

**Consolidated Financial Statements
Financial Year Ending 12/31/2021**



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MANAGEMENT REPORT

"Sitel Group"

Société Anonyme with a capital of €1.113.216

Head Office : 33 boulevard du Prince Henri - L-1724 Luxembourg

RCS LUXEMBOURG B171740

(the "Company")

MANAGEMENT REPORT FROM THE BOARD OF DIRECTORS TO THE GENERAL ASSEMBLY CALLED TO MAKE A STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED 12/31/2021

Dear Shareholders,

We have gathered you today at the Ordinary General Meeting, in accordance with the legal and statutory requirements, to report on the results of the management of the Company during the fiscal year ended December 31, 2021 and (i) to inform you of the activity of the Group formed by our Company and its subsidiaries (the "Group") during the fiscal year ended December 31, 2021 and present to you the report of the external auditor on these accounts, and (ii) to submit for your approval the consolidated financial statements for this fiscal year.

As a result, the management report presented to you reflects the activity of the Group during the fiscal year ended December 31, 2021.

All company documents, accounts, reports or other documents and information thereto related have been communicated to you or made available to you under the applicable conditions and within the applicable deadlines. That being said, we present to you the following information.

1. Significant events during the fiscal year ended December 31, 2021

The Group made a significant acquisition on August 26, 2021 by acquiring 100% of Sykes Enterprises, Inc (hereafter "SEI").

The Group has acquired through its fully owned US subsidiary Sitel Worldwide Corp. all of the outstanding equity shares of Sykes in an all-cash transaction valued at \$2.2 billion, delisting the formerly publicly traded company from the NASDAQ.

Sitel UK Holding limited was incorporated in relation with the Sykes acquisition and related internal restructuring.

In relation with the Sykes acquisition, 59 subsidiaries have been added to the consolidation scope at the end of 2021.

More information is disclosed in Note 2.6 Business combinations.

The \$2.2 billion acquisition of Sykes has been financed by a new \$2.6 billion credit facility agreement. Excess proceeds and some cash reserves on hand were used to pay transaction costs and repay the outstanding debt under the previous credit agreements of Sitel and Sykes. The new debt of \$2.6 billion is composed of two tranches: a EURO Term loan B of 1 billion euros at Sitel Group S.A. and an USD term loan B of \$1.4 billion at Sitel Worldwide Corp., the acquiring entity. The new credit facility also includes a new multi-currency revolving credit facility of \$250 million, replacing the \$90 million revolving credit facility under the prior SFA. The Group outstanding debt under the prior SFA was approximately \$520 million at the time of

the acquisition. Over the last four years, the Group has experienced a steady decrease in its financial burden due to its significant cash generation improvement. Following this trend, the Group expects a significant deleveraging over the next three years.

On a pro forma basis, Sitel Group's revenue exceeds \$4B. It employs 160,000 employees across locations in 40 countries, serving 700+ customers in 50+ languages.

With this significant step and increased capacity, Sitel Group offers its customers a diversified delivery mix with:

- an expanded geographic footprint;
- providing more variety for their work@home, onshore, nearshore and offshore needs;
- through an integrated and diverse set of products and solutions built around digital-first experiences powered by the human touch.

The Group is confident in its ability to quickly implement substantial synergy savings and operational improvements.

On the COVID front, the Group remains dedicated to the security and health of its 160,000 associates all around the world.

Since the beginning of the pandemic in March 2020, all site facilities have been implementing preventative measures and hygiene actions as well as rigorous cleaning activities.

Work@home solutions are now intensively deployed in our various locations all around the globe and should remain permanent to some extent.

The French PGE (Prêt Garanti par l'Etat) of €49 million granted to Sitel France in August 2020 was repaid in February 2021.

This early refund has been motivated by the safe cash position of the Group.

2. Accounting policies and consolidation scope

- As previously mentioned, the Group acquired Sykes Enterprises, Inc on August 26, 2021. For expediency purposes, the performance of Sykes Enterprises, Inc, has been included in the consolidated results for the period September 1, 2021 - December 31, 2021. The five-day gap is not material;
- The scope of consolidation for the 2021 fiscal year includes the companies detailed on the Management report Appendix. The annual closing date is December 31 for all companies, except for India that closes on March 31. The country of incorporation or registration is also their principal place of business;
- The consolidation period starts on January 1, 2021 and ends on December 31, 2021 for all companies in the Group, except for Sykes Enterprises Inc., for which the consolidation period starts on September 1, 2021 and ends on December 31, 2021. The consolidated statements are prepared under IFRS;
- The accounting policies applied in the consolidated financial statements as at December 31, 2021 are consistent with those at December 31, 2020.

3. Group activity and turnover

The 2021 performance of the Group is reflected in the key trends and figures snapshot below (amounts expressed in million of Euro):

2021:

- This year confirmed the high performance of the Group at constant perimeter, with a significant level of activity all over the world, and with increasing and sustainable operational profitability;

- All financial targets, before and after the acquisition, have been achieved at the Global level. It is important to note that the daily business continued to thrive despite the additional complexities of the acquisition process during 2021. The Group has been able to overachieve its targets in revenue as well as in profitability.

Revenue:	€ 2,624 M up 42% compared to 2020.
Operating profit:	€ 210 M up 44% compared to 2020.
Consolidated Net income (Group share):	€ 77 M versus €101.6M in 2020.
Net cash flow generation:	€ (44)M down -124% compared to 2020.
Consolidated Balance sheet:	€ 3,713 M versus €1341.9M in 2020.

The net cash generation is impacted by the acquisition costs of Sykes and debt costs related to the new credit agreement.

The unaudited pro forma basis including the full year of Sykes Enterprises results are reflected below:

Revenue:	€ 3,644 M
Operating profit:	€ 181 M
Consolidated Net income (Group share):	€ 46 M

The fair value measurements of the acquired assets and liabilities was done with the assistance an external expert and the following intangible assets have been identified:

- customer relationships in an amount of €698.2M;
- the Sykes and Clearlink trademarks, in amounts of €18.0M and €25.0M, respectively
- domain names, content libraries and software in amounts of €120.8M, €33.7M and €46.8M, respectively.

The impact of the purchase price allocation and opening balance sheet of Sykes at September 1, 2021 are disclosed in Note 2.6 Business combinations and in the footnotes to the financial statements.

With regard to the profit and loss account:

- Before the Sykes acquisition, our consolidated revenue was well balanced between EMEA market and US market. With the Sykes acquisition, the US market becomes our main revenue area, also bringing interesting new countries in our footprint in LATAM with Costa Rica and El Salvador and in EMEA with Egypt and Hungary among others;
- The operating profit as shown in the consolidated statement of profit or loss amounts to €210.1 million, compared to €146.2 million in 2020, up by 44%. At constant perimeter, the operating profit of the Group increased by 23%. The high work@home level and permanent strong cost control measures all over the world have fostered the profitability of the Group in 2021;
- The total cost of debt increased from €(23.2) million in 2020 to €(56.9) million at the end of 2021 in relation with the new credit facility implemented on August 26, 2021 in support of the Sykes acquisition;
- The Group recognizes as at December 31, 2021 an unrealized exchange losses of €(3.9) million;
- Taking into account an income tax expense/income of €(71.5) million, the Net consolidated profit for 2021 amounts to €76.5 million including €76.5 million for Sitel Group shareholders.

4. Significant events occurring between the end of the fiscal year and the date of issuance of the consolidated accounts

On February 18, 2022, the Group reached an agreement to sell all of its 27% minority equity interest in XSell Technologies Inc. in exchange for a \$30M Repurchase Promissory Note that matures upon the earlier of the consummation of a Capital Transaction or February 18, 2024.

5. Outlook and foreseeable future of the Group

The consolidated revenue should reach €3.8 billion in 2022 and the profitability should increase again in value and rate.

6. Research and development activity

The Group, by nature of its activity, did not undertake any particular research and development endeavors during the last fiscal year.

7. Branch Offices

In accordance with the provisions of article 68, (2), e) of the Law of 19 December 2002 on the Luxembourg Business Register and on the companies' accounting and annual accounts undertakings, we inform you that the French branch of the Company, located in Paris (75009) - 50/52, boulevard Haussmann, registered with the Paris Trade and Companies Register under the number 789 263 555, still exists on 31 December 2021.

8. AUDITOR'S VERIFICATION

The auditor has carried out the checks and inspections provided for by the applicable regulations. Their opinion on the consolidated financial statements is recorded in their report on the consolidated financial statements for the fiscal year ended December 31, 2021.

The Board of directors

Represented by its chairman, Laurent UBERTI

APPENDIX

Scope of consolidation December 31, 2021

12/31/2021

Name	Country	Voting %	% Ownership interests	Method
Sitel Group	Luxembourg	Parent	100 %	FC
Acticall Brésil	Brazil	100 %	100 %	FC
Acticall SAISS	Morocco	100 %	100 %	FC
Sitel Côte d'Ivoire	Ivory Coast	100 %	100 %	FC
Acticourtage	France	100 %	100 %	FC
Acticall Maroc	Morocco	100 %	100 %	FC
INNSO	France	95 %	95 %	FC
Acticall Maroc CRM	Morocco	100 %	100 %	FC
Learning Tribes France	France	70 %	70 %	FC
Learning CRM Treinamento	Brazil	100 %	70 %	FC
Learning Tribes China	China	100 %	70 %	FC
Learning Tribes Corp.	USA	100 %	70 %	FC
Saturn International Holding	Luxembourg	100 %	100 %	FC
Sitel Operating Corporation Ltd	UK	100 %	100 %	FC
Sitel France	France	100 %	100 %	FC
Sitel France Holdings	France	100 %	100 %	FC
Delta Call	Morocco	100 %	100 %	FC
Sitel Honduras	Honduras	100 %	100 %	FC
Sitel Senegal	Senegal	100 %	100 %	FC
CFRC Maroc	Morocco	100 %	70 %	NC
AKA Services	Luxembourg	33 %	33 %	NC
Sitel Worldwide Corporation	USA	100 %	100 %	FC
Action (Portugal) Marketing Telefonica a Rede de Vendas, S.A.	Portugal	100 %	100 %	FC
B's Telemarketing Limited	UK	100 %	100 %	FC
Sitel CRM (ex ClientLogic (Maroc) SARL)	Morocco	100 %	100 %	FC
ClientLogic (UK) Holding Limited	UK	100 %	100 %	FC

		12/31/2021		
Name	Country	Voting %	% Ownership interests	Method
ClientLogic (UK) Limited	UK	100 %	100 %	FC
ClientLogic B.V.	Netherlands	100 %	100 %	FC
ClientLogic Customer Services SARL	Morocco	100 %	100 %	FC
ClientLogic Financial Services Limited	UK	100 %	100 %	FC
ClientLogic Holding Limited	UK	100 %	100 %	FC
ClientLogic Holding Pty Limited	Australia	100 %	100 %	FC
ClientLogic Limited	UK	100 %	100 %	FC
ClientLogic Pty Ltd.	Australia	100 %	100 %	FC
Financial Insurance Services Inc.	USA	100 %	100 %	FC
HDM GmbH	Germany	100 %	100 %	FC
HDM-SARL	France	100 %	100 %	FC
LCS Industries Limited	UK	100 %	100 %	FC
Merit Direct Limited	UK	100 %	100 %	FC
Mitre Telesales Limited (f/k/a Sitel Kingston Limited)	UK	100 %	100 %	FC
NA Liquidating Company Inc.	USA	100 %	100 %	FC
Service Zone Holdings, LLC.	USA	100 %	100 %	FC
Sitel (BVI) International, Inc.	British Virgin Islands	100 %	100 %	FC
Sitel Agente Financiero SAU Agencia de Seguros Vinculada	Spain	100 %	100 %	FC
Sitel Argentina S.A.	Argentina	100 %	100 %	FC
Sitel ARM Corp.	USA	100 %	100 %	FC
Sitel Asia Pacific Investments Pte Limited	Singapore	100 %	100 %	FC
Sitel Australia Pty Ltd.	Australia	100 %	100 %	FC
Sitel Bulgaria EOOD	Bulgaria	100 %	100 %	FC
Sitel Canada Corporation	Canada	100 %	100 %	FC
Sitel Caribbean Holdings, Inc.	British Virgin Islands	100 %	100 %	FC
Sitel Consulting Limited	UK	100 %	100 %	FC
Sitel do Brasil Ltda.	Brazil	100 %	100 %	FC
Sitel de Colombia SA	Colombia	100 %	100 %	FC
Sitel Denmark ApS	Denmark	100 %	100 %	FC
Sitel Direct SAU	Spain	100 %	100 %	FC
Sitel Europe Limited	UK	100 %	100 %	FC
Sitel Finance Corp	USA	100 %	100 %	FC
Sitel Financial Services, Incorporated	USA	100 %	100 %	FC
Sitel GmbH	Germany	100 %	100 %	FC
Sitel Iberica Teleservices, S.A.	Spain	100 %	100 %	FC
Sitel India Private Limited	India	100 %	100 %	FC
Sitel International Chile Limitada	Chile	100 %	100 %	FC
Sitel International Holding Inc.	USA	100 %	100 %	FC
Sitel International LLC	USA	100 %	100 %	FC

12/31/2021

Name	Country	Voting %	% Ownership interests	Method
Sitel Ireland Limited	Ireland	100 %	100 %	FC
Sitel Italy Srl	Italy	100 %	100 %	FC
Sitel Kingston (Services) Limited	UK	100 %	100 %	FC
Sitel LLC	USA	100 %	100 %	FC
Sitel Mexico Holdings, LLC	USA	100 %	100 %	FC
Sitel Mexico S.A. de C.V.	Mexico	100 %	100 %	FC
Sitel Moor Park (Services) Limited	UK	100 %	100 %	FC
Sitel Moor Park Limited	UK	100 %	100 %	FC
Sitel New Zealand Limited	New-Zealand	100 %	100 %	FC
Sitel Nicaragua, S.A.	Nicaragua	100 %	100 %	FC
Sitel Operating Corporation	USA	100 %	100 %	FC
Sitel Panama, S.A.	Panama	100 %	100 %	FC
Sitel Panama Operating Corp	Panama	100 %	100 %	FC
Sitel Personaldienstleistungen GmbH	Germany	100 %	100 %	FC
Sitel Philippines Corporation	Philippines	100 %	100 %	FC
Sitel Polska Sp. Zoo	Poland	100 %	100 %	FC
Sitel SBA d.o.o. Serbia	Serbia	100 %	100 %	FC
Sitel Services, Inc.	USA	100 %	100 %	FC
Sitel Solutions UK Limited	UK	100 %	100 %	FC
Sitel Stratford (Services) Limited	UK	100 %	100 %	FC
Sitel Teleservices Canada, Inc.	Canada	100 %	100 %	FC
Sitel UK Finance	UK	100 %	100 %	FC
Sitel UK Limited	UK	100 %	100 %	FC
Sitmex-USA, LLC	USA	100 %	100 %	FC
Soluciones Integrales de Externalización de Procesos S.A.	Spain	100 %	100 %	FC
SRM Inkasso GmbH	Germany	100 %	100 %	FC
Systems Integrated Telemarketing Netherlands BV	Netherlands	100 %	100 %	FC
The Ivy Group Limited	UK	100 %	100 %	FC
Verifica Comunicaciones, S.A.	Spain	100 %	100 %	FC
INNSO USA	USA	100 %	95 %	FC
DynamisCX Single Member A.E	Greece	100 %	100 %	FC
Sitel (Shanghai) Information Services Co., Ltd.	China	50 %	50 %	FC
Sitel Netherlands Holdings B.V.	Netherlands	100 %	100 %	FC
Sitel UK Holding Ltd.	UK	100 %	100 %	FC

12/31/2021

Name	Country	Voting %	% Ownership interests	Method
Sykes Enterprises Inc.	USA	100 %	100 %	FC
Sykes Realty	USA	100 %	100 %	FC
Sykes Autralia Pty. Ltd.	Australia	100 %	100 %	FC
Alpine Access Inc.	USA	100 %	100 %	FC
Sykes Enterprises Incorporated BV	Netherlands	100 %	100 %	FC
SEI Consulting Services Inc.	USA	100 %	100 %	FC
ICT Accounts Receivable Management Inc.	USA	100 %	100 %	FC
SEI Employment Services Inc	USA	100 %	100 %	FC
Sykes Acquisition Corp. II	USA	100 %	100 %	FC
XSell Technologies Inc.	USA	27 %	27 %	EM
Clear Link Technologies LLC	USA	100 %	100 %	FC
Local Results LLC	USA	100 %	100 %	FC
The Domain Locker LLC	USA	100 %	100 %	FC
I-Dish.com LLC	USA	100 %	100 %	FC
Clear Link Insurance Agency LLC	USA	100 %	100 %	FC
LeadAmp LLC	USA	100 %	100 %	FC
Taylor Media LLC	USA	100 %	100 %	FC
Sykes Enterprises Eastern Europe S.R.L.	Romania	100 %	100 %	FC
Sykes Kozep-Europa Kft	Hungary	100 %	100 %	FC
Sykes Slovakia Sro	Slovakia	100 %	100 %	FC
Sykes Cyprus Limited	Cyprus	100 %	100 %	FC
Sykes Enterprises Italy S.r.L	Italy	100 %	100 %	FC
ICT Marketing Services of Mexico, S. de R.L. de C.V.	Mexico	100 %	100 %	FC
Sykes Egypt LLC	Egypt	100 %	100 %	FC
Sykes Enterprises Norway AS	Norway	100 %	100 %	FC
Sykes Sweden AB	Sweden	100 %	100 %	FC
Sykes Enterprises Denmark ApS	Denmark	100 %	100 %	FC
Sykes Finland OY	Finland	100 %	100 %	FC
Sykes Assistance Services Corporation	Canada	100 %	100 %	FC
Sykes Enterprises GmbH	Germany	100 %	100 %	FC
Sykes Enterprises Management GmbH	Germany	100 %	100 %	FC
Sykes Enterprises Verwaltungs und Management GmbH	Germany	100 %	100 %	FC
Sykes Enterprises Berlin GmbH & Co. KG	Germany	100 %	100 %	FC
Sykes Enterprises Bochum GmbH & Co. KG	Germany	100 %	100 %	FC
Sykes Enterprises Support Services BV & Co. KG	Netherlands	100 %	100 %	FC

12/31/2021

Name	Country	Voting %	% Ownership interests	Method
Sykes El Salvador Ltda	El Salvador	100 %	100 %	FC
Sykes Latin America S.A.	Costa Rica	100 %	100 %	FC
Sykes Colombia SAS	Colombia	100 %	100 %	FC
Sykes do Brasil Servicos de Teleatendimento Para Clientes Ltda	Brazil	100 %	100 %	FC
Sykes India Holdings Corporation	Mauritius	100 %	100 %	FC
Sykes Business Services of India Private Limited India	India	100 %	100 %	FC
Sykes Enterprises (India) Pvt. Ltd.	India	100 %	100 %	FC
Sykes (Shanghai) Co. Ltd	China	100 %	100 %	FC
Sykes Information Technology Services (Shanghai) Co. Ltd	China	100 %	100 %	FC
Sykes Financial Services Pty Ltd	Australia	100 %	100 %	FC
Sykes Global Services Limited	UK	100 %	100 %	FC
Link Network Limited	UK	100 %	100 %	FC
Symphony Ventures Ltd	UK	100 %	100 %	FC
Symphony Ventures Sp. Zo.O.O	Poland	100 %	100 %	FC
Symphony Ventures Inc.	UK	100 %	100 %	FC
SYM RPA Private Ltd	India	100 %	100 %	FC
Sykes Netherlands Group B.V.	Netherlands	100 %	100 %	FC
Sykes Asia Inc.	Philippines	100 %	100 %	FC
ICT Canada Marketing Inc.	Canada	100 %	100 %	FC
Qelp B.V.	Netherlands	100 %	100 %	FC
Qelp Do Brasil Software E Conteudo Digital LTDA	Brazil	100 %	100 %	FC
Suzhou Pin Zhuo Information Technology Service Co. Ltd (*)	China	— %	100 %	FC
Shanghai Pintian Information Technology Service Co. Ltd (*)	China	— %	100 %	FC
Guangzhou Pin Duo Information Technology Service Co. Ltd (*)	China	— %	100 %	FC

FC means Fully Consolidated; N/A means Not Applicable; NC means Not Consolidated ; EM means Equity Method.

