ordinary course and are subject to restrictions on the business activities we may engage in without the prior written consent of Parent. These restrictions could affect our ability to pursue strategic business opportunities, take actions with respect to our business that we may consider advantageous and respond effectively and/or timely to competitive pressures and industry developments, which may as a result materially adversely affect our business, results of operations and financial condition.

Our shareholders are not entitled to appraisal rights in the Merger.

Under the Florida Business Corporation Act, so long as our common stock continues to be listed on the NASDAQ, appraisal rights will not be available to our shareholders in connection with the Merger**.**

The Merger Agreement contains provisions that limit our ability to pursue alternatives to the Merger, may discourage certain other companies from making a favorable alternative transaction proposal and, in specified circumstances, could require us to pay the other party a termination fee.

Under the Merger Agreement, we are subject to certain restrictions on our ability to solicit alternative business combination proposals from third parties, engage in discussion or negotiations with respect to such proposals or provide information in connection with such proposals, subject to certain customary exceptions. We may terminate the Merger Agreement and enter into an agreement providing for a superior proposal only if specified conditions have been satisfied, and such a termination would result in us being required to pay Parent a termination fee equal to $66 million.

We may be targets of legal proceedings that could result in substantial costs and may delay or prevent the Transaction from being completed.

Legal proceedings instituted against the Company and others relating to the Merger Agreement also could delay or prevent the Merger from becoming effective within the agreed upon timeframe. As discussed above, two lawsuits relating to the Merger have been filed. Securities class action lawsuits, derivative lawsuits and other legal

proceedings, such as the foregoing two lawsuits, are often brought against public companies that have entered into merger agreements. Even if such legal proceedings are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Merger, such injunction may delay or prevent the Merger from being completed, or from being completed within the expected timeframe, which may adversely affect our business, financial position and results of operation.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On August 18, 2011, as amended on March 16, 2016, the Company's Board of Directors approved the 2011 Share Repurchase program with no stated expiration date. The Company is authorized to repurchase 10.0 million shares, of which 8.3 million shares have been repurchased to date. There were no share repurchases during the three months ended June 30, 2021.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following documents are filed as an exhibit to this Report:

No.	Description
2.1	Agreement and Plan of Merger dated June 17, 2021, among Sykes Enterprises, Incorporated, Sitel Worldwide Corporation and Florida Mergersub, Inc. (Incorporated herein by reference from Exhibit 2.1 to Form 8-K filed on June 21, 2021.)
10.1#	Employment agreement, dated as of May 15, 2017, between Sykes Enterprises, Incorporated and Kelly J. Morgan.
15	Awareness letter.
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a).
31.2	Certification of Chief Finance Officer, pursuant to Rule 13a-14(a).
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. §1350.
32.2*	Certification of Chief Finance Officer, pursuant to 18 U.S.C. §1350.
101.INS+	Inline 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+	Inline XBRL Taxonomy Extension Schema Document
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document
104+	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL (included in Exhibit 101)

#	Indicates management contract or compensatory plan or arrangement.
*	Furnished herewith as an Exhibit.
+	Submitted electronically with this Quarterly Report.

SIGNATURE

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

SYKES ENTERPRISES, INCORPORATED
(Registrant)

Date: August 9, 2021

By: /s/ John Chapman
John Chapman
Chief Finance Officer
(Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

PLEASE READ THIS AGREEMENT CAREFULLY. THIS AGREEMENT DESCRIBES THE BASIC LEGAL AND ETHICAL RESPONSIBILITIES THAT YOU ARE REQUIRED TO OBSERVE AS AN EXECUTIVE EXPOSED TO HIGHLY SENSITIVE TECHNOLOGY AND STRATEGIC INFORMATION. CONSULT WITH YOUR LEGAL COUNSEL IF ALL THE TERMS AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS EMPLOYMENT AGREEMENT is made as of the ____ day of July, 2021, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and KELLY J. MORGAN (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to employ Executive in an executive capacity pursuant to an Offer Letter dated May 15, 2017 ("Offer Exhibit");

WHEREAS, the Company will employ Executive under the terms and conditions of the Offer Exhibit, this Employment Agreement, and all applicable Company employment policies, compensation plans, and benefit plans in accordance with their terms; and

WHEREAS, the Executive acknowledges and agrees to be employed by the Company under the terms and conditions of the Offer Exhibit, this Employment Agreement, and all applicable Company employment policies, compensation plans, and benefit plans.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. EMPLOYMENT AND DUTIES.

