

Integrated Report

2017

 **Globant**

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Letter from the CEO



I am extremely happy to present Globant's 2017 Integrated Report. This is our way to share our impact, our footprint and our results.

2017 was another outstanding year for us, and I'd like to take this opportunity to thank our amazing team. They are responsible for our growth and for nurturing long term relationships with all of our stakeholders, creating a great culture based on transparency, teamwork and innovation. Last year we were recognized by Comparably as one of the 50 companies that fosters the best team experiences, and included us among the Best Companies for Diversity 2017. Comparably publishes an annual Best Places to Work list, showcasing the companies that received the highest ratings. Also, we won the Best Corporate Governance by East Capital. Last but not least, IDC MarketScape Report

recognized us again as a leader of Digital Strategy Consulting Services. We are extremely proud of these recognitions and would like to thank all our Globers for making this dream come true.

In regard to the market, we continue to see a strong demand from organizations looking to transform their businesses from the inside out. As this trend grows it leverages the power of technologies like Artificial Intelligence (AI). AI and machine learning (ML) capabilities have advanced exponentially in recent years, blurring the line between fantasy and reality, and creating an unparalleled market opportunity for whoever can bring the technology to eager consumers. We are facing an abundant demand for more intelligent and human-like behavior and technology on the market, and now we have concrete ways to fill that demand.

In terms of our business and financial performance, our revenues for 2017 increased to \$4134 million, a robust 28.1% year-over-year growth. This strong growth was driven by a large and expanding demand for digital solutions across the different customers we serve.

This Financial performance goes hand-in-hand with our social impact, where our headcount grew 20% year over year, expanding our foot-print in US, Europe, LATAM and India, and acquiring two companies during the Year: Ratio and PointSource (Seattle and Raleigh based). We are also very proud of our community involvement, where we perform more than one hundred initiatives with more than 5,000 direct beneficiaries.

Regarding our environmental performance, we achieved reductions in our emissions' profile, thanks to the continuous update of our infrastructures and the actions taken to be more efficient.

Finally, we renewed our corporate governance values through the confirmation of the commitment with

the ten principles of the United Nations Global Compact as well as with making contributions to the Sustainable Development Goals.

As we continue to carry out our corporate strategy, I would like to thank you personally for your continued support of the Globant management team, our growth strategy, and our corporate vision.

Sincerely,

Martín Migoya

Co-Founder, Chairman and CEO

 @migoya

About the report

Globant aims to present the non-financial information complying with the three most common reporting schemes at global level: this report has been prepared in accordance with the Integrated Reporting Framework, the Global Sustainability Standards of Global Reporting Initiative on its version Essential, and taking as reference the SASB standards for Software and IT services.

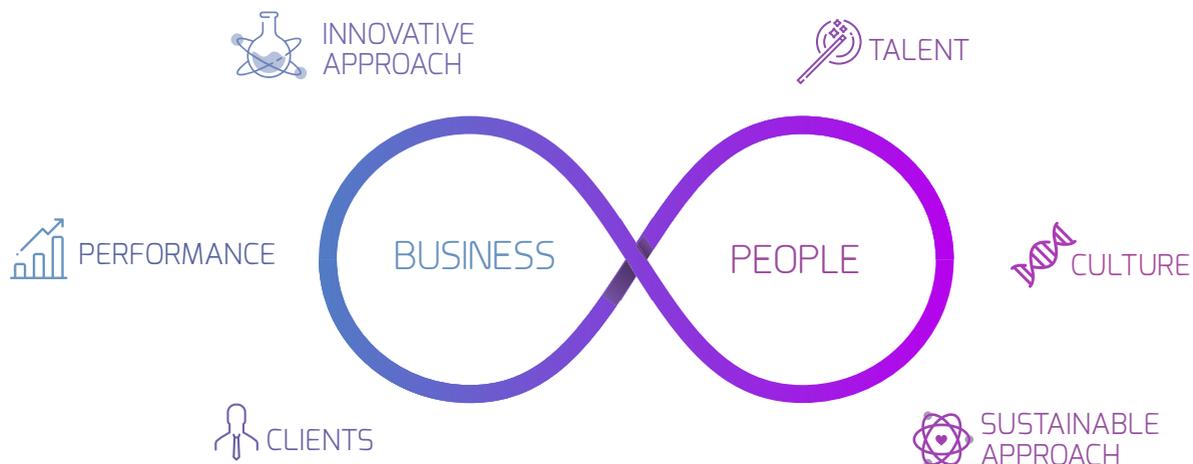
In addition, Globant's commitment with the Sustainable Development Goals (SDG) is also explained in this report based on the six SDG we identified related to our model: Quality Education; Gender Equality; Decent Work and Economic growth; Industry, innovation and infras-

tructure; Climate Action; and Partnership for the goals.