(*) 3 Chinese companies acquired in the Sykes acquisition are fully consolidated but the Group does not have a direct ownership of these companies. The Group has control has per IFRS 10 requirements.



Audit report

To the Shareholders of
SITEL GROUP

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SITEL GROUP (the "Company") and its subsidiaries (the "Group") as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the consolidated financial statements and our audit report thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Electronically signed by:
François Mousel

A handwritten signature in blue ink, appearing to read 'F. Mousel'.

François Mousel

Luxembourg, 22 April 2022

1. FINANCIAL STATEMENTS

1.1 Consolidated statement of profit or loss

Sections - in K€	Notes	12/31/2021	12/31/2020
Continuing operations			
Revenue from contracts with customers	6	2,624,340	1,854,870
External expenses and other taxes	7	(363,718)	(238,581)
Staff costs and other expenses	7	(1,867,505)	(1,320,524)
Net impairment losses on financial and contract assets	8	(2,056)	(5,641)
Depreciation and amortization costs	8	(50,849)	(44,672)
Amortization and depreciation of assets acquired as part of a business combination	8	(40,049)	(31,207)
Depreciation and amortization costs - Right of use asset	8	(63,634)	(58,056)
Other operating income and expenses	9	(26,438)	(9,999)
Operating profit		210,091	146,190
Interest and other financial income	10	243	272
Interest on lease liabilities	10	(8,912)	(7,691)
Interest and other financial expenses	10	(48,239)	(15,801)
Finance cost - net		(56,908)	(23,220)
Other financial income and expenses	11	(3,864)	(1,066)
Net loss from companies consolidated by equity method		(1,370)	—
Income tax expense	12	(71,461)	(20,707)
Profit from continuing operations		76,488	101,197
Profit from discontinued operations		—	—
Profit for the year		76,488	101,197
Owners of Sitel Group		76,544	101,582
Non-controlling interests		(56)	(385)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (in Euro):	23	1,100.1	1,460.0
Earnings per share for profit attributable to the ordinary equity holders of the company (in Euro):	23	1,100.1	1,460.0
Diluted earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (in Euro):	23	1,010.1	1,460.0
Diluted earnings per share for profit attributable to the ordinary equity holders of the company (in Euro):	23	1,010.1	1,460.0

1.2 Consolidated statement of comprehensive income for the period

Sections - in K€	Notes	12/31/2021	12/31/2020
Profit for the year		76,488	101,197
<u>Items that may be reclassified to profit or loss</u>		67,005	(29,662)
Exchange differences on translation of foreign operations	1.5	78,589	(30,566)
Unrealized gains / (losses) on derivatives		(15,548)	1,516
Income tax relating to these items		3,964	(612)
<u>Items that will not be reclassified to profit or loss</u>		4,047	561
Post-employment benefit obligations remeasurement		4,236	561
Income tax relating to these items		(189)	—
Other comprehensive income for the year, net of tax		71,052	(29,101)
Total comprehensive income for the year		147,540	72,096

1.3 Consolidated balance sheet

Assets - in K€	Notes	12/31/2021	12/31/2020
Goodwill	13	1,029,884	233,406
Intangible assets	14	1,032,742	100,138
Property, plant and equipment	15	206,894	95,413
Right of use assets	16	266,676	133,841
Other non-current assets	17	67,149	24,671
Derivative financial instruments	21	59	13
Deferred tax assets	18	19,302	30,900
Total non-current assets		2,622,706	618,382
Trade receivables	19	706,401	328,739
Income tax	12	13,977	8,206
Other current assets	20	100,450	68,460
Derivative financial instruments	21	1,216	6,946
Cash and cash equivalent	22	267,962	311,153
Total current assets		1,090,006	723,504
Total assets		3,712,712	1,341,886

Liabilities and Equity - in K€	Notes	12/31/2021	12/31/2020
Share capital	23	1,113	1,113
Other equity, reserves, share premium and retained earnings		440,675	245,185
Profit and loss of the current year		76,544	101,582
Equity attributable to owners of Sitel Group		518,332	347,880
Non-controlling interests	41	(868)	
Total of Equity		518,373	347,012
Borrowings	24	2,171,949	432,103
Lease liabilities	24	198,253	104,325
Derivative financial instruments	21	—	1,479
Deferred tax liabilities	18	144,251	769
Provisions	25	12,250	4,934
Employee benefit obligations	26	32,396	26,988
Income tax	12	22,960	16,727
Other non-current liabilities	28	20,438	1,997
Non-current liabilities		2,602,497	589,322
Trade and other payables	27	365,233	209,937
Borrowings (including overdraft)	24	18,476	52,780
Lease liabilities	24	75,778	42,583
Derivative financial instruments	21	13,170	1,316
Provisions	25	14,143	11,544
Income tax	12	25,640	14,853
Other current liabilities	28	71,984	66,413
Employee benefit obligations	26	7,418	6,126
Current liabilities		591,843	405,552
Total Liabilities		3,712,713	1,341,886

1.4. Consolidated statement of cash flow

1.4.1 Breakdown of cash generated from operations

The calculation of the cash generated from operation presented in the cash flow statement is detailed below:

Sections in - K€	Notes	12/31/2021	12/31/2020
Profit before Income tax from:			
Continuing operations		147,881	121,904
Discontinued operations		—	—
Profit before income tax including discontinued operations		147,881	121,904
Adjustments for:			
Depreciation and amortization	14/15/16	159,690	133,933
Impairment, including goodwill		42	(2,648)
Net (gain) / loss on sale of non-current assets		7,720	10,383
Fair value adjustments		319	(5,119)
(Gain) and loss on derecognition of liabilities		8,997	—
Net exchange differences		3,348	(485)
Amortization of debt costs and Original Interest Discount (OID)	10	3,777	2,113
Other (*)		30,644	17,136
Variation of working capital from:			
(Increase)/decrease in current assets and liabilities (**)		(44,181)	76,221
(Increase)/decrease in non-current assets and liabilities		(17,868)	1,486
Financing costs			
Cost of the net debt		44,574	22,665
Cash generated from operation		344,943	377,589

(*) Other: Other non-cash impacts mainly include: €23.7M of stock compensation expense and €2.6M of net impact of early termination of lease contracts.

(**) Working capital: Unfavorable variance linked to the increase in client receivables in relation with higher revenue and the decrease in VAT due to COVID relief payment deferrals at December 31, 2020.

1.4.2 Consolidated statements of cash flows

Sections - In K€	Notes	12/31/2021	12/31/2020
Cash generated from operations		344,943	377,589
Cash paid taxes	12	(78,290)	(60,671)
Net cash inflow from operating activities		266,653	316,918
Purchase of tangible, intangible and other non-current assets	14/15/17	(41,576)	(35,687)
Proceeds from the sale of tangible, intangible, and other non-current assets	14/15/17	3,752	1,931
Payment for acquisition of subsidiary, net of cash acquired		(1,776,407)	—
Net cash [outflow] from investing activities		[1,814,231]	[33,756]
Proceeds from borrowings	24	2,248,166	277,235
Repayment of borrowings	24	(575,235)	(276,030)
Repayment of lease principal	24	(62,765)	(54,484)
Cost of the net debt	10	(44,574)	(22,665)
Other financial variations (*)		(72,892)	(3,470)
Net cash [outflow] from financing activities		1,492,700	[79,414]
Effects of exchange rate changes on cash and cash equivalents		11,332	(17,983)
Net increase [decrease] in cash and cash equivalents		[43,546]	185,765
Cash and cash equivalents at the beginning of the financial year	22	310,581	124,815
Cash and cash equivalents at end of year	22	267,035	310,581

(*) Other financial variations are mainly related to the payment of debt issue costs and OID related to the new credit agreement.

1.5 Consolidated statement of changes in equity

Sections - in K€	Notes	Share capital and share premium	Other equity and reserves including retained earnings and OCI	Profit and loss of the period	Total of Equity	Capital and reserves attributable to owners of Sitel Group	Non-controlling interests
Equity at December 31, 2019		1,113	253,131	20,671	274,915	275,280	(365)
Change of the capital of the Parent Company	23	—	—	—	—	—	—
Allocation of the consolidated profit and loss 2019		—	20,671	(20,671)	—	—	—
Consolidated profit or loss for the year 2020	1.1	—	—	101,197	101,197	101,582	(385)
Exchange differences on translation of foreign operations		—	(30,566)	—	[30,566]	(30,447)	(119)
Unrealized (loss) gain on derivative valuation		—	905	—	905	905	—
Post-employment benefit obligations remeasurement		—	561	—	561	561	—
Other variations		—	—	—	—	—	—
Equity at December 31, 2020		1,113	244,702	101,197	347,012	347,880	[869]
Change of the capital of Sitel Group	23	—	—	—	—	—	—
Allocation of the consolidated profit and loss 2020		—	101,197	(101,197)	—	—	—
Consolidated profit or loss for the year 2021	1.1	—	—	76,488	76,488	76,544	(56)
Exchange differences on translation of foreign operations		—	78,589	—	78,589	78,589	—
Unrealized (loss) gain on derivative valuation		—	(11,584)	—	[11,584]	(11,584)	—
Post-employment benefit obligations remeasurement		—	4,047	—	4,047	4,047	—
Equity plans - IFRS 2		—	23,722	—	23,722	23,722	—
Other variations		—	99	—	99	(866)	965
Equity at December 31, 2021		1,113	440,772	76,488	518,373	518,332	41

2. GENERAL INFORMATION & PRINCIPAL ACCOUNTING POLICIES

2.1 Reporting entity

Sitel Group, the parent company and entity producing the consolidated financial statements of the Group, is a “société anonyme” (corporation) under Luxembourgish law, incorporated in October 2012 for an unlimited duration under the RCS (Trade and Companies Register) number 171740 and whose registered office is at 33, Boulevard du Prince Henri - L 1724 Luxembourg - Grand Duchy of Luxembourg.

Sitel Group is subject to the laws of Luxembourg and is not listed on a regulated market.

The main activity of the Company is the acquisition of shares in companies dedicated to Customer Relations, as well as the management, control, and development of these companies. The Parent company also provides its subsidiaries with various financial, marketing, strategic, and IT services.

The DNA of the Group is based on the continuous innovation and development of new solutions aiming to transform Customer Relations into truly personalized experience for the customer. To help clients retain their customers and increase their satisfaction, the Group designs and deploys multi-channel, innovative solutions adapted to each business and each stage of the customer's journey, enabling end-to-end management of the Customer Experience.

EXP+ creates a robust ecosystem around individual business needs by harnessing the power of five connected product families.

With its EXP+ platform, Sitel Group offers a range of services covering the whole chain of customer relationship management to advise, manage, and optimize opportunities of its brand clients:

- EXP+ Enable : CX Technology;
- EXP+ Empower : CX Learning;
- EXP+ Engage : CX Operations;
- EXP+ Explore : CX Analytics;
- EXP+ Evolve : CX Digital.

2.2 Highlights of the financial year

The 2021 performance of the Group is reflected in the key trends and figures snapshot below (amounts expressed in million of Euro):

- Another year with revenue growth, profitability;
- Financial targets hit at Global level, in term of profitability.

Revenue:	€	2,624.3 M up 42% compared to 2020.
Operating profit:	€	210.1 M up 44% compared to 2020.
Consolidated Net income (Group share):	€	76.5 M versus €101.6M in 2020.
Net cash flow generation:	€	(43.5)M down -124% compared to 2020.
Consolidated Balance sheet:	€	3,712.7 M versus €1341.9M in 2020.

- Acquisition of Sykes Enterprises Inc. (NASDAQ: SYKE)

On August 26, 2021, Sitel Group through its fully owned US subsidiary Sitel Worldwide Corp. acquired 100% of the equity of the listed company Sykes Enterprises Incorporated and all of its subsidiaries in an all cash deal for \$2,220M. As a result of this acquisition Sykes Enterprises is no longer a listed company. This deal was financed by a new credit facility consisting of term notes of \$1,400M subscribed by Sitel Worldwide Corp. and €1,000M subscribed by Sitel Group as parent company (corresponding to a total of €2,233M). The previous SFA including term notes of \$155M and €309.7M was reimbursed at the same date of the acquisition.

More detailed information are provided in Notes 2.6 Business combinations, 24 BORROWINGS & LEASE LIABILITIES and in 29.2 Interest rate risk management.

- Covid-19 pandemic:

The challenge was, and still is, to protect both our people as well as our continued operations with our clients. All site facilities have followed guidance from the World Health Organization and their local health and government officials to implement supplemental preventative measures with site and personnel hygiene actions to stop the spread of any illness, as well as rigorous cleaning activities. In addition, travel limitations have also been implemented globally, with only necessary travel allowed and restricted visitation in our sites.

Operationally, Business Continuation Plans (BCP) have been deployed as needed. Some of these plans included work@home operations, daily global and regional crisis management reviews, monitoring of supply chains and government actions and notices. Work@Home Solutions are now intensively deployed in our various locations all around the globe and should remain permanent to some extent.

- Other information:

The Group completed the repayment of the French PGE note of €49 million in February 2021.

2.3 Basis for the preparation of the consolidated financial statements

The Group prepares its consolidated financial statements on a going concern basis under IFRS (International Financial Reporting Standards) as adopted by the European Union. IFRS includes IFRS and IAS (International Accounting Standards) standards, as well as their SIC (Standing Interpretations Committee) and IFRS IC (International Financial Reporting Standards Interpretations Committee - ex IFRIC) interpretations.

The accounting methods used have been applied on an ongoing basis to all the financial years presented.

The consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities including derivatives instruments (measured at fair value).

The Group's consolidated financial statements are presented in thousands of euro, without decimal places. The rounding of numbers to the nearest thousand euro may, in some cases, lead to non-material deviations in terms of the totals and sub-totals included in the tables.

2.4 Changes in presentation of the consolidated financial statements

The presentation of the financial statements is the same basis as 2020. These financial statements include an unaudited pro forma combined statement of profit or loss related to the Sykes Enterprises acquisition described in Note 2.6 Business combinations.

2.5 Consolidation principles

The consolidated financial statements include the accounts of the companies controlled, directly or indirectly, by the Parent company of the Group. The closing dates of the various entities are consistent with those of the Group, i.e. December 31 except for India that closes on March 31.

The scope of consolidation is presented in the Note 5.1 Scope of consolidation.

Subsidiaries

The Group has control when it:

- holds power over the entity;
- is exposed, or has rights, to variable returns due to its involvement with the transmitting entity;
- has the ability to use its power to affect the amount of returns it obtains.

The Group shall reassess if it controls the transmitting entity when facts and circumstances indicate that one or more of the three elements of control listed above has changed.

If the Group does not hold a majority of the voting rights in a transmitting entity, but has rights that are sufficient to give it the practical ability to unilaterally manage the relevant activities of the transmitting entity. The Group takes into consideration all the facts and circumstances when assessing whether the voting rights that it holds in the transmitting entity are sufficient to give it power, including:

- the number of voting rights that the Group holds compared to the number of rights held respectively by the other holders of voting rights and to their dispersion;
- potential voting rights held by the Group, the other holders of voting rights (including right to appoint board members, and operation oversight management), or other parties;
- rights arising from other contractual agreements;
- the other facts and circumstances, if any, indicating that the Group has, or does not have, the current ability to manage the relevant activities when the decisions need to be made, including voting trends at previous shareholders' meetings.

The Group must consolidate the subsidiary from the date on which it obtains control, and cease consolidation when it loses control of it. Specifically, income and expenses of a subsidiary which was acquired or disposed of during the year are included in the consolidated statement of net income and of other elements from the comprehensive income from the date the Group acquired control of the subsidiary and until the date on which it ceased to control it.

The net income and each component of other elements of the comprehensive income are attributed to the owners of the Group and to holdings that do not confer control, even if this results in a negative balance for the latter.

If necessary, adjustments are made to the financial statements of subsidiaries so that their accounting methods are consistent with the accounting methods of the Group.

2.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The counterpart funding transferred in a business combination is measured at fair value, which is calculated as the sum of fair values on the acquisition date of the assets transferred by the Group, liabilities incurred by the Group in respect of the previous holders of the acquired company, and units of equity issued by the Group in exchange for control of the acquired company. Acquisition-related costs are generally accounted for in net income as they are incurred.

On the acquisition date, the identifiable assets acquired and the liabilities assumed are accounted for at their fair value, except for:

- deferred assets or tax liabilities and assets or liabilities related to the benefits of the staff members, which are accounted for and assessed in accordance with IAS 12, “Income Taxes”, and IAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to payment agreements based on shares of the acquired company or payment arrangements based on shares of the Group entered into to replace payment agreements based on shares of the acquired company, which are assessed in accordance with IFRS 2 on the acquisition date;
- assets (or Groups destined to be disposed of) classified as held for sale in accordance with IFRS 5, “Non-Current Assets Held for Sale and Discontinued Activities”, which are assessed in accordance with this standard.
- The excess of the:
 - consideration transferred,
 - amount of any non-controlling interest in the acquired entity, and
 - acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent third party under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurements are recognized in profit or loss.

Goodwill from the acquisition of companies accounted for under the equity method is included in the carrying amount of the holding.

The subsequent accounting for variations in fair value of contingent counterpart funding that does not constitute measurement period adjustments depends on the classification of the contingent counterpart funding. Contingent counterpart funding classified as equity shall not be reassessed on subsequent closing dates, and its subsequent settlement shall be accounted for in equity. Contingent counterpart funding classified as an asset or a liability is reassessed on subsequent closing dates in accordance with IFRS 9 or IAS 37, “Provisions, Contingent Liabilities, and Contingent Assets”, as the case may be, the gain or loss being accounted for in the net income.

In a business combination performed in stages, the Group shall reassess the holding that it held previously in the acquired company at the fair value on the acquisition date and account for any gain or loss in net income. Amounts arising from holdings in the acquired company prior to the acquisition date that have previously been accounted for in the other elements of the comprehensive income are reclassified as net income if such treatment is appropriate in the case of exiting the holding.