(a) Job Duties. Subject to the terms and conditions of this Agreement, the Company shall employ the Executive during the Term (as hereinafter defined) in such management capacities as may be designated from time to time by the Company's Chief Executive Officer and/or the Chief Executive Officer's designee. The Executive accepts such employment and agrees to devote Executive's best efforts and entire business time, skill, labor, and attention to the performance of such duties.

(b) Disclosure of Outside Business Interests. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive (beyond that disclosed in Exhibit B attached hereto) to the Company's Chief Executive Officer. If the Company's Chief Executive Officer determines in good faith that such activities conflict with the Executive's performance of Executive's duties hereunder, the Chief Executive Officer shall notify Executive within thirty (30) days, and the Executive shall promptly cease such activities to the

extent directed by the Chief Executive Officer. The failure of the Executive to promptly cease such activities shall enable the Company to terminate the Executive for Cause (as provided in Section 6(c) hereof). If the Chief Executive Officer does not provide such notice, Executive shall be free to engage in such commercial duties or pursuits. It is acknowledged and agreed that such description shall be made regarding any such activities in which the Executive owns more than 5% of the ownership of the organization or which may be in violation of Section 5 hereof, and that the failure of the Executive to provide any such description shall enable the Company to terminate the Executive for Cause (as provided in Section 6(c) hereof). The Company agrees to hold any such information provided by the Executive confidential and not disclose the same to any person other than a person to whom disclosure is reasonably necessary or appropriate in light of the circumstances.

(c) Other Offices or Positions. In addition, the Executive agrees to serve without additional compensation if elected or appointed to any office or position, including as a director, of the Company or any subsidiary or affiliate of the Company; provided, however, that the Executive shall be entitled to receive such benefits and additional compensation, if any, that is paid to executive officers of the Company in connection with such service.

2. TERM.

Subject to the terms and conditions of this Agreement including, but not limited to, the provisions for termination set forth in Section 6 hereof, the employment of the Executive under this Agreement shall commence on the effective date hereof and shall continue until terminated as provided herein (such term shall herein be defined as the "Term"). The Executive agrees that some portions of this Agreement including the Sections entitled "Confidential Information," "Covenant Not-To-Compete And No Solicitation," "Termination," and "Arbitration of Disputes," will remain in force after the termination of this Agreement.

3. COMPENSATION.

(a) Base Salary and Bonus. As compensation for the Executive's services under this Agreement, the Executive shall receive, and the Company shall pay, a weekly base salary set forth on Exhibit "A." Such base salary may be increased, but not decreased, during the Term in the Company's discretion based upon the Executive's performance and any other factors the Company deems relevant. Such base salary shall be payable in accordance with the policy then prevailing for the Company's executives. In addition to such base salary, the Executive shall be entitled during the Term to a performance bonus and shall be eligible to participate in and receive payments or awards from all other bonus and other incentive compensation, stock option, and restricted stock plans as may be adopted by the Company, all as determined by the Compensation Committee of the Board of Directors in its sole discretion, and, in each case, payable to Executive in accordance with the terms and conditions of the applicable plan.

(b) Payments. All amounts paid pursuant to this Agreement shall be subject to withholding or deduction by reason of the Federal Insurance Contribution Act, federal income tax, state and local income tax, if any, and comparable laws and regulations.