To include a representation of the capitals in play, we extended our Sustainability Framework to an Integrated Capitals Framework, which reflects the interaction among these capitals.

We identified six major capitals that shape our business model and influence our most important activities: the management of our business and the development of the talent within our organization.

Globant's Sustainability Council



Sustainability Report by Capitals



INNOVATIVE APPROACH



17 Studios



Service over Platforms



Agile Pods methodology



Stay Relevant approach



TALENT

6,753
Globers

30
Cities

12
Countries

60%
Senior & Above

Acquisitions: **ratio** | PointSource



CULTURE

+100k Peer-to-Peer recognitions

Leader of Digital Strategy Consulting Services
IDC MarketScape Report

3.9/5 Working Mood
76% participation



PERFORMANCE

\$ 413 MM Revenue
% 28 Revenue growth YoY
1.28 Adjusted Diluted EPS
11.1 Adjusted net income margin

BUSINESS

Using the latest technologies in the digital and cognitive field

PEOPLE

Where engineering, design and innovation meet scale



CLIENTS

+350
Clients

1,700
Projects

87.3/100
Customer Satisfaction Survey
Target 82



SUSTAINABLE APPROACH

United Nations Global Compact

5,233
Beneficiaries of social programs

-5%
Global carbon footprint per person (YoY)

Globant in the world



Governance



More info on: www.globant.com/about/management-team



Our Business

Using the latest
technologies in the digital
and cognitive field

Innovative Approach

We are a digitally native company where innovation, design and engineering meet scale. We use the latest technologies in the digital and cognitive field to empower organizations in every aspect.

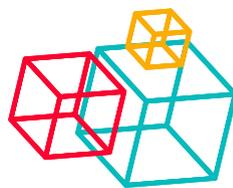
We achieve this with the combination of an ecosystem designed to foster creative engineering and

the creation of successful digital transformations along with a drive to accompany our clients as they Stay Relevant within their industries through research and events.

The four key components of our ecosystem are:



OUR STUDIOS



**OUR SERVICES OVER
PLATFORMS DIVISION**



**OUR AGILE PODS
METHODOLOGY**



**OUR STAY RELEVANT
APPROACH**



Studios

Our Studio model is an effective way of organizing our company into smaller operating units, fostering creativity and innovation while enabling us to build, enhance and consolidate expertise around a variety of emerging technologies and related market trends for our clients across a variety of industries. Each of the Studios has specific domain knowledge

and delivers tailored solutions focused on specific technology challenges.

This method of delivery is the core of our services offering and our success, we group them in three different categories:

Strategy

These studios are key to shaping our clients' business strategy. They help ensure that organizations are relevant and sustainable.

Speciality

Studios that power digital transformations and create quality digital products with innovative technologies and emerging trends.

Foundation

The engine that allows us to meet scale and provides efficiency and quality to our clients' digital transformations.



FUTURE OF ORGANIZATIONS



CONSULTING



UX DESIGN



MOBILE



CLOUDOPS



QUALITY ENGINEERING



PRODUCT ACCELERATION



PROCESS AUTOMATION



GAMING



BIG DATA



UI ENGINEERING



SCALABLE PLATFORMS



AGILE DELIVERY



ARTIFICIAL INTELLIGENCE



IOT



DIGITAL CONTENT



CONTINUOUS EVOLUTION

Service over Platforms

Our experience building software products paved the road for us to put together a set of platforms designed to help create Digital Journeys in an agile and innovative manner. These products have the flexibility to adapt to the client's needs as we provide microservices to complement them.

StarMeUp OS

An operating system made up of five smart applications to help organizations with digital transformation. The goal: to help employees overcome inherently human limitations and create a space where they can have more meaningful interactions, generating a richer experience and empowering employees to make even more significant contributions.

BE There

Take PART

Brief ME

StarMeUP

Better ME

Other Platforms
where we invested —



Agile PODs Methodology

At Globant, we have mastered a unique software product's design and development model - known as the Agile Pod model. Agile Pods bring a better alignment between business and technology teams, driven by a culture of self-regulated teamwork and collaboration across skills, partners and country borders.

Leveraged across divisions, Agile Pods are dedicated to mature emerging technologies and market trends, and provide a constant influx of mature talent and solutions that create intellectual property for our clients. They are self-organized teams that work to meet creative and production goals, make tech decisions and reduce risk. These teams are fully responsible for creating solutions, building and sustaining features, products or platforms.