If the initial accounting for a business combination is incomplete by the end of the period of presentation of the financial information during which the business combination occurs, the Group shall indicate in its financial statements the provisional amounts relating to elements for which accounting is incomplete. During the measurement period, the Group shall adjust retrospectively the provisional amounts accounted for on the acquisition date in order to reflect the new information obtained about facts and circumstances that existed on the acquisition date and that, had they been known, would have affected the assessment of the amounts accounted for on that date. During the measurement period, the buyer shall also account for additional assets or liabilities if new information is obtained about facts and circumstances that existed on the acquisition date and that, had they been known, would have resulted in accounting for these assets and liabilities on that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed on the acquisition date, or as soon as it learns that it is impossible to obtain additional information. However, the measurement period shall not exceed one year from the acquisition date.

Acquisition of Sykes Enterprises:

In accordance with the announcement made on June 18, 2021, the Group, through its fully owned US subsidiary Sitel Worldwide Corp. acquired 100% of the equity of the listed company Sykes Enterprises Incorporated, and all of its subsidiaries in an all cash deal for \$2,220M, delisting the formerly publicly traded company from Nasdaq.

This acquisition gives customers of both organizations access to new products and capabilities. The Sykes Enterprises, Inc. family, including SYKES Digital Services and Clearlink, helps customers create the best possible digital CX at each stage in the customer journey, which is a goal of Sitel Group as it moves into this next chapter. Additionally, these capabilities will help drive differentiation and competitive advantage, capitalizing on the trend toward vendor consolidation; expanded service offerings that can scale across the global markets, verticals and client portfolios; broadening the addressable market opportunity as it enables a greater share of the CX management value chain; and creating more entry points to capture new customers.

The purchase price of \$54 per share in a transaction valued at approximately \$2.22 billion on a fully diluted basis represents a premium of 31.2% over SYKES' closing price on June 17, 2021, and a premium of 29.1% over the 30-day volume-weighted average price of SYKES' common stock.

With the assistance of an independent expert, the Group determined on a provisional basis the fair value of the acquired assets and liabilities assumed of Sykes as of acquisition date and recognized fair value step ups mainly related to the intangible assets as detailed below.

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Nature	Amounts in K€
Intangible assets	944,613
Property, plant and equipment	128,052
Right of use assets	129,364
Other non-current assets	41,659
Deferred tax assets	(4,526)
Total non-current assets	1,239,162
Trade receivables	334,056
Income tax	2,092
Other current assets	61,412
Derivative financial instruments	734
Cash and cash equivalent	102,464
Total current assets	500,758
Borrowings	(15,254)
Lease liabilities	(86,331)
Derivative financial instruments	(75)
Deferred tax liabilities	(148,133)
Provisions	(823)
Employee benefit obligations	(7,661)
Income tax	(4,290)
Other non-current liabilities	(59,032)
Non-current liabilities	(321,599)
Trade and other payables	(257,259)
Lease liabilities	(42,181)
Derivative financial instruments	(881)
Income tax	(10,510)
Other current liabilities	(6,260)
Current liabilities	(317,091)
Net identifiable asset acquired	1,101,230
Goodwill	759,455
Net assets acquired	1,860,685

The goodwill is attributable to the workforce and the high expected profitability of acquired business, and will not be deductible for tax purposes.

The measurement of the assets and liabilities was done with the assistance of an external expert and the following intangible assets have been identified:

- customer relationship in an amount of €698.2M;
- the Sykes and Clearlink trademarks, in amounts of €18.0M and €25.0M, respectively
- domain names, content libraries and software in amounts of €120.8M, €33.7M and €46.8M, respectively.

The unaudited pro forma combined statement of profit or loss as of December 31, 2021 is presented as if the Acquisition had occurred on January 1, 2021. The unaudited pro forma combined statements of profit or loss is based on the historical financial statements of the Group and Sykes Enterprises after giving effect to the Acquisition (using the acquisition method of accounting) and the assumptions and adjustments described below. The pro forma adjustments reflect events that are

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directly attributable to the Acquisition and that are expected to have a continuing impact on the combined results of the Group in future periods. The unaudited pro forma combined statement of profit or loss for the year ended December 31, 2021 combines the Group's consolidated statement of profit or loss for the year ended December 31, 2021 with Sykes Enterprises' unaudited IFRS statement of profit or loss for the eight months ended August 31, 2021. Operations of the acquired Sykes Enterprises business are reflected in the consolidated statement of profit or loss of the Group as of the September 1, 2021 acquisition date.

The unaudited pro forma combined statement of profit or loss, including the notes thereto, do not reflect any potential cost savings or other synergies that may be associated with the Acquisition. The unaudited pro forma combined statement of profit or loss is presented for illustrative purposes only and it is not necessarily indicative of the combined results of operations for the future periods or the results that would have been achieved if the Acquisition had been consummated on January 1, 2021. The pro forma adjustments are based upon information and assumptions available to the company at the time of filing of the Group consolidated financial statements to the shareholders.

The unaudited pro forma combined statement of profit or loss should be read in conjunction with the Group's historical consolidated financial statements and notes thereto and the historical unaudited IFRS financial statements of Sykes Enterprises as of and for the eight months ended August 31, 2021.

Unaudited pro forma profit or loss information, as if Sykes Enterprises is consolidated since January 1, 2021, is presented below:

Sections - in K€	Audited Sitel Group - consolidated	unaudited Sykes Enterprises Jan to Aug 2021	Unaudited 12/31/2021 Pro forma combined
Revenue from contracts with customers	2,624,340	1,020,009	3,644,348
Operating profit	210,091	(28,987)	181,104
Finance cost - net	(56,908)	(3,821)	(60,729)
Profit for the year	76,488	(30,168)	46,320

2.7 Foreign currencies

The consolidated financial statements are presented in Euro, which is the Parent's functional currency and Group presentation currency. The financial statements of all foreign companies whose functional currency is different from the euro are converted into euro by applying the following method:

- the balance sheet items except for equity, which is maintained at the historical rate, are converted at the closing rate at the date of the balance sheet;
- the income statement and statement of comprehensive income are converted at the weighted average exchange rate for the period for each quarter;
- cash flows are converted at the average exchange rate for the period.

All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following tables set forth the foreign exchanges rates to the USD against key currencies used for foreign currency translation when preparing the Consolidated Financial Statements in 2021 and 2020:

Average for year				Closing rate			
\$ per unit	2021	2020	Change %	\$ per unit	2021	2020	Change %
AUD	0.7517	0.6905	9 %	AUD	0.7258	0.7664	(5)%
BRL	0.1857	0.1962	(5)%	BRL	0.1772	0.1924	(8)%
CAD	0.7979	0.7464	7 %	CAD	0.7825	0.7824	— %
CNY	0.155	0.145	7 %	CNY	0.157	0.1533	2 %
COP	0.0003	0.0003	(1)%	COP	0.0003	0.0003	(14)%
CRC *	0.0016	N/A	N/A	CRC	0.0016	N/A	N/A
EGP *	0.0636	N/A	N/A	EGP	0.0637	N/A	N/A
EUR	1.1836	1.1412	4 %	EUR	1.1326	1.2284	(8)%
GBP	1.3761	1.2837	7 %	GBP	1.3492	1.3579	(1)%
INR	0.0135	0.0135	— %	INR	0.0135	0.0137	(2)%
MAD	0.115	0.1118	3 %	MAD	0.1118	0.1176	(5)%
MXN	0.0493	0.0469	5 %	MXN	0.0487	0.0503	(3)%
NZD	0.7077	0.6506	9 %	NZD	0.6836	0.7192	(5)%
PHP	0.0203	0.0202	1 %	PHP	0.0196	0.0208	(6)%
RON *	0.2332	N/A	N/A	RON	0.23	N/A	N/A
SEK	0.1167	0.109	7 %	SEK	0.1106	0.1222	(9)%
XOF	0.0018	0.0017	4 %	XOF	0.0017	0.0019	(7)%

*from September 1 to December 31, only.

The following table shows information concerning the rate of exchange of USD per EUR per quarter and the weighted average rate:

Average rate per Quarter	
Quarters	2021
Q1	1.2063
Q2	1.2046
Q3	1.1795
Q4	1.1440
Weighted average rate of the year	1.1836

2.8 Denominated transactions in foreign currencies

Transactions in foreign currencies are converted into Euro by applying the exchange rate in force on the transaction date. Denominated monetary assets and liabilities in foreign currencies on the closing date are converted using the exchange rate in force on the closing date. Exchange differences resulting from these transactions are accounted for as income or expenses.

Non-monetary elements in foreign currencies that are assessed at the historical cost are converted using the exchange rate on the transaction date. Non-monetary elements in foreign currencies that are assessed at the fair value are converted using the exchange rate on the date on which the fair value was assessed. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

3 APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 New and amended standards adopted by the Group

The chart below presents the list of the new standards, interpretations and amendments applicable from January 1, 2021 (only the standards potentially applicable by anticipation in 2021) endorsed by the European Union. Application of these new standards do not have a material impact for the Group.



Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

The amendments to the hedge accounting requirements impact both IFRS 9 and IAS 39 because the Group has an accounting policy choice under IFRS 9 as to whether to continue to apply the hedge accounting model in IAS 39 or IFRS 9. The IASB have modified specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of the uncertainties of the interest rate benchmark reform. The amendments apply to all hedging relationships that are directly affected by the interest rate benchmark reform. Interest rate benchmark reform refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate.

The amendments affect the following areas:

- IFRS 9: IBOR reform will generally result in a change in the basis for determining the contractual cash flows of that financial asset or financial liability. As a practical expedient, a company will apply paragraph B5.4.5 of IFRS 9 to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by IBOR reform – i.e. update the effective interest rate of the financial asset or financial liability. For this purpose, a change is required by IBOR reform if the following conditions are met:
 - The change is necessary as a direct consequence of the reform.
 - The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change).

If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by IBOR reform and then other applicable requirements of IFRS 9.

- IFRS 16: A lessee will apply paragraph 42 of IFRS 16 as a practical expedient to account for a lease modification that is required by IBOR reform – i.e. when remeasuring the lease liability, it will use a revised discount rate that reflects the change in interest rate.
- Disclosures (IFRS 7).

The Group is monitoring the impact of this amendment. The Group is exposed to US LIBOR and EURIBOR. The SOFR will be in place starting January 2023. No change is expected for the EURIBOR. The Group did not apply an interest rate hedge at the 2021 closing.

3.2 Standards and interpretations adopted by the IASB but not yet applicable at the end of year

The table below summarizes the new standards, interpretations and amendments not yet endorsed by the European Union.

Description	EU effective date
<u>Standards not / not yet endorsed by the EU</u>	
Classification of liabilities as current or non-current (Amendments to IAS 1)	Not yet endorsed
IFRS 17 Insurance Contracts	Not yet endorsed
Definition of Accounting Estimate (Amendments to IAS 8)	Not yet endorsed
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Not yet endorsed
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)	Not yet endorsed

The Group has not applied new and revised IFRS and interpretations from IFRS IC which have been issued but are not yet into effect.

3.3 Early adoption of standards

The Group applied COVID 19 amendment to IFRS 16 in anticipation. The impacts are not material. The Group did not apply in anticipation the new amendments related to Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

4 ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Preparation of consolidated financial statements requires the Group's Management to exercise judgment, to make estimates, and to formulate hypotheses that may affect the book value of certain elements of assets and liabilities, income, and expenses, as well as the information given in the notes.

As part of the consolidated financial statements, the significant estimates and judgments exercised by management to apply the Group's accounting methods include the following:

- **The assessments selected for the tests of impairment loss of tangible assets, intangible assets, and goodwill:** As part of the determination of the recoverable value of assets for impairment testing (IAS 36), estimates, assumptions, and judgments mainly relate to sales volume, production capacity, and production margins. The estimates and assumptions used by Management are determined within internal services. The discount rate is reviewed each year. Impairments of fixed assets, the method applied, and the conclusions of the annual test are presented in the Note 13 GOODWILL of the consolidated financial statements at 12/31/2021;
- **Income Taxes:** We make significant judgments in interpreting tax rules and regulations when calculating income tax expense. We make judgments to evaluate whether we can recover a deferred tax asset based on our assessment of existing tax laws, estimates of future profitability, and tax planning strategies. Income tax policy and methods applied are described in Note 12 INCOME TAX EXPENSE and specific discussion of deferred tax assets and liabilities are included in Note 18 DEFERRED TAX ASSETS AND LIABILITIES in the consolidated financial statements as of 12/31/2021.
- **Equity and cash settlement benefits:** We make significant assumptions when calculating the fair value of equity and cash benefits provided to Group employees. The assumptions and the impacts of the fair value in the financial statements are presented in Note 26 EMPLOYEE BENEFITS OBLIGATIONS.
- **Goodwill and intangible asset recognized as part of a business combination:** With respect to goodwill, the recoverable amounts of the Group's cash generating units are determined from the higher of its net selling price (fair value reduced by selling costs) or its value in use calculations, as described above. The key assumptions for the value in use calculations are those regarding the discount rates, and expected changes of revenue and profitability. Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. Changes in revenue and profitability are based on historical experience and expectations of future changes. Cash flow forecasts are derived from management's five-year forecast projections. Once recognized, impairment losses recognized for goodwill are not reversed. Detailed information about the impairment test (including the sensitivity test) is provided in Note 13 GOODWILL. Intangible assets recorded by the Group can include customer relationships, trademarks and domain names, content libraries, software acquired through business combinations that are recorded at fair value, and amortized on a straight-line basis over their estimated economic useful lives. As mentioned in Note 14 INTANGIBLE ASSETS, "Sitel" and "Clearlink" trademarks are identified as indefinite-life. As a result an impairment test is processed in compliance with IAS 36 (separately from the CGU impairment test, and including a sensitivity test). If the business combination can only be provisionally calculated at the reporting date, the identifiable net assets are initially recognized at their provisional amounts. Final adjustments to acquisition fair values can be made for a period of up to twelve months after acquisition date.

In a broader sense, the Group's estimates are based on a hypothesis of continuity of operations and on experience and other market and strategic factors considered reasonable given the circumstances and information available when drawn up. Thus, Management used a 5-year business plan forecasts detailed by region and activity to form the basis of various assessments.

The estimates may be revised if the circumstances on which they were based change or because of new information. Therefore, the actual values may differ from the estimated values.

5 SCOPE OF CONSOLIDATION

5.1 Scope of consolidation

The following entities were detailed in Sitel Group's consolidated financial statements on 12/31/2021. The annual closing date is December 31 for all companies, except for India which closes on March 31st. The country of incorporation or registration is also their principal place of business.

Name	Country	Voting %	12/31/2021	
			% Ownership interests	Method
Sitel Group	Luxembourg	Parent	100 %	FC
Acticall Brésil	Brazil	100 %	100 %	FC
Acticall SAISS	Morocco	100 %	100 %	FC
Sitel Côte d'Ivoire	Ivory Coast	100 %	100 %	FC
Acticourtage	France	100 %	100 %	FC
Acticall Maroc	Morocco	100 %	100 %	FC
INNSO	France	95 %	95 %	FC
Acticall Maroc CRM	Morocco	100 %	100 %	FC
Learning Tribes France	France	70 %	70 %	FC
Learning CRM Treinamento	Brazil	100 %	70 %	FC
Learning Tribes China	China	100 %	70 %	FC
Learning Tribes Corp.	USA	100 %	70 %	FC
Saturn International Holding	Luxembourg	100 %	100 %	FC
Sitel Operating Corporation Ltd	UK	100 %	100 %	FC
Sitel France	France	100 %	100 %	FC
Sitel France Holdings	France	100 %	100 %	FC
Delta Call	Morocco	100 %	100 %	FC
Sitel Honduras	Honduras	100 %	100 %	FC
Sitel Senegal	Senegal	100 %	100 %	FC
CFRC Maroc	Morocco	100 %	70 %	NC
AKA Services	Luxembourg	33 %	33 %	NC
Sitel Worldwide Corporation	USA	100 %	100 %	FC
Action (Portugal) Marketing Telefonica a Rede de Vendas, S.A.	Portugal	100 %	100 %	FC
B's Telemarketing Limited	UK	100 %	100 %	FC
Sitel CRM (ex ClientLogic (Maroc) SARL)	Morocco	100 %	100 %	FC
ClientLogic (UK) Holding Limited	UK	100 %	100 %	FC

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		12/31/2021		
Name	Country	Voting %	% Ownership interests	Method
ClientLogic (UK) Limited	UK	100 %	100 %	FC
ClientLogic B.V.	Netherlands	100 %	100 %	FC
ClientLogic Customer Services SARL	Morocco	100 %	100 %	FC
ClientLogic Financial Services Limited	UK	100 %	100 %	FC
ClientLogic Holding Limited	UK	100 %	100 %	FC
ClientLogic Holding Pty Limited	Australia	100 %	100 %	FC
ClientLogic Limited	UK	100 %	100 %	FC
ClientLogic Pty Ltd.	Australia	100 %	100 %	FC
Financial Insurance Services Inc.	USA	100 %	100 %	FC
HDM GmbH	Germany	100 %	100 %	FC
HDM-SARL	France	100 %	100 %	FC
LCS Industries Limited	UK	100 %	100 %	FC
Merit Direct Limited	UK	100 %	100 %	FC
Mitre Telesales Limited (f/k/a Sitel Kingston Limited)	UK	100 %	100 %	FC
NA Liquidating Company Inc.	USA	100 %	100 %	FC
Service Zone Holdings, LLC.	USA	100 %	100 %	FC
Sitel (BVI) International, Inc.	British Virgin Islands	100 %	100 %	FC
Sitel Agente Financiero SAU Agencia de Seguros Vinculada	Spain	100 %	100 %	FC
Sitel Argentina S.A.	Argentina	100 %	100 %	FC
Sitel ARM Corp.	USA	100 %	100 %	FC
Sitel Asia Pacific Investments Pte Limited	Singapore	100 %	100 %	FC
Sitel Australia Pty Ltd.	Australia	100 %	100 %	FC
Sitel Bulgaria EOOD	Bulgaria	100 %	100 %	FC
Sitel Canada Corporation	Canada	100 %	100 %	FC
Sitel Caribbean Holdings, Inc.	British Virgin Islands	100 %	100 %	FC
Sitel Consulting Limited	UK	100 %	100 %	FC
Sitel do Brasil Ltda.	Brazil	100 %	100 %	FC
Sitel de Colombia SA	Colombia	100 %	100 %	FC
Sitel Denmark ApS	Denmark	100 %	100 %	FC
Sitel Direct SAU	Spain	100 %	100 %	FC
Sitel Europe Limited	UK	100 %	100 %	FC
Sitel Finance Corp	USA	100 %	100 %	FC
Sitel Financial Services, Incorporated	USA	100 %	100 %	FC
Sitel GmbH	Germany	100 %	100 %	FC
Sitel Iberica Teleservices, S.A.	Spain	100 %	100 %	FC
Sitel India Private Limited	India	100 %	100 %	FC
Sitel International Chile Limitada	Chile	100 %	100 %	FC
Sitel International Holding Inc.	USA	100 %	100 %	FC
Sitel International LLC	USA	100 %	100 %	FC