(c) Other Benefits. The Executive shall be reimbursed by the Company for all reasonable and customary travel and other business expenses incurred by the Executive in the performance of the Executive's duties hereunder in accordance with the Company's standard policy regarding expense verification practices. The Executive shall be entitled to that number of weeks paid vacation per year that is available to other executive officers of the Company in accordance with the Company's standard policy regarding vacations and such other fringe benefits as may be set forth on Exhibit "A" and shall be eligible to participate in such pension, life insurance, health insurance, disability insurance, and other executive benefits plans, if any, which the Company may from time to time make available to its executive officers generally. Benefits under such plans, if any, shall be paid or provided to Executive in accordance with the terms and conditions of the applicable plan.

4. CONFIDENTIAL INFORMATION.

(a) The Executive has acquired and will acquire information and knowledge respecting the intimate and confidential affairs of the Company including, without limitation, confidential information with respect to the Company's technical data, research and development projects, methods, products, software, financial data, business plans, financial plans, customer lists, business methodology, processes, production methods and techniques, promotional materials and information, and other similar matters treated by the Company as confidential (the "Confidential Information"). Accordingly, the Executive covenants and agrees that, during the Executive's employment by the Company (whether during the Term hereof or otherwise) and thereafter, the Executive shall not, without the prior written consent of the Company, disclose to any person, other than a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of the Executive's duties hereunder, any Confidential Information obtained by the Executive while in the employ of the Company.

(b) The Executive agrees that all memoranda; notes; records; papers or other documents; computer disks; computer, video, or audio tapes; CD-ROMs; all other media and all copies thereof relating to the Company's operations or business, some of which may be prepared by the Executive; and all objects associated therewith in any way obtained by the Executive shall be the Company's property. This shall include, but is not limited to, documents; computer disks; computer, video, and audio tapes; CD-ROMs; all other media and objects concerning any technical data, methods, products, software, research and development projects, financial data, financial plans, business plans, customer lists, contracts, price lists, manuals, mailing lists, advertising materials; and all other materials and records of any kind that may be in the Executive's possession or under the Executive's control. The Executive shall not, except for the Company's use, copy or duplicate any of the aforementioned documents or objects, nor remove them from the Company's facilities, nor use any information concerning them except for the Company's benefit, either during the Executive's employment or thereafter. The Executive covenants and agrees that the Executive will deliver all of the aforementioned documents and objects, if any, that may be in the Executive's possession to the Company upon termination of the Executive's employment, or at any other time at the Company's request.

(c) In any action to enforce or challenge these Confidential Information provisions, the prevailing party is entitled to recover its attorney's fees and costs.

5. COVENANT NOT-TO-COMPETE AND NO SOLICITATION.

Executive recognizes that the Company is in the business of employing individuals to provide specialized and technical services to the Company's Clients. The purpose of these Covenant Not-to-Compete and No Solicitation provisions are to protect the relationship which exists between the Company and its Clients while Executive is employed and after Executive leaves the employ of the Company. The consideration for these Covenant Not-to-Compete and No Solicitation provisions is the Executive's employment with the Company.

(a) Executive acknowledges the following:

(1) The Company expended considerable resources in obtaining contracts with its Clients;

(2) The Company expended considerable resources to recruit and hire employees who could perform services for its Clients;

(3) Through Executive's employ with the Company, Executive will develop a substantial relationship with the Company's existing or potential Clients including, but not limited to, being the sole or primary contact between the Client and the Company;

(4) Executive will be exposed to valuable confidential business information about the Company, its Clients, and the Company's relationship with its Clients;

(5) By providing services on behalf of the Company, Executive will develop and enhance the valuable business relationship between the Company and its Clients;

(6) The relationship between the Company and its Clients depends on the quality and quantity of the services Executive performs;

(7) Through employment with the Company, Executive will increase Executive's opportunity to work directly for the Clients or for a competitor of the Company; and

(8) The Company will suffer irreparable harm if Executive breaches these Covenant Not-to-Compete and No Solicitation provisions of this Agreement.