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12/31/2021				
Name	Country	Voting %	% Ownership interests	Method
Sitel Ireland Limited	Ireland	100 %	100 %	FC
Sitel Italy Srl	Italy	100 %	100 %	FC
Sitel Kingston (Services) Limited	UK	100 %	100 %	FC
Sitel LLC	USA	100 %	100 %	FC
Sitel Mexico Holdings, LLC	USA	100 %	100 %	FC
Sitel Mexico S.A. de C.V.	Mexico	100 %	100 %	FC
Sitel Moor Park (Services) Limited	UK	100 %	100 %	FC
Sitel Moor Park Limited	UK	100 %	100 %	FC
Sitel New Zealand Limited	New-Zealand	100 %	100 %	FC
Sitel Nicaragua, S.A.	Nicaragua	100 %	100 %	FC
Sitel Operating Corporation	USA	100 %	100 %	FC
Sitel Panama, S.A.	Panama	100 %	100 %	FC
Sitel Personaldienstleistungen GmbH	Germany	100 %	100 %	FC
Sitel Philippines Corporation	Philippines	100 %	100 %	FC
Sitel Polska Sp. Zoo	Poland	100 %	100 %	FC
Sitel SBA d.o.o. Serbia	Serbia	100 %	100 %	FC
Sitel Services, Inc.	USA	100 %	100 %	FC
Sitel Solutions UK Limited	UK	100 %	100 %	FC
Sitel Stratford (Services) Limited	UK	100 %	100 %	FC
Sitel Teleservices Canada, Inc.	Canada	100 %	100 %	FC
Sitel UK Finance	UK	100 %	100 %	FC
Sitel UK Limited	UK	100 %	100 %	FC
Sitmex-USA, LLC	USA	100 %	100 %	FC
Soluciones Integrales de Externalización de Procesos S.A.	Spain	100 %	100 %	FC
SRM Inkasso GmbH	Germany	100 %	100 %	FC
Systems Integrated Telemarketing Netherlands BV	Netherlands	100 %	100 %	FC
The Ivy Group Limited	UK	100 %	100 %	FC
Verifica Comunicações, S.A.	Spain	100 %	100 %	FC
INNSO USA	USA	100 %	95 %	FC
DynamisCX Single Member A.E	Greece	100 %	100 %	FC
Sitel (Shanghai) Information Services Co., Ltd.	China	50 %	50 %	FC
Sitel Netherlands Holdings B.V.	Netherlands	100 %	100 %	FC
Sitel UK Holding Ltd.	UK	100 %	100 %	FC

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Name	Country	Voting %	% Ownership interests	Method
Sykes Enterprises Inc.	USA	100 %	100 %	FC
Sykes Realty	USA	100 %	100 %	FC
Sykes Australia Pty. Ltd.	Australia	100 %	100 %	FC
Alpine Access Inc.	USA	100 %	100 %	FC
Sykes Enterprises Incorporated BV	Netherlands	100 %	100 %	FC
SEI Consulting Services Inc.	USA	100 %	100 %	FC
ICT Accounts Receivable Management Inc.	USA	100 %	100 %	FC
SEI Employment Services Inc	USA	100 %	100 %	FC
Sykes Acquisition Corp. II	USA	100 %	100 %	FC
XSell Technologies Inc.	USA	27 %	27 %	EM
Clear Link Technologies LLC	USA	100 %	100 %	FC
Local Results LLC	USA	100 %	100 %	FC
The Domain Locker LLC	USA	100 %	100 %	FC
I-Dish.com LLC	USA	100 %	100 %	FC
Clear Link Insurance Agency LLC	USA	100 %	100 %	FC
LeadAmp LLC	USA	100 %	100 %	FC
Taylor Media LLC	USA	100 %	100 %	FC
Sykes Enterprises Eastern Europe S.R.L.	Romania	100 %	100 %	FC
Sykes Kozep-Europa Kft	Hungary	100 %	100 %	FC
Sykes Slovakia Sro	Slovakia	100 %	100 %	FC
Sykes Cyprus Limited	Cyprus	100 %	100 %	FC
Sykes Enterprises Italy S.r.L	Italy	100 %	100 %	FC
ICT Marketing Services of Mexico, S. de R.L. de C.V.	Mexico	100 %	100 %	FC
Sykes Egypt LLC	Egypt	100 %	100 %	FC
Sykes Enterprises Norway AS	Norway	100 %	100 %	FC
Sykes Sweden AB	Sweden	100 %	100 %	FC
Sykes Enterprises Denmark ApS	Denmark	100 %	100 %	FC
Sykes Finland OY	Finland	100 %	100 %	FC
Sykes Assistance Services Corporation	Canada	100 %	100 %	FC
Sykes Enterprises GmbH	Germany	100 %	100 %	FC
Sykes Enterprises Management GmbH	Germany	100 %	100 %	FC
Sykes Enterprises Verwaltungs und Management GmbH	Germany	100 %	100 %	FC
Sykes Enterprises Berlin GmbH & Co. KG	Germany	100 %	100 %	FC
Sykes Enterprises Bochum GmbH & Co. KG	Germany	100 %	100 %	FC
Sykes Enterprises Support Services BV & Co. KG	Netherlands	100 %	100 %	FC

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					12/31/2021
Name	Country	Voting %	% Ownership interests	Method	
Sykes El Salvador Ltda	El Salvador	100 %	100 %	FC	
Sykes Latin America S.A.	Costa Rica	100 %	100 %	FC	
Sykes Colombia SAS	Colombia	100 %	100 %	FC	
Sykes do Brasil Servicos de Teleatendimento Para Clientes Ltda	Brazil	100 %	100 %	FC	
Sykes India Holdings Corporation	Mauritius	100 %	100 %	FC	
Sykes Business Services of India Private Limited India	India	100 %	100 %	FC	
Sykes Enterprises (India) Pvt. Ltd.	India	100 %	100 %	FC	
Sykes (Shanghai) Co. Ltd	China	100 %	100 %	FC	
Sykes Information Technology Services (Shanghai) Co. Ltd	China	100 %	100 %	FC	
Sykes Financial Services Pty Ltd	Australia	100 %	100 %	FC	
Sykes Global Services Limited	UK	100 %	100 %	FC	
Link Network Limited	UK	100 %	100 %	FC	
Symphony Ventures Ltd	UK	100 %	100 %	FC	
Symphony Ventures Sp. Zo.O.O	Poland	100 %	100 %	FC	
Symphony Ventures Inc.	UK	100 %	100 %	FC	
SYM RPA Private Ltd	India	100 %	100 %	FC	
Sykes Netherlands Group B.V.	Netherlands	100 %	100 %	FC	
Sykes Asia Inc.	Philippines	100 %	100 %	FC	
ICT Canada Marketing Inc.	Canada	100 %	100 %	FC	
Qelp B.V.	Netherlands	100 %	100 %	FC	
Qelp Do Brasil Software E Conteudo Digital LTDA	Brazil	100 %	100 %	FC	
Suzhou Pin Zhuo Information Technology Service Co. Ltd (*)	China	— %	100 %	FC	
Shanghai Pintian Information Technology Service Co. Ltd (*)	China	— %	100 %	FC	
Guangzhou Pin Duo Information Technology Service Co. Ltd (*)	China	— %	100 %	FC	

FC means Fully Consolidated; N/A means Not Applicable; NC means Not Consolidated; EM means Equity Method

Changes in the scope occurred during 2021 are listed below:

- Creations of:
 - Sitel UK Holding Ltd., a Euro currency company;
- Acquisition of:
 - Sykes Enterprises Inc., and its subsidiaries in August 27, 2021. The total cost of the investment in affiliate is \$2,220M.

(*) 3 Chinese companies acquired in this deal are fully consolidated but the Group does not have a direct ownership of these companies. The Group has control as per IFRS 10 requirements.

- Out of scope of:
 - In January, the Group sold its remaining shares in the jointly owned subsidiary MyMooc to the minority owner.
 - The Social Client (France) was merged with Sitel France. The Social Client (USA) was liquidated.
 - The transfer of the control of Sitel BOT (including 100% of the shares) was realized in August 1, 2021.

All out of scope entities did not have a significant impact in our financials ended on December 31, 2021.

5.2 Non-consolidated companies

The following list contains the holdings in which the Group holds more than 20% of voting rights, but which were not integrated into the consolidation as of 12/31/2021. These holdings are excluded from the consolidated financial statements because of their insignificant nature. In addition, the Group assesses holdings not included in the consolidation according to the principle of the fair value:

- CRFC Maroc (Country: Morocco): 100% held - no operational activities.
- AKA Services (Country: Luxembourg): 33,33% held. This company was created in 2018 and provides services to the Group (including the drawing up the Parent company financial statements and other subsidiaries). More information are provided in Note 31 INFORMATION ABOUT RELATED PARTIES. AKA Services is a joint control company.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generates income from contracts with its customers through a wide range of services. These services include the provision of multiple end-user services, technical support, training, and strategic advice to customer teams, software development, and digital innovation offered to the Group's customers, as well as services to help customers to acquire or retain their own customers. These services are provided through multiple communication channels (telephone, email, social media, MOOCs, face-to-face, etc.).

Revenue related to these services is accounted for only when there is convincing evidence that a binding contract exists and that collection is reasonably assured. The Group recognizes revenue over time, as the performance obligations in our contracts are satisfied, using the right to invoice expedient for output methods under IFRS 15.B16. Under this expedient, we may recognize revenue in the amounts billed provided that the amounts billed correspond directly with the value we have already transferred to the client. Accordingly, the Group recognizes revenue at the time services are performed based on the rate detailed in the client contract, such as per: minute, hour, month, employee, subscriber or user, or item basis for each transaction processed. We typically bill our clients monthly, and payment is due within 30 - 60 days. Our contracts do not contain significant financing components.

A portion of revenues may be subject to performance standards, such as sales per hour, average handle time, occupancy rate, abandonment rate, call quality, and customer satisfaction. The Group's performance against such standards may result in bonuses or penalties, which are recognized as earned or incurred. Our contract arrangements do not require significant estimates of variable consideration.

In certain circumstances, the Group receives payment in advance of providing service. Amounts received but not earned under these contracts are excluded from revenues and included in "Trade and other payables" in the Statement of the consolidated balance sheet.

Revenue is assessed at the fair value of the compensation received or receivable. Revenue is presented including net of rebates, discounts, and intra-group sales deductions.

Due to the type of services rendered by the Group and in the absence of firm contractual commitments at the reporting date, there is no information with respect to outstanding orders as defined under IFRS 15 to report.

Revenue is broken down as follows:

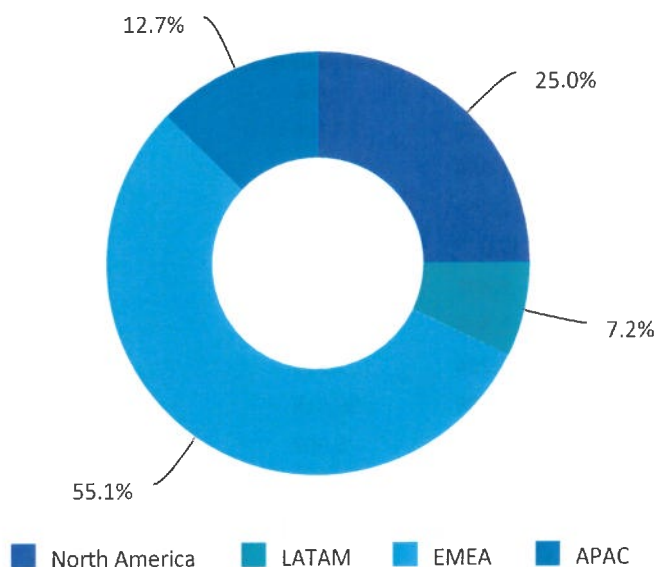
Section - In K€	12/31/2021	12/31/2020	Variations 2021 / 2020	Variations 2021 / 2020
Revenue from customers	2,624,340	1,854,870	769,469	41.5 %

Sykes Enterprises acquisition contributes to increase revenue by €548,607K and impacts each region as follows:

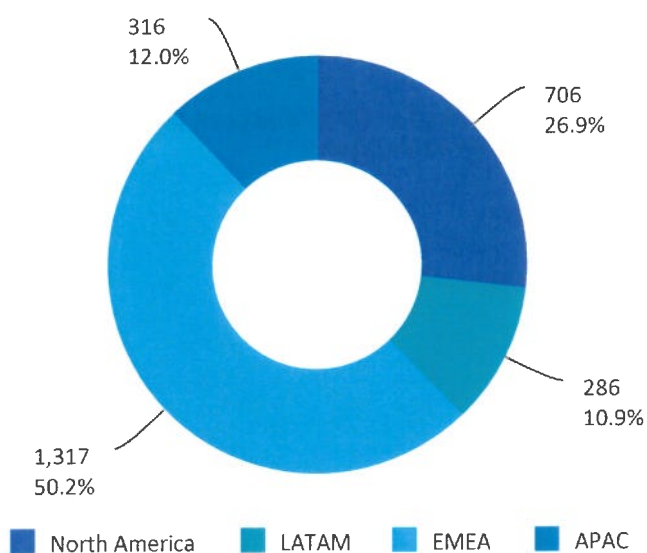
Section - In K€	TOTAL	NA	APAC	EMEA	LATAM
Sykes revenue	548,607	283,310	91,700	100,331	73,266

Breakdown of revenue from contracts with customers per geographic areas:

December 31st, 2020 in %



December 31, 2021 (in M€ & %)



7 EXTERNAL EXPENSES, STAFF COSTS AND OTHER EXPENSES

External purchases and expenses, as well as staff expenses, are detailed hereinafter:

Sections - in K€	12/31/2021	12/31/2020	Variations 2021 / 2020	Variations 2021 / 2020
Computer and other equipment costs	7,847	5,366	2,481	46 %
Software costs	22,223	17,366	4,857	28 %
Facility costs	42,554	39,953	2,601	7 %
Fees expenses	52,668	41,376	11,292	27 %
Telecom costs	49,837	45,894	3,943	9 %
Travel expenses	9,448	18,698	(9,250)	(49) %
Recruiting costs	23,563	13,247	10,316	78 %
Advertising	29,214	1,249	27,965	2239 %
Other expenses	120,858	56,515	64,343	114 %
Other taxes	6,211	5,907	304	5 %
Financial instruments gains and losses	(705)	(6,990)	6,285	(90) %
External expenses and other taxes	363,718	238,581	125,137	52 %
Staff expenses	1,572,040	1,112,682	459,358	41 %
Benefits and payroll taxes	295,465	207,842	87,623	42 %
Staff costs and other expenses	1,867,505	1,320,524	546,981	41 %

The increase of all the costs are directly related to the acquisition of Sykes Enterprises.

It should be noted that the variation of Other expenses is mainly related to:

- €21.2M from other operating expense (including €10.0M of direct cost providing services; €2.5M of subscriptions, €7.3M of hosting and maintenance costs) from legacy Sykes.
- €14.4M from staff training and development;
- €(11.6)M related to FX unrealized loss;
- Realized loss of foreign exchange €(3.5)M;
- €4.1M from pass through expenses;
- Increase by €4.9M of the other employee licensing costs.
- €2.2M facility janitorial expense;
- €2.3M related to commercial insurances;

The "financial instruments gains and losses" are related to the profit of €0.7M realized due to the hedging positions (versus a profit of €7.0M in 2020). Hedging is applied against all expenses incurred by the sub-contracting entities in the Group.

The €11.3M increase of fees expenses is mainly driven by legal and professional fees associated with the acquisition of Sykes.

8 ALLOCATION FOR DEPRECIATION AND AMORTIZATION

The allocations are essentially related to the amortization of tangible and intangible assets. Allocations for amortization are related to the means of production, as well as intangible assets recognized following the allocation of the purchase price of Sitel and Sykes by the Group.

Sections - In K€	12/31/2021	12/31/2020	Variations 2021 / 2020
Allocations for amortization of tangible and intangible assets	(50,849)	(44,672)	(6,177)
Allocations for depreciation of the right of use assets	(63,634)	(58,056)	(5,578)
Amortization and depreciation of assets acquired as part of a business combination	(40,049)	(31,207)	(8,842)
Total allocation for depreciation, amortization and impairment	(154,532)	(133,935)	(20,597)

The details of the allocations for amortization are provided in the Notes 14 INTANGIBLE ASSETS, 15 TANGIBLE ASSETS and 16 RIGHT OF USE - ASSETS.

The increase in amortization and depreciation expenses is related to the Sykes Enterprises acquisition.

9 OTHER OPERATING INCOME AND EXPENSES

Non-routine operating elements with an impact on income and loss are detailed in the table below:

Sections - in K€	12/31/2021	12/31/2020	Variations 2021 / 2020	Variations 2021 / 2020
Loss on sale of asset	(4,150)	—	(4,150)	N/A
Restructuring expenses	(5,486)	(9,967)	4,481	(45) %
Other operational expenses	(18,853)	(828)	(18,025)	2178 %
Sub-total of operating expenses	(28,489)	(10,795)	(17,694)	164 %
Gain on sale of asset	—	668	(668)	(100) %
Other operating income	2,051	127	1,924	1509 %
Sub-total of operating income	2,051	795	1,256	158 %
Total other operating costs and income	(26,438)	(9,999)	(16,439)	164 %

Decrease in restructuring costs relates to organizational changes due to lost customers.

These amounts integrated in "Other operational expenses" include transaction fees related to the Sykes Enterprises acquisition.

10 FINANCE COST - NET

Financial expenses and income are broken down as follows:

Sections - in K€	12/31/2021	12/31/2020	Variations 2021 / 2020	Variations 2021 / 2020
Interest expenses	(44,393)	(15,801)	(28,592)	181 %
Interest on lease liabilities	(8,912)	(7,691)	(1,221)	16 %
Other finance expenses	(3,847)	—	(3,847)	N/A
Sub-total Finance expenses	(57,152)	(23,492)	(33,660)	143 %
Finance income	243	272	(29)	(11) %
Total cost of net debt	(56,909)	(23,220)	(33,688)	145 %

During the 2021 financial year, the Group recorded interest expenses of €(44.4)M versus €(15.8)M during the previous year in regard to its bank debt, mainly broken down as follows:

Interest related to the previous debt:

- €1.7M versus €4.8M in regard with Sitel Worldwide Corp.'s debt in 2020;
- €7.0M versus €6.9M in regard with Sitel Group's debt in 2020;
- €1.8M versus €0.9M related to the factoring in 2020.

Interest expenses increased because of the new debt including:

- €17.7M related to the USD Term Loan;
- €13.5M related to the EUR Term Loan

Debt costs and Original Interest Discount (thereafter OID):

The impact of the amortization of debt costs and OID in 2021 is €4.0M, versus €2.1M in 2020. The increase is directly related to the new credit agreement costs and the carryforward amounts from the previous SFA that are not included in the derecognition costs.

The "Other finance expense" reflects the derecognition of the previous SFA including non-cash impact of the unamortized debt costs and OID of the previous SFA.

11 OTHER FINANCIAL INCOME AND EXPENSES

These amounts are composed of foreign exchange (unrealized) gains and losses. These amounted to €(3.9)M in 2021 versus €(1.1)M in 2020.

In 2021, exchange gains are related to the variation in rates between the main currencies in which the Group operates, including, the Euro, the US Dollar, the GBP, the Philippine Peso and the Canadian Dollar.

12 INCOME TAX EXPENSE

This year, the Group presents a net corporate income tax expense of €(71,461)K at 12/31/2021 versus €(20,707)K at 12/31/2020.