(b) Executive agrees that:

(1) The relationship between the Company and its Clients (developed and enhanced when the Executive performs services on behalf of the Company) is a legitimate business interest for the Company to protect;

(2) The Company's legitimate business interest is protected by the existence and enforcement of these Covenant Not-to-Compete and No Solicitation provisions;

(3) The business relationship which is created or exists between the Company and its Client, or the goodwill resulting from it, is a business asset of the Company and not the Executive; and

(4) Executive will not seek to take advantage of opportunities which result from Executive's employment with the Company and that entering into the Agreement containing Covenant Not-to-Compete and No Solicitation provisions is reasonable to protect the Company's business relationship with its Clients.

(c) Restrictions on Executive. During the Term of this Agreement and for the greater of one (1) year or such other period during which Executive may receive Liquidated Damages hereunder, after the termination of this Agreement, for whatever reason, whether such termination was by the Company or the Executive, voluntarily or involuntarily, and whether with or without cause, Executive agrees that Executive shall not, as a principal, employer, stockholder, partner, agent, consultant, independent contractor, employee, or in any other individual or representative capacity:

(1) Directly or indirectly engage in, continue in, or carry on the business of the Company, or any business substantially similar thereto, including owning or controlling any financial interest in any corporation, partnership, firm, or other form of business organization which competes with or is engaged in or carries on any aspect of such business or any business substantially similar thereto;

(2) Consult with, advise, or assist in any way, whether or not for consideration of any kind, any corporation, partnership, firm, or other business organization which is now, becomes, or may become a competitor of the Company in any aspect of the Company's business during the Executive's employment with the Company including, but not limited to, advertising or otherwise endorsing the products of any such competitor or loaning money or rendering any other form of financial assistance to or engaging in any form of transaction whether or not on an arm's length basis with any such competitor;

(3) Provide or attempt to provide or solicit the opportunity to provide or advise others of the opportunity to provide any services of the type Executive performed for the Company or the Company's Clients (regardless of whether and how such services are to be compensated, whether on a salaried, time and materials, contingent compensation, or other basis) to or for the benefit of any Client (i) to which Executive has provided services in any capacity on behalf of the Company, or (ii) to which Executive has been introduced to or about which the Executive has received information through the Company or through any Client from which Executive has performed services in any capacity on behalf of the Company;

(4) Retain or attempt to retain, directly or indirectly, for itself or any other party, the services of any person, including any of the Company's employees, who were

providing services to or on behalf of the Company while Executive was "employed by the Company and to whom Executive has been introduced or about whom Executive has received information through the Company or through any Client for which Executive has performed services in any capacity on behalf of the Company;"

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term of this Agreement. For purposes of this Agreement, "Clients" means any person or entity to which the Company provides or has provided within a period of one (1) year prior to the Executive's termination of employment, labor, materials, or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

(d) Enforcement. These Covenant Not-to-Compete and No Solicitation provisions shall be construed and enforced under the laws of the State of Florida. In the event of any breach of this Covenant Not-to-Compete, the Executive recognizes that the remedies at law will be inadequate and that, in addition to any relief at law which may be available to the Company for such violation or breach and regardless of any other provision contained in this Agreement, the Company shall be entitled to equitable remedies (including an injunction) and such other relief as a court may grant after considering the intent of this Section 5. It is further acknowledged and agreed that the existence of any claim or cause of action on the part of the Executive against the Company, whether arising from this Agreement or otherwise, shall in no way constitute a defense to the enforcement of this Covenant Not-to-Compete, and the duration of this Covenant Not-to-Compete shall be extended in an amount which equals the time period during which the Executive is or has been in violation of this Covenant Not-to-Compete. In the event a court of competent jurisdiction determines that the provisions of this Covenant Not-to-Compete are excessively broad as to duration, geographic scope, prohibited activities, or otherwise, the parties agree that this covenant shall be reduced or curtailed only to the extent necessary to render it enforceable.