The increase in income tax expense from 2020 to 2021 of €(50,754)K is presented in the following table:

Details of the variations	Variations 2021 / 2020	
Operations	6,562	
Rate differential - foreign state	3,293	
Losses of which benefit not recorded	(7,071)	
Utilization of tax loss carryforwards not previously benefited	38,411	
Unrepatriated Foreign Earnings	1,177	
Credits	(3,547)	
Non-deductible expenses	18,311	
Effect of deferred taxation on dividends	(3,246)	
Other	(3,136)	
Total of the variation	50,754	

Section - in K€	12/31/2021	12/31/2020
Income tax paid	(78,290)	(60,671)
Total of income tax paid during the year	(78,290)	(60,671)

As of December 31, 2021 the consolidated income before tax and discontinued operations amounted to: €147.9M. The theoretical tax expense at the corporate tax rate in force in Luxembourg (24.94% in 2021 and 2020) should amount to €36.9M.

The tax proof for the year 2021 of the Group is presented below:

Sections - in K€	12/31/2021	%
Earnings before taxes	147,949	
Consolidation rate		24.94 %
Income tax impact		
Consolidated income taxes at consolidation rate	36,898	24.94 %
Rate differential - foreign, state	(5,904)	(3.99) %
Losses of which benefit not recorded	439	0.30 %
Utilization of tax loss carryforwards not previously benefited	(937)	(0.63) %
Foreign exchange	1,371	0.93 %
Other, Specify:	39,594	26.76 %
Non-deductible expenses	40,920	27.66 %
Change in tax reserves	586	0.40 %
Other minimum taxes	4,738	3.20 %
Credits	(3,205)	(2.17) %
Return to accrual adjustments	(3,187)	(2.15) %
Unrepatriated Foreign Earnings	807	0.55 %
Other	(1,065)	(0.72) %
Actual income taxes/Effective tax rate	71,461	48.30 %

The amounts of the actual deductible temporary differences, unused tax losses and unused tax credits amounts not yet recognized are presented below:

	In K€	
Expiry:		
2022	2,498	
2023	2,714	
2024	3,036	
2025	3,072	
2026	4,896	
Thereafter - last year of expiry	19,747	Year 2041
Expiry indefinitely	28,508	
Other deductible temporary differences	9,505	
Total	73,976	

13 GOODWILL

In accordance with the revised IFRS 3 Business Combinations, the excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. Fair value of each CGU is estimated utilizing the Discounted Cash Flow (DCF) method. Goodwill is allocated to each CGU based upon the estimated fair value of each CGU, less net identifiable assets attributable of each CGU including deferred income tax impacts. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Beyond the one-year time limit allowed by the standard, (see Note 2.5 Consolidation principles) subsequent variations in holdings in a subsidiary that do not result in a loss of control are accounted for directly in the equity of the Group.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units (hereafter "CGU") of the Group expected to benefit from the synergies of the combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGUs defined as part of the consolidated financial statements of Sitel Group are of different natures depending on the activity of each of the holdings.

The Group's subsidiaries are grouped together to form a CGU when the following criteria are reached:

- there are significant inter-relationships formed by the existence of the same customers with common cash flows;
- existence of close ties of certain subsidiaries with their offshore production units;
- presence in the same geographical region, with a similar economic context and common management.

The CGUs to which goodwill has been allocated are subject to an impairment test annually, or more frequently if there is any indication that the unit may have suffered an impairment loss. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and is thereafter allocated to the other assets of the unit on a prorated basis of the carrying value of each asset included in the unit. Any impairment loss concerning goodwill is accounted for directly as an expense and is not subsequently reversed.

The Group identified five CGUs, 4 based upon geographical zones, and a new CGU "Clearlink" based upon a distinct line of business, as follows:

- North America ("NA"), including the North America, Latin America, and Asia-Pacific regions;
- Australia and New Zealand ("ANZ");
- Brazil ("Brazil");
- Europe, the Middle East, and Africa ("EMEA");
- Clearlink and subsidiaries ("Clearlink").

At the reporting date of these consolidated financial statements, the Group did not finalize the fair value measurement of all assets acquired and liabilities assumed. As a result of Sykes acquisition, the following increase per CGU has been booked:

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Impact in K€	EMEA	NA	Brazil	Clearlink	ANZ	TOTAL
Goodwill split per CGU:	95,485	379,597	5,579	264,567	14,227	759,455

The split per CGU was defined as per our accounting policy in compliance with IAS 36: "goodwill is allocated to each of the CGUs of the Group expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets."

Upon the permanent exit of a cash-generating unit, the attributable amount of goodwill is taken into account in determining the net income of the exit.

In order to identify CGUs at risk of impairment, the Group performs sensitivity analyses on all CGUs incorporating an increase of 100 base points in the discount rates selected and a reduction of 50 base points in the variation of the revenue. In the event that an impairment is identified under this test, additional sensitivity analyses are performed using further changes in operational assumptions e.g. revenue growth.

WACCs are post-tax discount rates applied to cash flows after tax, and result in the determination of recoverable amounts identical to those that would have been obtained using pre-tax rates to cash flows excluding tax.

The Group determines its discount rates by taking into account the average risk-free rates with a maturity of between 20 and 30 years observed over twelve months. The risk-free rate and the risk premium are specific to each geographical area with similar characteristics. In 2021, after performing sensitivity test, no CGUs were identified as being at risk for impairment.

The net amount of the goodwill, recognized in the consolidated financial statements as of 12/31/2021, amounted to €1,029.9M. It is mainly composed of goodwill, related to the 2015 acquisition of the Sitel Worldwide Corp. and its subsidiaries and the August 2021 Sykes Enterprises acquisition. The variations observed during the financial year in terms of goodwill and its impairment are mainly related to the variation in the closing rate ("Other variations" column).

The change in goodwill during the financial year and its composition are detailed in the table below:

Net book value (in K€)	12/31/2020	Increase	Decrease	Scope variation	Other variations	12/31/2021
North America (NA)	182,152	—	—	379,597	22,007	583,756
Australia New-Zealand (ANZ)	—	—	—	14,227	511	14,737
Europe Middle East Africa (EMEA)	51,254	—	—	95,485	3,657	150,396
Brazil	—	—	—	5,579	(226)	5,353
Clearlink	—	—	—	264,567	11,075	275,642
Total net book value	233,406	—	—	759,455	37,024	1,029,884

The Group's goodwill impairment test was performed for all CGUs. The following discount rate were applied:

CGUs	12/31/2021	12/31/2020
NA	10.0 %	8.0 %
ANZ	9.2 %	7.1 %
EMEA	9.8 %	8.3 %
Brazil	11.1 %	9.3 %
Clearlink	8.3 %	N/A

The conclusion of the sensitivity test are presented below by variations on the discount and increase in revenue rates, respectively:

Impact of var. of +/-1% and impacts in K€	EMEA	NA	Brazil	ANZ	Clearlink	TOTAL
-1%	159,900	410,000	2,500	7,900	94,900	675,200
+1%	-130,600	-305,511	-2,100	-6,300	-74,400	-518,911

Impact of var. of +/-0.5% and impacts in K€	EMEA	NA	Brazil	ANZ	Clearlink	TOTAL
-0.5%	-38,673	-66,398	-530	-1,500	-13,686	-120,787
+0.5%	40,174	68,605	530	1,600	14,127	125,036

14 INTANGIBLE ASSETS

Acquired intangible assets are stated on the balance sheet at their cost minus any accumulated amortization and any accumulated impairment losses.

Amortization is recognized in expenses using the straight-line method over the estimated useful lives of the intangible assets unless it is indeterminate. Other intangible assets are amortized as soon as they are put into use.

Customer relationships that are valued as part of business consolidation are amortized over the useful lives estimated upon their initial accounting. On December 31, 2021 the initial customer relationships identified in the Group's consolidated balance sheet related to the acquisition of Sitel by the parent company and are amortized over a period of six years and the acquisition of Sykes are amortized over a period of between 14 and 21 year.

The preliminary purchase price allocation of Sykes Enterprises was derived with the assistance of a third party expert and identified the following intangible assets with limited useful lives (these amounts will be finalized during the first half of 2022):

Intangible assets	Balance sheet line	Intangible in K€
Customer relationships	Other Intangible assets	698,232
Trademarks	Trademarks	42,975
Software	Software	46,780
Right of use asset off-market component	Other Intangible assets	2,131
Domain names	Other Intangible assets	120,765
Content libraries	Other Intangible assets	33,729
Total		944,613

The estimated useful lives and the depreciation method are reviewed at the end of each financial reporting period, and the impact of any change in estimates is accounted for prospectively. Intangible assets of indefinite useful life that are acquired separately are accounted for at the cost of acquisition minus any accumulated impairment losses.

The Sitel and Clearlink trademarks are identified as indefinite-lived non-amortized intangible assets. The Sykes trademark was identify and valued as a definitive-lived assets and will be amortized over its estimated 3 year life. Impairment tests were performed at each CGU level as of 12/31/2021. No impairment loss was identified for these assets.

Net intangible assets amounted to €1,032.7M versus €100.1M on 12/31/2020.

Duration of amortization of intangible assets are provided below:

Intangible assets	Duration of amortization
Customer relationships - Sitel acquisition	6 years
Customer relationships - Sykes acquisition	14-21 year
Trademark - Sitel acquisition	Indefinite useful life
Trademark - Sykes acquisition	3 years
Trademark - Clearlink	Indefinite useful life
Owned domain names	20 years
Third-party domain names	20 years
Content libraries	5 years
Software	2-5 year

The Sykes trademark was identified with a definite useful life because it is not used in our communication and business. As a result we expect any benefits of the trademark to diminish over near future. The amortization duration was determined with the assistance of a third party expert. The amortization duration differences between Sitel and Sykes customer relationship are explained by Sitel's higher churn rate when it was acquired in 2015.

The other variations mainly concern the differences related to the closing rates of exchange. Their composition, as well as transactions that occurred in 2021, are detailed below:

Cost in K€	12/31/2020	Increase	Decrease	Scope Variations	Other variations	12/31/2021
Trademarks	73,267	—	—	42,975	7,772	124,014
Other intangible assets	176,219	—	—	854,858	33,063	1,064,140
Software	44,219	6,989	(9,459)	46,780	4,651	93,180
Total costs	293,705	6,989	[9,459]	944,613	45,486	1,281,334

Accumulated amortization and impairment in K€	12/31/2020	Increase	Decrease	Scope Variations	Other variations	12/31/2021
Trademarks	—	(2,100)	—	—	(73)	(2,173)
Other intangible assets	(159,242)	(33,319)	—	—	(16,523)	(209,084)
Software	(34,324)	(7,617)	9,320	—	(4,715)	(37,336)
Total accumulated amortization and impairment	[193,566]	[43,036]	9,320	—	[21,311]	[248,593]

Net book value in K€	12/31/2020	Increase	Decrease	Scope Variations	Other variations	12/31/2021
Trademarks	73,267	(2,100)	—	42,975	7,699	121,841
Other intangible assets	16,977	(33,319)	—	854,858	16,540	855,056
Software	9,895	(628)	(139)	46,780	(64)	55,844
Total net book value	100,139	[36,047]	[139]	944,613	24,175	1,032,741

The other variations are mainly related to the impact of the exchange rates.

The application of IAS 36 sensitivity tests based on a variance of +/-1% of the discount rate regarding the trademarks is presented below:

Impact of var. of +/-1% and impacts in K€	Sitel	Clearlink
-1%	56,477	4,486
+1%	-44,594	-3,421

15 TANGIBLE ASSETS

Tangible assets are assessed and accounted for at their cost minus the accumulation of any depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

When components of tangible assets have different useful lives and therefore have different depreciation periods, they are accounted for as separate tangible assets. From the date the asset is put into use, the tangible assets are depreciated linearly, according to a components approach, over their useful life.

The estimated useful lives and the depreciation method are reviewed at the end of each financial reporting period, and the impact of any change in estimates is accounted for prospectively.

Land is not depreciated.

Maintenance and repair costs are expensed in the financial year in which they are incurred.

Depreciation periods are as follows:

Sections	Years
Equipment, office furniture, machines, and tools	3-12 years
Transport equipment	4-10 years
Fixtures and fittings	5-10 years
Buildings	20-50 years

The impact related to the purchase price allocation of Sykes Enterprises are presented in the tab below:

Sections	Amounts in K€
Construction in progress	2,834
Machinery and equipment	61,635
Land	1,178
Buildings	62,406
Total	128,053

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The net amount of tangible assets was to €206.9M vs €95.4M on 12/31/2020. The table below details the main transactions performed in 2021:

Cost in K€	12/31/2020	Increase	Decrease	Scope variations	Other variations	12/31/2021
Land	1,648	—	(1,711)	1,178	102	1,217
Buildings	104,054	8,718	(16,094)	62,406	15,444	174,528
Machinery and equipment	187,054	26,266	(11,309)	61,635	(17,300)	246,346
Construction in progress	1,908	—	(1,145)	2,834	36	3,633
Total of costs	294,664	34,984	(30,259)	128,053	(1,718)	425,724
Accumulated amortization and impairment in K€	12/31/2020	Increase	Decrease	Scope variations	Other variations	12/31/2021
Land	—	—	—	—	—	—
Buildings	(61,850)	(15,743)	9,458	—	(4,153)	(72,288)
Machinery and equipment	(137,401)	(28,510)	9,880	—	9,489	(146,542)
Construction in progress	—	—	—	—	—	—
Total accumulated amortization and impairment	[199,251]	[44,253]	19,338	—	5,336	[218,830]
Net book value in K€	12/31/2020	Increase	Decrease	Scope variations	Other variations	12/31/2021
Land	1,648	—	(1,711)	1,178	102	1,217
Buildings	42,204	(7,025)	(6,636)	62,406	11,291	102,240
Machinery and equipment	49,653	(2,244)	(1,429)	61,635	(7,811)	99,804
Construction in progress	1,908	—	(1,145)	2,834	36	3,633
Total net book value	95,413	[9,269]	(10,921)	128,053	3,618	206,894

The other variations are mainly related to the impact of the exchange rates.

16 RIGHT OF USE - ASSETS

The Group's leases relate mainly to real estate property, and electronic equipment. The lease contracts typically have durations made for fixed periods of 3 to 5 years but may have extension options and early termination options exercisable at the Group's election.

If a contract contains a lease, the Group recognizes a right-of-use (RoU) asset and a corresponding lease liability at the commencement date. The initial lease liability is calculated as the net present value of the fixed and determinable lease payments, including all extension options that management deems reasonably certain to be exercised, discounted using the rate implicit within the lease. If no discount rate is specified in the lease, then the Group uses the incremental borrowing rates estimated per jurisdiction that the leased asset is in. The right-of-use asset is recorded at the initial net present value of the lease liability, plus any initial direct lease costs and any lease payments made at or before the commencement date less any lease incentives received.

Each month, the Group recognized interest expense for the accretion of the lease liability, and depreciation expense for the straight-line amortization of the right of use asset. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis. Payments associated with short-term leases and leases of low-value assets are recognized as an operating expense in profit or loss as incurred.

Short-term leases are leases with a lease term of 12 months or less.

Cash flows relating to leases are presented as follows:

- cash payments for the principal portion of the lease liabilities as cash flows from financing activities,
- cash payments for the interest portion as interest and equivalent as cash flows from financing activities, and
- short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liabilities as cash flows from operating activities.

Right of use assets at the acquisition date of Sykes are presented in the below table in the "Scope variation" column.

The variation related to the right of use assets are presented below:

Right of use - Assets - in K€	12/31/2020	Increase	Decrease	Scope variation	Other	12/31/2021
Total of right of use - Assets	216,345	74,881	(40,165)	129,364	(4,468)	375,957
Accumulated amortization and impairment - in K€	12/31/2020	Increase	Decrease	Scope variation	Other	12/31/2021
Total accumulated amortization and impairment	(82,504)	(70,293)	37,996	—	5,520	(109,281)
Net book value - in K€	12/31/2020	Increase	Decrease	Scope variation	Other	12/31/2021
Total net book value	133,841	4,588	(2,169)	129,364	1,052	266,676

Right-of-use assets are comprised of the following:

Net book value of the right of use per nature - in K€	12/31/2021	12/31/2020
Buildings	265,935	127,365
Equipment	741	6,476
Total of the net book value of the right of use	266,676	133,841

Variances between December 31, 2021 and December 31, 2020 are mainly explained by the Sykes acquisition.

17 OTHER NON-CURRENT ASSETS

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss);
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are recognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see below "Trade receivables, payables, and other current debts" for further details.

The "restricted cash" line includes funds deposited in specific bank accounts as collateral against certain pension liabilities, and statutory deposit requirements related to other employee reserves.

The detail of the non-current assets are presented below:

Gross value in K€	12/31/2021	12/31/2020
Restricted Cash	5,034	3,930
Other financial assets	23,112	19,021
Prepaid and deferred costs	27,355	176
Other non-current assets	12,826	1,545
Total gross values	68,327	24,671
Cumulated impairment in K€	12/31/2021	12/31/2020
Restricted Cash	—	—
Other financial assets	—	—
Prepaid and deferred costs	—	—
Other non-current assets	(1,178)	—
Total accumulated impairment	(1,178)	—
Net book value in K€	12/31/2021	12/31/2020
Restricted Cash	5,034	3,930
Other financial assets	23,112	19,021
Prepaid and deferred costs	27,355	176
Other non-current assets	11,648	1,545
Net book value	67,149	24,671

Other financial fixed assets consist mainly of loans, bonds, deposits paid.

Restricted cash (non-current) is essentially related to employee benefits obligations.

The increase in prepaid and deferred costs are mainly related to the Sykes acquisition.

Other non-current asset includes the amortized debt cost of the new multi-currency revolving credit facility for a net amount of €3,461K.

18 DEFERRED TAX ASSETS AND LIABILITIES

Current and deferred income tax expense (benefit) is recognized in net income from continuing operations, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax liability comprises the expected tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable related to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for tax purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Tax losses and other deferred tax assets are recognized only when it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The effect of any change in tax rates is accounted for on the income statement, except for changes relating to elements directly accounted for initially in equity.

Deferred tax assets and liabilities are offset when the deferred tax balances relate to the same taxation authority. Current taxes receivable and payable are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities, as well as their variations, include the following:

Beginning of the year - in K€	12/31/2021	12/31/2020
Assets of deferred income tax at the beginning of the year	30,900	16,710
Liabilities of deferred income tax at the beginning of the year	769	23,131
Variation related to the P&L for the period	(4,200)	38,119
Variation of the consolidation scope for the period	(153,277)	—
Variations accounted for in equity for the period	5,513	(685)
Other variations for the period	(3,115)	(1,936)
Assets of deferred income tax at the end of the year	19,302	30,900
Liabilities of deferred income tax at the end of the year	144,251	769
Net variation of the period - in K€	[155,079]	35,498

In compliance with IAS 12 and IFRS 3, the Group booked a deferred income tax liability for €(153.3)M. This amount is directly linked to the impact of the purchase price allocation of the Sykes acquisition and the fair value of identified assets and liabilities, including tangible assets and intangible assets, but excluding goodwill.

The deferred tax asset and liability per nature are presented below:

Nature - In K€	12/31/2021	12/31/2020
Accrued and prepaid expenses	34,929	15,442
Tax losses	12,444	6,568
Property, plant and equipment	(3,000)	2,776
Intangible assets	(164,692)	9,354
Other	(4,629)	(4,009)
Total net deferred taxes	(124,948)	30,131

19 TRADE RECEIVABLES

Trade receivables, payables, and other current debts:

Initial recognition of these financial assets and liabilities are originally recorded at their fair value and then are measured at their amortized cost, equivalent to their nominal value, insofar as this represents a reasonable estimate of their market value, given their short-term nature.