(e) In an action to enforce or challenge these Covenant Not-to-Compete and No Solicitation provisions, the prevailing party is entitled to recover its attorney's fees and costs.

(f) *By signing this Agreement, the Executive acknowledges that Executive understands the effects of these Covenant Not-to-Compete and No Solicitation provisions, that they are*

reasonable in nature to protect the legitimate business interests of the Company, and that Executive agrees to abide by them.

6. TERMINATION.

(a) Death. The Executive's employment hereunder shall terminate upon Executive's death.

(b) Disability. If, during the Term of this Agreement, the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform Executive's duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice so long as the terms of any disability insurance policy then in effect provide for Executive to receive disability payments from that date forward.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause effective immediately upon notice. For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder: (i) if the Executive engages in conduct which has caused or is reasonably likely to cause demonstrable and serious injury to Company; (ii) if the Executive is convicted of a felony as evidenced by a binding and final judgment, order, or decree of a court of competent jurisdiction; (iii) for the Executive's failure or refusal to perform Executive's duties or responsibilities hereunder as determined by the Company's Chief Executive Officer in good faith, if such failure or refusal continues for a period of ten (10) days after written notice of the same to the Executive; (iv) for gross incompetence; (v) for the Executive's violation of this Agreement including, without limitation, Section 5 hereof; (vi) for chronic absenteeism; (vii) for use of illegal drugs; (viii) for insobriety by the Executive while performing Executive's duties hereunder; and (ix) for any act of dishonesty or falsification of reports, records, or information submitted by the Executive to the Company.

(d) Termination by the Company for Convenience. Subject to the Company's obligation to pay Liquidated Damages in accordance with the terms and conditions of this Agreement, the Company may terminate Executive's employment hereunder at any time, for the Company's convenience and without reason, by delivering written notice of termination to the Executive.

(e) Payments Upon Termination. In the event of a termination of the Executive's employment, all payments and Company benefits to the Executive hereunder, except the payment of Liquidated Damages (if any) provided below, shall immediately cease and terminate. In the event the Company terminates the Executive's employment pursuant to Section 6(d) hereof, and such termination constitutes an "involuntary separation from service" within the meaning of Treasury Regulations Section 1.409A-1(n)(1), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in this Section 6(e) in lieu of actual damages for such termination. If the Executive's employment terminates or is terminated for any reason other than

as specified in the preceding sentence, the Executive shall not be entitled to any Liquidated Damages. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which Executive was entitled under this Agreement or otherwise as an executive of the Company through the termination date, payable to Executive in accordance with this Agreement or the applicable plan. The "Liquidated Damages" amount, if due as provided above, shall be equal to the weekly amount stated as Base Salary on Exhibit "A" multiplied by fifty-two (52). Except as provided in Section 6(g)(2), the amount of Liquidated Damages shall be paid biweekly in equal installments over a fifty-two (52) week period, commencing immediately upon termination of employment.

(f) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that, in the event of a termination of this Agreement, Executive will execute an agreement containing waiver and release provisions in form and substance acceptable to the Company. Executive agrees and acknowledges that the execution of such an agreement upon termination of employment is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. Executive acknowledges that the waiver and release provisions required by the Company will provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of termination of this Agreement.

(g) Section 409A Provisions.

(1) Separation from Service. To the extent necessary to comply with Section 409A of the Code, references to "termination of employment," "separation from service," or variations thereof in this Agreement shall mean the Executive's "separation from service" from Executive's employer within the meaning of Section 409A(a)(2)(A)(i) of the Code and the default rules of Treasury Regulations Section 1.409A-1(h). For this purpose, Executive's "employer" is the Company and every entity or other person which collectively with the Company constitutes a single service recipient (as that term is defined in Treasury Regulations Sections 1.409A-1(g)) as the result of the application of the rules of Treasury Regulations Sections 1.409A-1(h)(3).

(2) Notwithstanding anything to the contrary in this Agreement, if Executive is a Specified Employee (as defined below) on the date of Executive's separation from service (the "Severance Date"), to the extent that Executive is entitled to receive any benefit or payment upon such separation from service under this Agreement that constitutes deferred compensation within the meaning of Section 409A of the Code before the date that is six (6) months after the Severance Date, such benefits or payments shall not be provided or paid to Executive on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum to Executive on the first business day after the date that is six (6) months after the Severance Date (or, if earlier, within fifteen (15) days following Executive's date of death). If Executive is required to pay for a benefit that is otherwise required to be provided by the Company under this Agreement by reason of this Section 6(g)(2), Executive shall be entitled to reimbursement for such payments on the first business day after the date that is six (6) months after the

Severance Date (or, if earlier, within fifteen (15) days following Executive's date of death). All benefits or payments otherwise required to be provided or paid on or after the date that is six (6) months after the Severance Date shall not be affected by this Section 6(g)(2) and shall be provided or paid in accordance with the payment schedule applicable to such benefit or payment under this Agreement. Prior to the imposition of the six month delay as set forth in this Section 6(g)(2), it is intended that (i) each installment under this Agreement be regarded as a separate "payment" for purposes of Section 409A of the Code, and (ii) all benefits or payments provided under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code provided under Treasury Regulations Sections 1.409A-1(b)(4) (short-term deferral) or 1.409A-1(b)(9) (certain separation pay plans). This Section 6(g)(2) is intended to comply with the requirements of Section 409A(a)(2)(B)(i) of the Code.

(3) For purposes of this Agreement, "Specified Employee" means a "specified employee" of the service recipient that includes the Company (as determined under Treasury Regulations Sections 1.409A-1(g)) within the meaning of Section 409A(a)(2)(B)(i) of the Code and Treasury Regulations Section 1.409A-1(i), as determined in accordance with the procedures adopted by such service recipient that are then in effect, or, if no such procedures are then in effect, in accordance with the default procedures set forth in Treasury Regulations Section 1.409A-1(i).

7. NOTICE.

For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when hand-delivered, sent by telecopier, facsimile transmission, or other electronic means of transmitting written documents (as long as receipt is acknowledged) or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to the address set forth on the signature page.

If to the Company: Sykes Enterprises, Incorporated
400 North Ashley Drive, Suite 3100
Tampa, Florida 33602
Attention: Executive VP of Human Resources

with a copy to:

Sykes Enterprises, Incorporated
400 North Ashley Drive, Suite 3100
Tampa, Florida 33602
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that a notice of change of address shall be effective only upon receipt.

8. ENFORCEMENT AND GOVERNING LAW.

It is stipulated that a breach by Executive of the restrictive covenants set forth in Sections 4 and 5 of this Agreement will cause irreparable damage to Company or its Clients and, that in the event of any breach of those provisions, Company is entitled to injunctive relief restraining Executive from violating or continuing a violation of the restrictive covenants as well as other remedies it may have. Additionally, such covenants shall be enforceable against the Executive's heirs, executors, administrators, and legal representatives, and enforceable by Company's successors or assigns.

The validity, interpretation, construction, and performance of this Agreement shall be governed by the internal laws of the State of Florida. Any litigation to enforce this Agreement shall be brought in the state or federal courts of Hillsborough County, Florida, which is the principal place of business for Company, and which is considered to be the place where this Agreement is made. Both parties hereby consent to such courts' exercise of personal jurisdiction over them.

9. ARBITRATION OF DISPUTES.

(a) Duty to Arbitrate. Except for any claim by the Company to enforce the restrictive covenants set forth in Sections 4 and 5 above, Company and Executive agree to resolve by binding arbitration any claim or controversy arising out of or related to Executive's employment by Company or this Agreement, to include all matters directly or indirectly related to your recruitment, employment, or termination of employment by the Company including, but not limited to, claims involving laws against discrimination whether brought under federal and/or state law, and/or claims involving co-employees but excluding workers compensation claims, whether such claim is based in contract, tort, statute, or any other legal theory including any claim for damages, equitable relief, or both. The duty to arbitrate under this Section extends to any claim by or against any officer, director, shareholder, employee, agent, representative, parent, subsidiary, affiliate, heir, trustee, legal representative, successor, or assign of either party making or defending any claim that would otherwise be arbitrable under this Section. However, this Section shall not be interpreted to preclude either party from petitioning a court of competent jurisdiction for temporary injunctive relief, solely to preserve the status quo pending arbitration of the claim or controversy, upon a proper showing of the need for such relief.