Impairment of the trade receivables:

Under IFRS 9, an expected credit loss model has to be applied. The trade receivables does not have any financing component at the end of the year from contracts with customer (as defined under IFRS 15). The Group applied the simplified approach and used the lifetime of Expected Credit Loss (hereafter "ECL"). The Group chose to adopt the provision matrix approach available under IFRS 9. The ECL rates are based on the payment profiles of sales over a period of 24 months until the date of the closing year and the corresponding historical credit losses experienced within this period.

The Group splits the trade receivables into 4 different buckets with specific risk profiles. The identified buckets and the rates are presented in the note 19 TRADE RECEIVABLES.

In compliance with IFRS 9, the trade receivables are reviewed for impairment throughout their lifetime. When uncertainty arises regarding the recovery of an amount, the Group analyzes and adjusts the amount of the allowance.

Adjustments to the impairment provision are presented in the P&L in the line: *Net impairment losses on financial and contract assets*.

Trade receivables (net) amounted were on €706.4M on 12/31/2021, versus €328.7M on 12/31/2020. Increase of trade receivables is mainly due to the Sykes Enterprises acquisition.

The trade receivables are mainly composed of:

Section in K€	12/31/2021	12/31/2020
Trade receivables	708,547	335,939
Expected credit loss reserve	(2,146)	(7,200)
Net book value	706,401	328,739

Expected Credit Loss

The buckets identified at 12/31/2021 are listed and described below:

Name of the bucket	Description
Bucket Bankruptcy	Every trade receivable (essentially in pre-petition) from customers in bankruptcy or in an equivalent legal term) are classified in this bucket. The risk of expected loss is estimated as the highest for the Group.
Bucket Retail Brick and Mortar	Every trade receivable from customers identified as "Retailer" are classified in this bucket (excluding any customers in bankruptcy).
Bucket Travel	Every trade receivable from customers identified as "Travel" are classified in this bucket (excluding any customers in bankruptcy).
Bucket General	Every trade receivable from receivables not identified in a specific bucket above are in this bucket.

The averages rates applied to each bucket are presented below:

Buckets	2021			2020		
	Average rates of ECL per bucket	Gross amounts in K€	Amount of expected loss per bucket (in K€)	Average rates of ECL per bucket	Gross amounts in K€	Amount of expected loss per bucket (in K€)
Bucket Bankruptcy	— %	—	—	100 %	4,916	4,916
Bucket "Retail Brick and mortar"	4.99 %	6,333	316	5.00 %	11,634	582
Bucket "Travel"	1.10 %	12,043	132	1.10 %	12,158	134
Bucket General	0.33 %	521,702	1,698	0.52 %	300,032	1,568
Total in K€ and average rate in %	0.4 %	540,078	2,146	2.2 %	328,740	7,200

The rates applied for legacy Sitel companies are presented below:

Closing	Not Due Amount	1 - 30 days	31 - 60 days	61 - 180 days	181 - 360 days	> 360 days
2021	0.10 %	0.10 %	0.20 %	0.60 %	8.00 %	77.10 %
2020	0.20 %	0.20 %	0.20 %	1.00 %	41.90 %	75.00 %

Rates applied for legacy Sykes companies for the General bucket are presented below:

Closing	Not Due Amount	1 - 30 days	31 - 60 days	61 - 180 days	181 - 360 days	> 360 days
2021	0.12 %	0.12 %	0.17 %	0.49 %	11.65 %	47.27 %

The variance between December 31, 2020 and 2021 ECL reserve is presented below:

	Opening	Increase	Decrease	Scope variations	Other	Closing
Amounts in K€	7,200	1,380	(7,200)	729	38	2,146

Factoring Agreements

The Group utilizes accounts receivable factoring arrangements with third-party financial institutions to assist in managing working capital. These arrangements involve the ownership transfer of eligible trade accounts receivable, without discount, to third-party financial institutions in exchange for cash. Our factoring programs are structured on both a recourse and non-recourse basis.

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Accounts receivable sold on a non-recourse basis qualify for sale treatment and are therefore excluded from our Accounts receivable balance. Transaction costs, including factoring fees based on the dollar amount of receivables sold and monthly interest charged on the outstanding receivables balance, are recognized in Interest and other financial expenses on the accompanying consolidated statement of profit or loss.

For the years ended December 31, 2021 and 2020 respectively the Group sold €731.1M and €219.2M receivables under the terms of the non-recourse factoring agreements. At December 31, 2021 and 2020, the net amount of active trade accounts receivable sold to third-party financial institutions on a non-recourse basis was €86.4M and €92.7M, respectively. Interest expense recognized under our non-recourse programs was €1,751K and €539K at December 31, 2021 and 2020, respectively.

Non-recourse factoring:

The following is a summary of receivables sold on a non-recourse basis to third-party financial institutions that existed at the following balance sheet dates:

Section in K€	12/31/2021	12/31/2020
Trade receivables submitted to financial institutions	90,950	97,658
Net amounts advanced from financial institutions	86,368	92,687
Amounts due from financial institutions	4,582	4,971

Recourse factoring:

Balances sold under the recourse programs remain in the trade receivables and are included within the current portion of Borrowings on the Statement of the consolidated balance sheet until collections are received from the client. We service the transferred receivables and bear credit and collection risk if the debt is not collected.

For the years ended December 31, 2021 and 2020, the Group:

- sold €66.0M versus €264.6M of receivables under the terms of the recourse based factoring agreements, respectively;
- received net cash advanced from financial institutions, and therefore included in the borrowings, of €5.2M and €5.7M, respectively;
- paid interest expense equal to €79K and €360K, respectively.

The following is a summary of receivables transferred on a recourse basis to third-party financial institutions that existed at the respective balance sheet dates:

Section in K€	12/31/2021	12/31/2020
Trade receivables submitted to financial institutions	5,487	5,964
Net amounts advanced from financial institutions	5,225	5,680
Amounts due from financial institutions	262	284

20 OTHER CURRENT ASSETS

The balances are broken down as follows:

Sections - in K€	12/31/2021	12/31/2020
Short term deposits, prepayments...	12,251	4,941
Restricted cash - short term	69	7,427
Financial items	12,320	12,368
VAT and other receivables	44,723	37,288
Other current assets	10,317	7,935
Prepaid expenses and deferred cost	33,090	10,867
Non-financial items	88,130	56,090
Total for the period	100,450	68,458

Restricted cash variance is related to payments belonging to the factor that were received by the Group in December 2020 and transferred to the factor in January 2021.

21 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses financial instruments (swap and spot/forward) referred to as derivatives as part of the application of IFRS 9, intended to cover the Group from exposure to currency and interest rate risks (see note 29 RISK MANAGEMENT).

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period (through profit or loss or through OCI).

The gain or loss resulting from the fair value reassessment is immediately accounted for on the income statement for undesignated derivatives and the ineffective portion of designated derivatives.

The effective portion of the gain or loss on the designated derivative financial instrument is recorded as other comprehensive income and transferred to the income statement when the hedged element itself affects the income statement; the ineffective portion is immediately accounted for on the income statement.

The Group only designates derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges). At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Sections - in K€	12/31/2021	12/31/2020
Derivative instruments - Fair Value through OCI	996	6,899
Derivative instruments - Fair Value through P&L	280	61
Derivative instruments - current and non-current assets	1,276	6,960
Derivative instruments - Fair Value through OCI	(12,587)	(2,764)
Derivative instruments - Fair Value through P&L	(567)	(31)
Derivative instruments - current and non-current liabilities	(13,154)	(2,795)
Net impact of the fair value of the derivative instruments	[11,878]	4,165

The variances between 2021 and 2020 are linked to the Sykes acquisition, and fluctuations of currency rates.

The Group applied hedge accounting to the main portion of its contracts (see table below) of hedging derivative instruments. The variation of the fair value is accounted through other comprehensive income in Equity for the effective portion, and through the P&L for the ineffective portion.

All fair values of derivatives are level 2 (see note 30 RECOGNIZED FAIR VALUE MEASUREMENT).

A portion of the credit facility is sensitive to the USD LIBOR in 2021 and the SOFR starting January 1, 2023 (USD LIBOR will not be used at this date). The other portion is sensitive to the EURIBOR. This rate is inferior to 0% in 2021 has not hedged the interest rate risk at December 31, 2021.

The derivatives used to hedge foreign currencies are composed by forward contracts. Derivative activities are checked and monitored by management. Risk management practices, including the use of derivative financial instruments, are submitted to the supervisory bodies of the Group at least once per year.

The Group's hedging reserves are disclosed as follow:

In K€	Spot component of currency swaps (Gain) / Loss	Interest rate swaps (Gain) / Loss	Total Hedge reserves
Opening Balance at January 1, 2020	(4,037)	1,329	(2,708)
Add : change in fair value of hedging instrument recognized in OCI	(8,118)	119	(7,999)
Less : Reclassified from OCI to profit or loss	6,482	—	6,482
Less : Deferred Tax	612	—	612
Closing balance at December 31, 2020	(5,061)	1,448	(3,613)
Opening balance at January 1, 2021	(5,061)	1,448	(3,613)
Add : change in fair value of hedging instrument recognized in OCI	15,644	—	15,644
Less : Reclassified from OCI to profit or loss	1,401	(1,448)	(47)
Less : Deferred Tax	123	—	123
Closing balance at December 31, 2021	12,107	—	12,107

21.1 Derivative - Interest rate

As of 12/31/2021, the Group has no outstanding interest rate hedges. The interest rate swap outstanding at 12/31/2020 was terminated prior to the derecognition of the previous credit facility. The Group recognized a loss of €1,276K upon termination of the hedge.

21.2 Derivative - foreign currencies

As of 12/31/2021, details of the (foreign currencies) forwards were as follows:

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Currency forwards							
Maturity	Purchase currency	Selling currency	Notional (in thousands)	Fair value assets/ (liabilities)	Other comprehensive income, net of taxes (Profit)/Loss	Statements of operations - Change in fair value Profit/(Loss)	Average Hedged Rate
2021 - 2022	COP	USD	96,757	(5,809)	5,809	—	4,099.416
2020 - 2022	INR	CAD	586	—	(1)	1	58.181
2020 - 2022	INR	GBP	374	2	(2)	—	100.309
2020 - 2022	INR	USD	1,790	100	(48)	(52)	74.349
2020 - 2022	INR	EUR	87	8	(8)	—	84.206
2020 - 2022	PHP	AUD	323	(11)	2	10	37.085
2020 - 2022	PHP	CAD	102	(4)	1	4	39.987
2020 - 2022	PHP	GBP	2,193	(157)	38	119	68.940
2020 - 2022	PHP	USD	11,207	(224)	110	114	51.099
2020 - 2022	PHP	EUR	365	7	(6)	(1)	57.873
2021 - 2022	CAD	USD	3,670	(56)	56	—	1.280
2021 - 2022	INR	CAD	5,743	127	(131)	4	59.392
2021 - 2022	INR	GBP	2,865	104	(106)	1	102.403
2021 - 2022	INR	USD	23,330	422	(421)	(1)	75.920
2021 - 2022	INR	EUR	1,226	57	(57)	—	86.466
2021 - 2022	PHP	AUD	4,250	26	(23)	(2)	37.775
2021 - 2022	PHP	CAD	4,166	(31)	32	(1)	40.641
2021 - 2022	PHP	GBP	19,415	(249)	266	(17)	70.034
2021 - 2022	PHP	USD	168,375	(5,453)	5,563	(110)	51.969
2021 - 2022	PHP	EUR	3,999	50	(48)	(2)	59.203
2021 - 2022	USD	INR	(6,885)	64	—	(64)	74.778
2021 - 2022	USD	PHP	(10,480)	(165)	—	165	51.192
2021 - 2023	INR	CAD	569	12	(12)	—	60.717
2021 - 2023	INR	GBP	283	10	(10)	—	104.698
2021 - 2023	INR	USD	2,217	36	(36)	—	77.802
2021 - 2023	INR	EUR	116	5	(5)	—	89.122
2021 - 2022	USD	INR	9,209	40	(40)	—	76.728
2021 - 2022	USD	PHP	112,774	(1,598)	1,598	—	50.534
2021 - 2023	USD	INR	806	4	(4)	—	78.508
2021 - 2022	EUR	GBP	(2,075)	(29)	—	29	0.864
2021 - 2022	EUR	SEK	2,173	(7)	—	7	10.182
2021 - 2022	USD	CRC	21	(388)	388	—	32.221
2021 - 2022	USD	CRC	3	(43)	43	—	42.028
2021 - 2022	USD	CRC	6	(110)	110	—	33.058
2021 - 2022	USD	PHP	6,000	(2,708)	2,708	—	44.490
2021 - 2022	USD	PHP	6,000	(3,011)	3,011	—	40.666
2021 - 2022	USD	PHP	8,000	(3,699)	3,699	—	79.930
Total			479,560	(22,678)	22,476	204	

Foreign currency forwards are denominated in the same currency as highly probable future transfer pricing transactions (cost plus) between Sitel's contracting and servicing entities. The Group performs quantitative hedge assessments on a monthly basis using regression analysis. The Group did not come across hedge ineffectiveness throughout the year. Hedges are settled with the bank at the time of booking cost plus invoices (hedged items).

22 CASH & CASH EQUIVALENTS

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents, e.g. debt investments with fixed redemption dates that are acquired within a short period of their maturity. Bank overdrafts are included in the consolidated cash flow statement in the same line than the cash and cash equivalents and are presented in the ST portion of borrowing in the balance sheet.

Money placed on restricted accounts is not included in cash & cash equivalent and is presented in "Other non-current assets" and in "Other current assets" on the balance sheet.

Sections - in K€	12/31/2021	12/31/2020
Cash in bank accounts and petty cash	267,759	311,153
Marketable securities	203	—
Cash and cash equivalents (Assets)	267,962	311,153
Overdraft (from the current portion of the borrowings)	(927)	(572)
Cash and cash equivalents (Cashflow statements)	267,035	310,581

23 SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Group corresponds to the capital of the parent company, Sitel Group.

Sections	12/31/2020	Increase (in cash)	Increase (without cash)	Decrease (in cash)	Decrease (without cash)	12/31/2021
Number of shares	69,576	—	—	—	—	69,576
Capital - in K€	1,113	—	—	—	—	1,113

No increase or decrease in capital occurred over the financial year.

Reconciliation of earnings used in calculating earnings per share is presented below:

	12/31/2021	12/31/2020
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in the calculation:		
From continuing operations	76,544	101,582
Total	76,544	101,582

Weighted average number of shares used as the denominator is summarized below:

	12/31/2021	12/31/2020
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share:	69,576	69,576
Adjustments for calculation of diluted earnings per share:		
Free attributed shares plans (*)	6,199	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	75,775	69,576

(*) see Note 26.3 Free attributed shares.

24 BORROWINGS & LEASE LIABILITIES

Borrowings consist mainly of bank loans, bank overdrafts, and recourse factoring (unsecured) draws. For loans and borrowings, the value retained is that of the amortized cost. Finance lease debts are accounted for at amortized historical cost.

Debt costs and OID related to the subscription of the credit facilities are amortized linearly during the same period of reimbursement of the borrowing. The costs paid in 2021 related to the new credit agreement are being amortized over the seven year term of the borrowings (see 24 BORROWINGS & LEASE LIABILITIES and 10 FINANCE COST - NET). The net amount is presented in diminution of the liabilities in the balance sheet.

The Group's debt on 12/31/2021, amounted to €2,190.4M, broken down as follows:

Sections - in K€	12/31/2020	New borrowings	Repayments	Amortization	Scope variation	Other variation	12/31/2021
Bank Facilities	484,924	2,177,600	(506,708)	—	15,357	61,863	2,233,036
OID and debt costs	(5,072)	(49,994)	—	3,947	—	1,608	(49,511)
Factoring (recourse)	3,042	69,204	(67,576)	—	—	152	4,822
Overdrafts	572	(293)	—	—	—	648	927
Other facilities from credit institutions	1,417	1,361	(951)	—	—	(676)	1,151
Total of borrowings	484,882	2,197,878	(575,235)	3,947	15,357	63,595	2,190,424
Current portion	52,780	—	—	—	—	—	18,476
Non-current portion	432,103	—	—	—	—	—	2,171,949

The breakdown of the line "Bank Facilities" is presented below:

To finance the Sykes Enterprises acquisition, Sitel Group entered into a new credit agreement on August 26, 2021 and derecognized the previous SFA during this process. The new credit agreement is composed of syndicated term loans in USD and in EUR, and a new \$250.0M multi-currency revolving credit facility. Details related to this credit agreement are provided below:

- a Euro Term of €1,000.0M (to be reimbursed in 2028), at Sitel Group S.A. level, the parent company in Luxembourg. The interest rate of this line in EURO is based on EURIBOR (0% Floor) + margin.
- a USD Term loan of \$1,400.0M, (€1,233.0M), (requires quarterly principal repayments of \$4,667M with the final reimbursement due in 2028), at the Sitel Worldwide Corp. level in the United States. The interest rate of this line in US DOLLAR is based on LIBOR (to be replaced by SOFR from January 1, 2023) including a floor of 0.5% + margin.
- a multi-currency \$250.0M, (€220.7M), revolving credit facility with potential multiple borrowers within the Group. The interest rate, depending on the used currency, is EURIBOR (0% Floor) + margin or LIBOR (SOFR) + margin.

Covenant:

The Group has to provide a covenant calculation only if it uses 40% of the multi-currency revolving credit facility. The covenant calculation is based on a net debt and adjusted EBITDA defined in the Credit Agreement. As mentioned above, the Group did not borrow against this credit facility as of 12/31/2021.

The net debt included in the covenant calculation is composed only of facilities linked to the credit agreement and the cash and cash equivalents. Lease liabilities and other facilities are not included in the net debt for covenant calculation. The US GAAP based consolidated adjusted EBITDA is calculated based upon the definition per the credit agreement.

The maturity of major loans taken out from credit institutions is as follows:

Maturity of Debts Owed to Credit Institutions (excluding leasing) - in K€	Total
2022	13,654
2023	12,645
2024	12,562
2025	12,562
2026	12,462
> 2027	2,170,303
Minus the amount representing the discount on non-amortized debt and the debt issuing costs	(49,511)
Total in K€	2,184,677

Borrowings taken out with variable interest rates are primarily indexed on the EURIBOR (in the European Union) and LIBOR (in the United States) - see table presented in the note 29.2 Interest rate risk management.

Lease liabilities

The Group's leases relate mainly to real estate property, software, and electronic equipment. In general, the duration of real estate property leases varies between three and five years and may contain renewal options and or early termination options exercisable by the lessee. The right of use lease asset and liability are initially measured at the NPV of the scheduled lease payments including all renewable periods Management deems reasonably certain to be exercised at lease inception. The accounting policy is provided in Note 16 RIGHT OF USE - ASSETS.

- Variable payments:

Some property leases contain variable payment terms that are linked to an index like the Consumer Price Index (CPI). Variable lease payments based on an index or unspecified rate, are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

- Extension and termination option:

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The variations related to leases are presented below:

	12/31/2020	New lease liability	Repayments	Scope variation	Other variation	12/31/2021
Lease liability	146,908	74,846	(65,642)	128,512	(10,593)	274,031
Total of lease liabilities	146,908	74,846	(65,642)	128,512	(10,593)	274,031
Current portion	42,583	—	(65,642)	42,181	56,657	75,778
Non-current portion	104,325	74,846	—	86,331	(67,250)	198,253

The impact of Sykes Enterprises at acquisition date are presented in the above column "Scope variation". The movements between acquisition date and closing date are presented as usual in the other columns.