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are

unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The parties will pay their own respective attorneys' fees, witness fees, and other costs and expenses incurred in any investigations, arbitrations, trials, bankruptcies, and appeals; provided, however, that the Company will pay the filing fees, hearing fees, and processing fees associated with arbitration hereunder.

(c) Limitations Period. The parties agree that any claim or controversy that would be arbitrable under this Section must be submitted to arbitration within one (1) year after the claim or controversy arises and that a failure to institute arbitration proceedings within such time period shall constitute an absolute bar to the institution of any proceedings, in arbitration or in any court, and a waiver of all such claims. This Section will survive the expiration or early termination of this Agreement.

(d) Governing Law. This Agreement shall be governed in its construction, interpretation, and performance by the laws of the State of Florida, without reference to law pertaining to conflict of laws. However, the Federal Arbitration Act, as amended, will govern the interpretation and enforcement of this Section.

(e) Attorneys' Fees. The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all reasonable attorneys' fees incurred on all levels and in all proceedings, unless otherwise provided by law.

(f) Severability. Each part of this Section is severable. A holding that any part of this Section is unenforceable will not affect the duty to arbitrate under this Section.

10. MISCELLANEOUS.

No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth on Exhibit "A" may be amended by the Company in its discretion without the Executive's consent to the extent provided therein. No waiver by any party hereto of any breach by any other party hereto shall be deemed a waiver of any similar or dissimilar term or condition at the same or at any prior or subsequent time. This Agreement is the entire agreement between the parties hereto with respect to the Executive's employment by the Company, and there are no agreements or representations, oral or otherwise, expressed or implied, with respect to or related to the employment of the Executive which are not set forth in this Agreement. Any prior agreement relating to the Executive's employment with the Company (including the Prior Agreement) is hereby superseded and void and is no longer in effect. This Agreement shall be binding upon and inure to the benefit of the Company, its respective successors and assigns, and the Executive and Executive's heirs, executors, administrators, and legal representatives. Except as expressly set forth herein, no party shall assign any of Executive's

or its rights under this Agreement without the prior written consent of the other party, and any attempted assignment without such prior written consent shall be null and void and without legal effect; provided, however, that Company may assign this Agreement to any party that acquires all or substantially all of Company's assets or business, without Executive's consent. The parties agree that, if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted, and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated, and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

11. ADDITIONAL TAX PROVISIONS.

(a) To the extent this Agreement provides for reimbursements of expenses incurred by Executive or in-kind benefits, the provision of which are not exempt from the requirements of Section 409A of the Code, the following terms apply with respect to such reimbursements or benefits: (i) the reimbursement of expenses or provision of in-kind benefits will be made or provided only during the term of employment hereunder, or other period of time specifically provided herein; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year will not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) all reimbursements will be made upon Executive's request in accordance with the Company's normal policies but no later than the last day of the calendar year immediately following the calendar year in which the expense was incurred; and (iv) the right to reimbursement or the in-kind benefit will not be subject to liquidation or exchange for another benefit.