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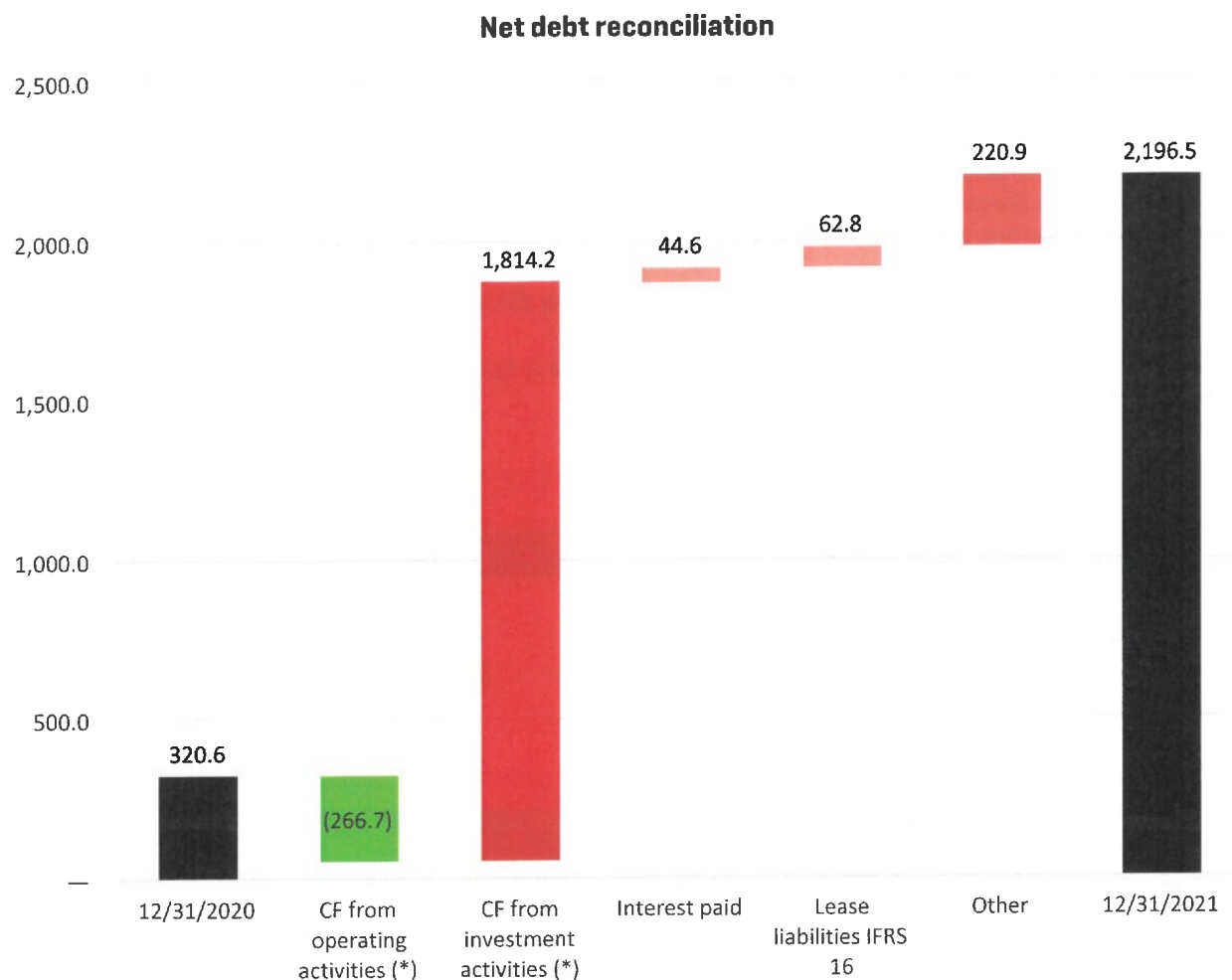
Schedule of payments :	Amounts
2022	89,549
2023	70,528
2024	53,331
2025	40,112
2026	30,195
2027 & after	71,642
Total of scheduled payments	355,357
Lease interest cost	8,916
Right of Use amortization expense	63,556
Operating Lease Variable / ST Lease Costs	25,243
Total cost	97,715
Cash paid in 2021	66,066
Weighted Average Discount Rate / Lease Liabilities	4.79 %
Weighted Average Discount Rate / Remaining Lease Payments	4.47 %
Weighted Average Remaining Lease Term / Lease Liability (in months)	48

Net debt:

Sections - in K€	12/31/2021	12/31/2020
Non-current liabilities		
Borrowings	2,370,202	536,429
Current liabilities		
Borrowings	94,254	95,363
Cash & cash equivalent	267,962	311,153
Net debt	2,196,494	320,639

Increase of the net debt is directly linked to the new credit agreement and cash out to reimburse the previous SFA.

The variation of the net debt is explained as follows:



(*) CF means Cash flow

"Other" includes mainly non cash effects.

25 PROVISIONS

Provisions are accounted for when, at the closing of the financial reporting period, the Group has an obligation toward a third party resulting from a past obligating event that is likely or certain to cause a release of an outflow of economic benefits to that third party, and whose amount can be estimated reliably. These provisions are estimated according to their nature, considering the most likely hypotheses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

At the end of 12/31/2020, long-term provisions amounted to €4.9M vs €12.3M in 2021

At the end of 12/31/2020, short-term provisions amounted to €11.5M vs €14.1M in 2021.

The 2021 year's provisions and variations are presented below:

Sections - in K€	Restructuring	Litigations	Asset Retirement Obligations	Total
At the beginning of the year	5,249	6,295	4,933	16,477
Additional provisions	14,779	3,493	311	18,583
Amount used during the period	(6,687)	(918)	(103)	(7,708)
Amount not used during the period	(40)	(2,678)	(356)	(3,074)
Scope variation	—	—	823	823
Other variations	649	176	468	1,293
At the end of the year	13,950	6,368	6,076	26,394
Including non-current	6,175	—	6,076	12,251
Including current	7,775	6,368	—	14,143

The variations are mainly explained by the Sykes Enterprises acquisition, and more specifically to early terminated leases.

26 EMPLOYEE BENEFITS OBLIGATIONS

Section - in K€	12/31/2021	12/31/2020
Pensions	23,174	18,783
Share Appreciation Rights (SAR)	14,834	14,332
Termination employee benefits	1,805	—
Total	39,813	33,115
Current	7,418	6,126
Non-current	32,396	26,988

26.1 Short term and long term benefits obligations

In accordance with the IAS 19R standard, “Employee Benefits”, the Group identifies and records all benefits granted to staff. Thus, the Group participates, according to the laws and practices of each country, in constituting the pensions of its staff.

Short-term liabilities are assessed on an undiscounted basis and are accounted for when the corresponding service is rendered.

Post-Employment Benefits:

The Group has only one legal post-employment benefit obligation. For this benefit the Group has recorded a legal restricted cash deposit against the liability in Panama.

- Employees with 1 to 10 years of service is calculated at 1.923% of total salaries earned,
- Employees with more than 10 years of service is calculated at one week of salary for each year worked for the Group.

Short-Term Benefits:

According to the rules and practices specific to each country, the Group's employees may benefit from short-term benefit programs. Short-term benefits include medical benefits and defined contribution benefit plans (401K type plans).

■ Defined Contribution Schemes:

These schemes are characterized by periodic payments of contributions to outside agencies who are responsible for their administrative and financial management. Defined contribution benefit plans are funded monthly directly to the employees' accounts. The Group has no further obligation subsequent to the funding. Contributions to these schemes are registered as costs when they are incurred.

■ Defined benefit pension:

The Group provides defined benefit plans for employees in certain subsidiaries where retirement commitments are estimated using the projected unit credit method. According to this method, each service period gives rise to an additional unit of entitlements, and each of these units is assessed separately to enhance the final obligation. This final obligation is then updated.

These actuarial calculations incorporate demographic and financial hypotheses defined across each of the entities concerned and by considering their local macroeconomic context. Changes to the pension liability resulting from updated actuarial assumptions are accounted for in the other elements of the comprehensive income.

The provision for pensions and similar obligations amounted to €23.2M at 12/31/2021 versus €18.8M at 12/31/2020.

The increase in Philippines pension obligations primarily reflect pension obligation assumed in the Sykes Enterprises acquisition.

Defined benefit plans mainly concern the end-of-career allowances accounted for by country is presented below:

Countries - Amount in K€	2021	2020
France	9,449	8,898
UK	7,174	6,686
Philippines	12,620	7,614
Germany	1,162	1,601
Ivory Coast	80	56
Senegal	53	29
Total	30,538	24,884
Plan assets, at fair value	7,364	6,101
Plan (surplus) or deficit	23,174	18,783

Deferred Benefit Amount:

Section - in K€	12/31/2021	12/31/2020
Plan assets, at fair value	7,364	6,101
Accrued benefit obligation	(30,538)	(24,884)
Plan surplus or (deficit)	(23,174)	(18,783)

The changes of the plan assets (at the fair value) and the accrued benefit obligation are detailed below:

Change in fair value of plan assets:

Change in Fair Value of Plan Assets - In K€	12/31/2021	12/31/2020
Opening plan assets	6,101	6,122
Actual return on plan assets less interest income above	936	427
Contributions by employer	69	47
Contributions by employees / participants	1	1
Benefits paid	(140)	(87)
Administration costs and other expenses paid	(74)	(65)
Foreign currency exchange rate changes	471	(344)
Closing plan assets	7,364	6,101

Change in the accrued benefit obligation:

Sections - In K€	12/31/2021	12/31/2020
Opening benefit obligation	24,883	21,768
Current service cost	1,633	1,227
Interest expense	413	425
Contributions by employees	1	1
Benefits paid	(1,215)	(663)
Actuarial (gains)/losses from changes in demographic assumptions	(149)	(127)
Actuarial (gains)/losses from changes in financial assumptions	(1,277)	1,876
Experience adjustments	1,189	1,309
Foreign currency exchange rate changes	149	(571)
Scope variation	5,824	—
Plan Amendments (including plan settlements and curtailments)	(866)	(282)
Other	(48)	(80)
Closing benefit obligation	30,538	24,883

The discount rates used for calculating the provision as of 12/31/2021, are provided below:

Discount rate per country				
France	Germany	Philippines	UK	West Africa
1.0 %	Between 1.24% - 1.40%	Between 4.75% and 5.15%	Between 1.9% and 1.95%	6.5 %

The sensitivity tests for the discounted rate per country are presented below. A sensitivity test is realized in relation to the growth rate of salaries. Only French companies could be materially impacted.

Sensitivity test Discount rate per country							
In % and K€		UK		In % and K€		Germany	Philippines
+0.10%		(144)		+0.50%		(122)	-310
-0.10%		144		-0.50%		92	336
In % and K€		Philippines	West Africa			In % and K€	France
+1.0%		(270)	(34)			+0.25%	(370)
-1.0%		289	26			-0.25%	352

Sensitivity test growth rate of the salaries per country		
In % and K€	Philippines	
+1%	277	
-1%	(291)	
In % and K€	France	UK
+0.1%	1,301	111
-0.1%	(1,559)	(111)
In % and K€	Philippines	
+0.5%	347	
-0.5%	-322	

26.2 Long term incentive program

Sitel Group's Board has adopted Long-term incentive plan programs, designed to award performance measured over three-year cycles. This plan will provide awards to key employees in the form Stock Appreciation Right Units ("SAR") that can only be settled in cash.

Stock Appreciation Rights Units (SARs or SARUs) settled in cash are booked according to IFRS 2. At each reporting date, the Group measures the fair value of each program. Employees granted of SARs have to serve during a specific period of time. The Group includes a performance condition based on EBITDA growth between the grant date and the last fiscal year of the plan. Because the plans can only be settled in cash, a liability is recognized.

SARs vest based on the Company's achievement of the EBITDA Target for each calendar year of the performance period in accordance with the vesting schedule, which requires achievement of a minimum annual EBITDA Target percentage each year. If a plan participant leaves the Group before the end of the plan, he/she will forfeit his/her rights to get the award. Each time the annual performance is not superior to 90%, the unvested SARs will be forfeited.

Fair value of the vested SAR units is determined by the calendar year EBITDA, multiplied by the EBITDA multiple designated in the plan, less the base year SAR value as stated in the plan.

The non-current portion is presented as Employee Benefits Obligations (non-current) in the Balance Sheet statement. The current portion (payout) is presented in the line Employee benefit obligations (current portion). The expense recognized are including in Staff expenses caption in the Profit or Loss statement. The amount recognized as a liability is adjusted at each reporting date to reflect the actual number of incentive plan shares that are expected to vest.

The award paid to plan participants is dependent upon the number of vested SAR's at the conclusion of the third plan year, multiplied by the created value between the starting date and the ending date of each plan.

The table below summarizes the roll forward related to vested and forfeited SARs per plan:

SARs program at December 31, 2021	PLAN 2019-2021	PLAN 2020-2022	PLAN 2021-2023
Estimated incremental value	111.1	97.3	90.0
SARs vested at the beginning of the year	72,911	27,403	—
SARs that vested during the current year	129,903	33,125	22,053
SARs forfeited during the current year	—	—	—
SARs vested at the end of the year	202,814	60,528	22,053
Liability (in K€) at measurement date (excluding payroll taxes liabilities)	7,417	4,945	2,472
TOTAL LIABILITY		14,834	
Including current portion		7,417	
Including non-current portion		7,417	
Total cost of the year for 3 plans (in K€)		(14,136)	

26.3 Free attributed shares

The shareholders of the Parent company, Sitel Group approved one free shares plan attribution. This plan is attributed to a small number of employees. This plan is an equity-settled share-based payment. Beneficiaries have to serve a consecutive period as employees of the Group during 5 years from the starting date.

The plan includes three tranches. The first one imposes only a servicing period of 5 years. The two other tranches includes a performance condition in addition to the servicing-period of 5 years.

Accordingly to IFRS 2, the Group shall recognize these services and the corresponding increase in equity as the Beneficiaries render them during the vesting period (IFRS 2 - §15). At the granted date, the fair value of the shares (market price if listed or estimated fair value of the shares) is definitively calculated. The fair value of the shares and the estimate of number of Beneficiaries at acquisition term determine the benefit provided to employees (IFRS 2 §16 and 17). During the acquisition period, the expense is adjusted regarding the number of definitive Beneficiaries. At the end of acquisition period, the definitive attribution of the shares to employees does not have any accounting impact.

The fair value of these free shares is based on a third-party valuation report. This calculation was performed by using the Cox Ross Rubinstein method (binomial model).

FASs program at December 31, 2021	2021 Plan - Tranche 1	2021 Plan - Tranches 2&3
Number of free shares granted	3,787	2,412
Granted date	January 01, 2021	January 01, 2021
Fair value per share at granted date	22,416	13,981
Vesting date	December 31, 2025	December 31, 2025
FASs vested at the beginning of the year	—	—
FASs that vested during the current year	—	—
FASs forfeited during the current year	—	—
FASs vested at the end of the year	—	—
Equity impact against Profit or Loss for the year - in K€	16,978	6,745
Accumulated impact in Equity at year end	16,978	6,745

27 TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables are recognized initially at their fair value, and then measured at their amortized cost, equivalent to their nominal value, insofar as this represents a reasonable estimate of their market value, given their short-term nature.

Trade and accrued payables were €365.2M at 12/31/2021 versus €209.9M at 12/31/2020.

Sections - In K€	12/31/2021	12/31/2020
Payables liabilities	55,737	48,617
Benefits and staff liabilities	250,188	133,026
Accrued expenses	52,969	25,339
Customer advances	6,339	2,955
Trade and accrued payables	365,233	209,937

Year over year variances are primarily related to the Sykes Enterprises acquisition.

28 OTHER CURRENT AND NON-CURRENT LIABILITIES

These financial liabilities are measured at their amortized cost, equivalent to their nominal value, insofar as this represents a reasonable estimate of their market value, given their short-term nature.

Other current and non-current liabilities presented on the Group's balance sheet on 12/31/2021, are listed below:

Sections - In K€	12/31/2021	12/31/2020
Other non-current liabilities		
Deferred revenues - non-current portion	49	—
Other liabilities - non-current	20,390	1,997
Sub total of the other non-current liabilities	20,439	1,997
Other current liabilities		
Tax liabilities - current	37,423	55,098
Deferred income - current	23,608	1,397
Other liabilities - current	10,953	9,919
Sub total the other current liabilities	71,984	66,414
Total of the other liabilities	92,423	68,411

Increase of the other current and non-current liability are related to the Sykes Enterprises acquisition.

Under IFRIC 23, liabilities related to the uncertainties over Income Tax are included in current and non-current tax liabilities.

29 RISK MANAGEMENT

The Group does not use derivative instruments for speculative purposes.

The main risks attached to the financial instruments of the Group are as follows:

29.1 Foreign exchange risk management

The Group is exposed to currency risk arising from exchange rate fluctuations against its reporting currency, the euro and against its billing/paying currencies around the globe. The activities of the Group are carried out in various currencies, such as the Euro, the US Dollar, the Pound Sterling, the Filipino Peso, and others.

The major currency transaction risk is the impact of exchange rate fluctuation, at the cash flow date, on the Group income statement.

The Group policy to mitigate the risk is to hedge at least 80% of the forecast major currency cash flows for more than 12 months.

Although the Group has implemented strategies to mitigate the foreign exchange risks, and cannot guarantee that it will not account for any gains or losses arising from our international transactions. All exposures are not or cannot be hedged. When hedges are put in place depending on the exposure to the expected currency risk, they are based on forecasts that may vary or that may later prove to be inaccurate. The inability to hedge or to correctly anticipate currency risks could have an adverse effect on our consolidated operating results.

The Group is exposed to foreign exchange risk when translating foreign subsidiaries' financial statements for consolidation purposes.

Regarding the foreign exchange impact on Group's revenue, the table below presents the split per currency of the revenue for this closing:

Revenue in MC	Amounts	%	Accumulated %
US Dollar	765	29.1 %	29.1 %
Euro	652	24.8 %	54.0 %
Great Britain pound	450	17.2 %	71.1 %
Philippine peso	195	7.4 %	78.5 %
Moroccan dirham	94	3.6 %	82.1 %
Colombian peso	89	3.4 %	85.5 %
Canadian dollar	84	3.2 %	88.7 %
Nicaraguan córdoba	51	2.0 %	90.7 %
Indian rupee	39	1.5 %	92.2 %
Bulgarian Lev	32	1.2 %	93.4 %
Other	173	6.6 %	100.0 %
Total	2,624	100 %	

A change of foreign exchange rates against Euro by +/- 5%, on USD vs local currencies and Euro vs local currencies, as of 12/31/2021 is expected to have the impact of lowering/increasing Sitel's income by 3.6% and 3.7%, respectively.

The tab below present the impact of sensitivity of the USD Term Loan converted from USD to EUR.

USD Term Loan sensitivity test	Currency	Conversion at closing rate 2021 in EUR
	1,400,000	USD
Change of USD VS EUR by:		1,396,500
		+/-1%
		1,248,455
		+/-2%
		1,260,816
		+/-3%
		1,273,177

The risk and impacts of changes of USD vs EUR is monitored by the Treasury Department.

29.2 Interest rate risk management

Fluctuations in interest rates may affect the interest expense of the Group in relation with its credit lines.

With the new credit agreement contracted on August 27, 2021, both EUR and USD term loans are subject to the volatility of the EURIBOR and the USD LIBOR, respectively. Furthermore, USD LIBOR will be replaced by the SOFR (Secured Overnight Financing Rate) from January 1, 2023 because of benchmark reform. The SOFR is calculated and published every morning (Eastern Time) by the New York FED.

A floor is applied with the new credit agreement to the USD LIBOR (at 0.5%) and EURIBOR (0%). As described previously, the USD Term Loan is now the most significant portion of our credit facility and subject to volatility of the SOFR starting January 1, 2023. As a result, our Treasury Department is monitoring carefully the expected variances of this rate. The Group does not expect that the EURIBOR could increase above 0% in a near future, as a result it was decided to not hedge this portion of the loan.

Management is currently reviewing its hedging options for interest rate risk.

The sensitivity test is performed for both USD Term Loan and EUR Term Loan.

Regarding the benchmark reform impacting the USD LIBOR, the following tab reflects the impact if the SOFR was applicable instead of the USD LIBOR at 12/31/2021:

Sensitivity test - SOFR	Impact in K\$
Difference between SOFR and LIBOR at closing date	(0.03)%
SOFR - LIBOR var. impact:	(434)

The last payment due at November 2021 reflected a USD LIBOR rate at 0.0811%, but as per our credit agreement, the LIBOR floor is 0.5%.

The rate used above was published by the New York FED on December 31, 2021 on its website and amounted at the same date at 0.05% (same rate at December 31, 2021).

As of 12/31/2021, the impact of the changes of the LIBOR are indicated below:

Sensitivity test - LIBOR	Impact in K\$
+/- 0.25%	3,491
+/- 0.5%	6,983
+/- 1%	13,965

Sensitivity test - EURIBOR	Impact in K€
+/- 0.25%	2,500
+/- 0.5%	5,000
+/- 1%	10,000

At 12/31/2021, the Group did not use the GBP facility. We do not have to present a sensitivity test regarding the variance of the SONIA rate and impact of the benchmark reform (SONIA replaced the GBP LIBOR in 2021).

The table presents the average rates per each credit facility for the comparative years:

Average rate in %	12/31/2021	12/31/2020
Prior SFA Term loan in USD	2.0 %	2.8 %
Prior SFA Term loan in EUR	3.6 %	2.0 %
New Term Loan in USD	4.3 %	— %
New Term Loan in EUR	4.1 %	— %

The table, presented below, summarizes the main borrowings of the Group (excluding leases and factor) by type of interest rate:

Sections - in K Local Currencies	Remaining capital of debt	Original currency of the debt	Total due	< 1 year	between 1 and 5 years	> 5 years	Type of Rate	Rate or average rate for the period
Term loan	1,400,000	USD	1,396,500	42,000	168,000	1,186,500	Libor + Margin	4.3 %
Term loan	1,000,000	EUR	1,000,000	—	—	1,000,000	Euribor + Margin	4.1 %
Term loan	—	EUR	—	—	—	—	Fixed	— %
Classic credit facility	1,000	EUR	901	199	702	—	Fixed	1 %
Classic credit facility	417	EUR	251	167	84	—	Fixed	0.6 %
Total	2,401,417		2,397,652	42,366	168,785	2,186,500		

29.3 Liquidity risk management

The 2021 credit agreement decreased significantly the liquidity risk of the Group by extending the maturity date up to 2028 and increasing the revolving facility up to \$250.0M.

The Group uses a factoring solution covering invoices in €, £, and \$. This solution, depending on the country, may be “recourse” or “non-recourse”. The debt related to the recourse factoring has a maturity of less than 1 year and. There is no limitation for the non-recourse program.

On a daily basis, the Group aims to mitigate liquidity risk by closely managing cash generation by its operating businesses and by monitoring performance to budgets and forecasts. Capital investment is carefully controlled, with detailed authorization limits in place up to Executive level and cash payback criteria considered as part of the investment appraisal process.

Short-term cash and debt forecasts are constantly reviewed and there are regular treasury updates to the Executive members highlighting facility headroom and net debt performance.

Day-to-day cash management utilizes undrawn revolving credit facilities, factoring facilities and occasionally short-term money market deposits if there is excess cash. The undrawn credit facilities (including the outstanding letter of credit) are presented below (numbers are converted from Euro to US Dollar at the closing date of each year):

Undrawn credit facilities at	Amounts - in K€
12/31/2021	220,731
12/31/2020	73,152

The variance of the undrawn credit facilities is mainly due to the new credit agreement.

Effective headroom including cash and cash equivalent is presented below:

Effective headroom of cash - in K€	Note	12/31/2021	12/31/2020
Revolver credit facility from the financial agreements	20	220,731	73,266
Drawn revolver credit facility at the end of the year	24	—	—
Outstanding letter of credit	32	—	(114)
Sub-total - Undrawn credit facilities		220,731	73,152
Net of cash and cash equivalent	22	267,035	310,581
Total - Effective headroom of cash		487,766	383,733

The non-recourse factoring programs, including amount used at the end of each year, are not integrated.

29.4 Credit risk management

The Group controls credit risk by closely monitoring collections, the accounts receivable agings, and days sales outstanding metrics. Action is taken promptly when payment terms are breached.

The Group has also implemented monitoring procedures for customer risk via regular verification of the financial situation of its main partners.

If a significant increase in credit risk of our customers would deteriorate, it would require the Group to increase its provision in compliance with our model of expected credit loss.

Regarding our business model, the Group has only one type of financial assets that are subject to the expected credit loss model: Trade receivables for sales.

In 2018, the Group faced the bankruptcy of one of its major customer in the brick and mortar retail segment. All the billings for the services performed post-petition were paid. In 2019, the Group did not face new bankruptcies from one of its main customers. In 2020, 2 clients of Travel segment filed for bankruptcy protections as their businesses were severely impacted by the COVID-19 pandemic. Management feels there is a continued higher risk in the "Brick and Mortar" and "Travel" segments. The description of the calculation of the expected loss model (simplified approach) applied by the Group in compliance with IFRS 9, is described and summarized in tables presented in the note 19 TRADE RECEIVABLES.

29.5 Other risks

Risk related to the BREXIT:

As of the date of issuance of these financial statements, BREXIT has not had a material impact on the activity of the Group.

We could expect that the overall impact of Brexit may create further global economic uncertainty, which may cause a subset of our customers to more closely monitor their contracts signed with our UK entities.

A reassignment of part of our UK contracts to other jurisdictions could happen in the future, to answer some clients uncertainty if ever.

Risk related to the COVID-19

On the COVID front, the Group is still 100% dedicated to the security and health of its 160,000 associates all around the world.

Since the beginning of the pandemic in March 2020, all site facilities have been implementing preventative measures and hygiene actions as well as rigorous cleaning activities.

Work@home solutions are now intensively deployed in our various locations all around the globe and should remain permanent to some extent.

The French PGE (Prêt Garanti par l'Etat) of €49 million granted to Sitel France in August 2020 was repaid in February 2021. This early refund has been motivated by the safe cash position of the Group.

To be noted that at the end of 2021, the existing multi currencies revolving credit facility of \$250M was fully available (0% drawn down).

As of March 2022, the Group had €502M of available liquidity (including cash balance in bank accounts for €276M and €226M from the unused revolver credit facility from the financial agreements).

The Group continues to closely monitor the evolution of the situation on a daily basis and adjust its organization, internally and for its clients.

As of today, the Group is in compliance with its financial covenants and does not expect any breach as of December 31, 2022 and further.

The Group is confident in its ability to cope with this crisis, without any risk in term of going concern.

Risk related to Russian's war in Ukraine

Regarding the current Ukraine-Russia war, Sitel Group is not exposed in these 2 countries.

The Group does not have operations in Ukraine, nor in Russia or Belarus, and does not have any material revenue nor EBITDA derived from these countries.

Also, the Group does not see clients having high exposure in these countries that would have a significant impact on its financials.

From a compliance point of view, the Group has concluded a sanction review of Sitel's vendors/suppliers, banks, and clients (35k+ entities). No Russia related sanction matches were found.

The Group is managing this crisis on a daily basis, hoping for a fast resolution of this conflict for the sake and in the name of all the men, women, children engaged in this war.

30 RECOGNIZED FAIR VALUE MEASUREMENT

Fair Value of Derivative Financial Instruments

The following table summarizes the fair value of derivative financial instruments and the method of assessment applied:

Sections - in K€	12/31/2021		12/31/2020		Hierarchy of Fair Values	Assessment techniques and important input data
	Assets	Liabilities	Assets	Liabilities		
Currency hedging	1,275	(13,171)	6,959	(1,346)	Level 2	Derivatives are assessed based on the current market prices for comparable instruments or, if these are not available on an assessment - or formula -based model using current hypotheses, in terms of markets and models.
Interest rate hedging	—	—	—	(1,448)	Level 2	
Total	1,275	(13,171)	6,959	(2,795)		

Classification of financial instruments and other assets and liabilities:

The classification of financial instruments by the measurement method is presented as follows:

Assets - Sections - in K€	Closing Balances Dec. 2021	Amortized Cost	Fair Value through the P&L	Fair Value through the OCI	Other (non-financial)
Cash and cash equivalents	267,962	267,962	—	—	—
Trade Receivables	706,401	706,401	—	—	—
Other Current Assets	114,427	14,098	—	—	100,329
Asset Derivative Instruments	1,275	—	280	996	—
Other Non-Current Assets	67,149	23,800	—	—	43,349
Total	1,157,214	1,012,261	280	996	143,678
Liabilities - Sections - in K€	Closing Balances Dec. 2021	Amortized Cost	Fair Value through the P&L	Fair Value through the OCI	Other (non-financial)
Trade Payables	55,737	55,737	—	—	—
Current Financial Debts	94,254	94,254	—	—	—
Other Current Liabilities	391,221	—	—	—	391,221
Liability Derivative Instruments	13,171	—	584	12,587	—
Other Non-Current Liabilities	73,224	—	—	—	73,224
Non-Current Financial Debts	2,370,202	2,370,202	—	—	—
Total	2,997,809	2,520,193	584	12,587	464,445

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Assets - Sections - in K€	Closing Balances Dec. 2020	Amortized Cost	Fair Value through the P&L	Fair Value through the OCI	Other (non-financial)
Cash and cash equivalents	311,153	311,153	—	—	—
Trade Receivables	328,739	328,739	—	—	—
Other Current Assets	76,665	5,670	—	—	70,995
Asset Derivative Instruments	6,960	—	61	6,899	—
Other Non-Current Assets	24,671	22,941	—	—	1,731
Total	748,188	668,503	61	6,899	72,726

Liabilities - Sections - in K€	Closing Balances Dec. 2020	Amortized Cost	Fair Value through the P&L	Fair Value through the OCI	Other (non-financial)
Trade Payables	48,617	48,617	—	—	—
Current Financial Debts	95,363	95,363	—	—	—
Other Current Liabilities	247,317	—	—	—	247,317
Liability Derivative Instruments	2,795	—	31	2,764	—
Other Non-Current Liabilities	64,435	—	—	—	64,435
Non-Current Financial Debts	536,429	536,429	—	—	—
Total	994,956	680,409	31	2,764	311,752

Fair value of long term debt:

The following table summarizes the fair value of the long term debt, excluding leases.

Sections - in K€	12/31/2021	12/31/2020
Fair value of long-term debt (current & long-term portions)	2,242,247	489,382
Carrying value of long-term debt (current & long-term portions)	2,239,008	489,382
Unrecognized loss (gain)	3,239	—

The fair value of long-term debt should represent the price that would be paid to transfer the liability to a third-party calculated in accordance with IFRS 13. The fair value represents the mark-to-market fair value provided by a third-party.

Measurement and classification of the derivatives:

	Measurement category		Carrying amount		Difference in K€
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	
Current financial assets:					
Designated	FVOCI	FVOCI	996	6,899	(5,903)
Non-designated	FVPL	FVPL	280	61	219
Current financial liabilities:					
Designated	FVOCI	FVOCI	(12,587)	(2,764)	(9,823)
Non-designated	FVPL	FVPL	(584)	(31)	(553)

31 INFORMATION ABOUT RELATED PARTIES

Balances and transactions between the Company and its subsidiaries that are parties related to the Company have been eliminated in the consolidation and are not presented in this note.

The Group has not agreed to any loan to its direct or indirect shareholders, nor to its key management personnel as of 12/31/2021.

The parent company Sitel Group S.A. is ultimately majority-owned by the company Surcrehol SAS, registered with the RCS (Trade and Companies Register) of Lille in France, under the SIREN (business identification) number 519 087 993.

The amount paid as attendance fees, net of tax, amounting to €284K in 2021 vs €268K in 2020. No loan or advance has been granted to members of the Management or to members of the governance bodies of the Group.

No significant transaction was conducted between Sitel Group (and its subsidiaries) and Surcrehol SAS (and its subsidiaries).

AKA Services S.A.S. (33 Boulevard Prince Henri L-1724 Luxembourg (Luxembourg)) - Trade registry number B224149:

The capital of the company is held (directly or indirectly) by three owners (33.33% each). AKA Services provides (essentially) administrative, legal, accounting and fiscal services to some Group companies. The company is not material and the Group decided not to consolidate it in 2021 (since 2018). AKA Services is a joint control company and if the Group changes its position, the equity method should be applied.

The transactions between Sitel Group and AKA Services amounted to €101K and between Saturn International Holding and AKA Services €34K (including VAT) related to accounting and corporate secretary fees.

The total of the net income of AKA Services amounting to €28K for the year 2021.

32 OFF-BALANCE SHEET COMMITMENTS

Shares of our companies pledged and other guarantee related to the senior facilities agreement:

Security in place in connection with the credit agreement (hereafter CA) dated August 26, 2021 entered into between, among others, Sitel Group as the Parent, Sitel Worldwide Corp. and Sitel Operating Corp, and the borrowers are presented below:

Securities pledged [in row] owned per company [in column]	Sitel Worldwide Corp.	Sitel Operating Corp.	Sykes Enterprises Inc.	Sitel international Holding, Inc	Sitel LLC	Sitel International LLC
Sitel International Holdings Inc.		X				
Sitel International LLC		X				
Sykes Acquisition Corp II Inc.			X			
Sitel Operating Corp					X	X
ClientLogic Holdings Pty Limited				X		
Sitel Europe limited				X		
ClientLogic (UK) Holding Limited				X		
Sitel Teleservices Canada Inc.						X
Sitel Iberica Teleservices S.A.						X
Sitel (BVI) International						X
Sitel Asia Pacific Investments Pte Ltd						X
Sitel Finance Corp	X					
SEI Consulting Services Inc			X			
Sykes Australia Pty. Limited			X			
Financial Insurance Services Inc		X				
Alpine Access, Inc			X			

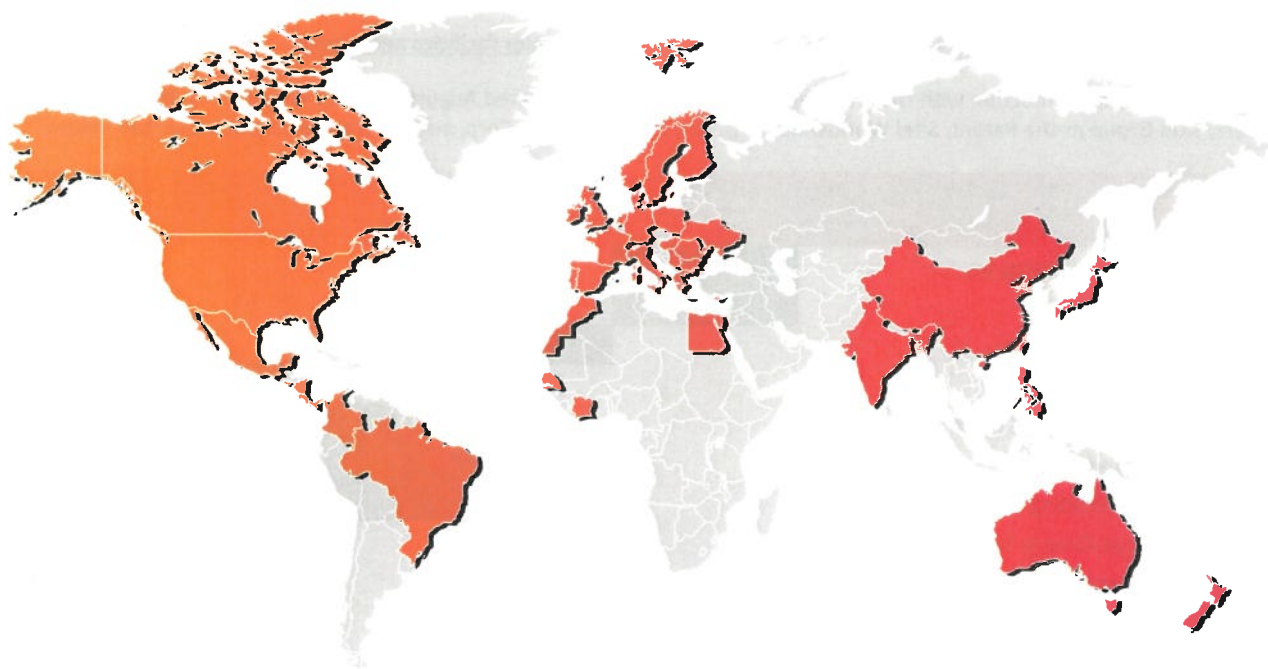
Intercompany loan payor pledged [in row] intercompany loan payee [in column]	Sitel International LLC	Sykes Enterprises Inc.
Sitel Operating Corp Limited	\$61,848,687	
Clearlink Technologies LLC		\$49,050,000

33 WORKFORCE

The headcount of the Group is presented below:

Section	12/31/2021	12/31/2020
Employees at the end of the year	139,766	99,717
Total of employees at the end of the year	139,766	99,717

Our employees operating in the 6 continents:



With the Sykes Enterprises acquisition, the Group can operate from new countries: Egypt, Costa Rica, Finland, Norway, Sweden, Romania, Slovakia, Cyprus, Hungary and El Salvador.

34 EXECUTIVE COMPENSATION

The supervisory board divided the gross amount of €284K (versus €268K in 2020) in attendance fees among its members for the 2021 financial year. Moreover, the gross compensation of top executives amounted in total to €11.2M for the 2021 financial year versus €10.8M in 2020.

35 EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

On February 18, 2022, the Group sold its 27% minority interests in XSell Technologies Inc. in exchange for a \$30M Repurchase Promissory Note maturing upon the earlier of February 18, 2024 and the consummation of a Capital Transaction.

36 AUDITOR'S FEES

Auditors' (PwC) fees for the certification of the closed accounts on 12/31/2021, were as follows, in comparison to those of the previous financial year:

Sections - in K€	2021	2020
Fees for legal audit of consolidated financial statements and annual accounts	3,968	2,372
Fees for all other assurance services	1,369	69
Fees for tax advisory services	227	78
Total	5,564	2,519