(b) The parties intend for this Agreement to conform in all respects to the requirements under Section 409A of the Code or an exemption thereto. Accordingly, the parties intend for this Agreement to be interpreted, construed, administered and applied in a manner as shall meet and comply with the requirements of Section 409A of the Code or an exemption thereto. Notwithstanding any other provision of this Agreement, none of the Company, its subsidiaries or affiliates or any individual acting as a director, officer, employee, agent or other representative of the Company or a subsidiary or affiliate shall be liable to Executive or any other person for any claim, loss, liability, or expense arising out of any interest, penalties, or additional taxes due by Executive or any other person as a result of this Agreement or the administration thereof not satisfying any of the requirements of Section 409A of the Code. Executive represents and warrants that Executive has reviewed or will review with Executive's own tax advisors the federal, state, local, and employment tax consequences of entering into this Agreement including, without limitation, under Section 409A of the Code, and, with respect to such matters, Executive relies solely on such advisors.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SYKES ENTERPRISES, INCORPORATED

/s/ James T. Holder

By: **JAMES T. HOLDER**
Chief Legal Officer & General Counsel

EXECUTIVE

/s/ Kelly J. Morgan

KELLY J. MORGAN
Address: 7877 Marsh Pointe Drive
Tampa, Florida 33635

EXHIBIT "A" TO EMPLOYMENT AGREEMENT

Job Title:	Executive Vice President, Chief Strategy Officer
Base Salary:	$350,000.00 annually/$6,730.77 weekly (less applicable tax and withholdings)
HPP Incentive Plan:	Eligible to participate in a performance-based bonus program ranging from 0% to 40% of base salary
Long-Term Incentive Plan:	Eligible for consideration to receive long-term incentive awards under the Company's Equity Incentive Plan
Fringe Benefits:	Standard executive company benefits
Non-Solicitation Covenants:	Twelve (12) months
Covenant Not to Compete:	Twelve (12) months

THE COMPANY RESERVES THE RIGHT, AT ITS DISCRETION, AT SUCH TIME OR TIMES AS IT ELECTS, TO CHANGE OR ELIMINATE THE PERFORMANCE BONUS, INCENTIVES, OR OTHER BENEFITS.

IN WITNESS WHEREOF, the parties have executed this Exhibit "A" as of ________________________________.

SYKES ENTERPRISES, INCORPORATED

/s/ James T. Holder
JAMES T. HOLDER
Chief Legal Officer & General Counsel

EXECUTIVE

/s/ Kelly J. Morgan
KELLY J. MORGAN

EXHIBIT "B" TO EMPLOYMENT AGREEMENT

Disclosure of Outside Business Interests

Executive discloses the following outside business interests in accordance with Section 1(b) of the Employment Agreement:

IN WITNESS WHEREOF, the parties have executed this Exhibit B as of ________________________________.

SYKES ENTERPRISES, INCORPORATED

[Signature line left blank.]
JAMES T. HOLDER
Chief Legal Officer & General Counsel

EXECUTIVE

/s/ Kelly J. Morgan
KELLY J. MORGAN

EXHIBIT 15

August 9, 2021

The Board of Directors and Shareholders of Sykes Enterprises, Incorporated
400 North Ashley Drive
Tampa, Florida

We are aware that our report dated August 9, 2021, on our review of the interim financial information of Sykes Enterprises, Incorporated and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, is incorporated by reference in Registration Statement No. 333-178670 on Form S-8.

/s/ Deloitte & Touche LLP

Tampa, Florida

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)

I, Charles E. Sykes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sykes Enterprises, Incorporated;

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 company as of, and for, the periods presented in this report;

4. The company'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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: August 9, 2021

/s/ Charles E. Sykes

Charles E. Sykes, President, Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCE OFFICER
PURSUANT TO RULE 13a-14(a)

I, John Chapman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sykes Enterprises, Incorporated;

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 company as of, and for, the periods presented in this report;

4. The company’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 company 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 company, 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 company’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 company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’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 company’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 company’s internal control over financial reporting.

Date: August 9, 2021

/s/ John Chapman
John Chapman, Chief Finance Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles E. Sykes, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 9, 2021

By: /s/ Charles E. Sykes
Charles E. Sykes
President, Chief Executive Officer and Director

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Chapman, Chief Finance Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 9, 2021

By: /s/ John Chapman
John Chapman
Chief Finance Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.