In addition, savings are delivered to clients due to sustained productivity boosts as pods begin to operate at a higher maturity level. That's because we ensure consistency, accountability, and replicability by having Agile Pods follow a well defined set of maturity criteria. Maturity models describe stages of growth and development towards increased Maturity, Quality, Velocity, and Autonomy. Each level acts as a foundation for the next and lays out a path for learning and growth.

As Pods evolve from one level to the other three they are equipped with the understanding and tools to accomplish goals more effectively. Associated metrics guide improvement efforts and generate quantitative and qualitative insights to inform iterative design and planning decisions.



Stay Relevant

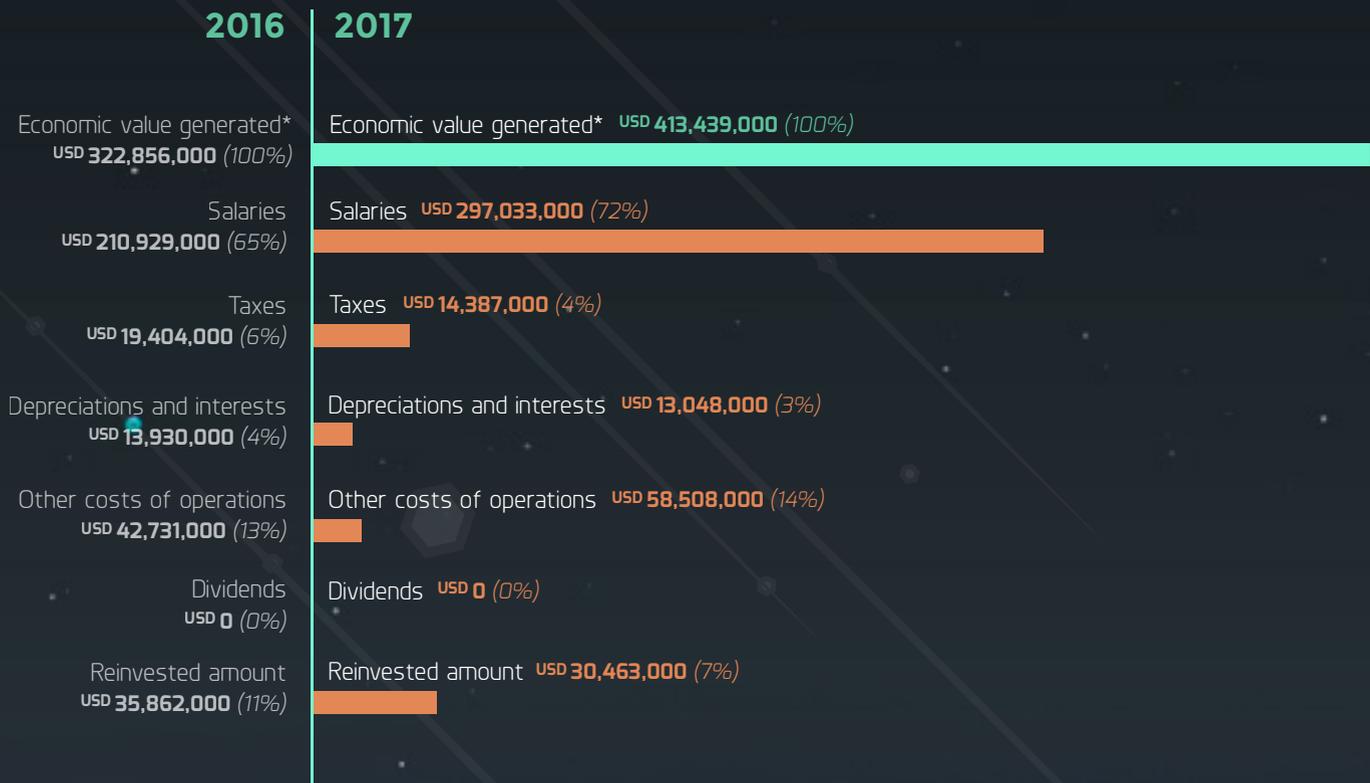
We work to provide helpful information and initiatives to understand the customer's environment, competitors and user behavior. Our thought leaders help our customers stay relevant within their industries by creating and publishing research, organizing SME gatherings, and participating in webinars and conferences, among other initiatives. Our mission is to provide valuable insights to help organizations create their customer's journeys, experiences, and to foster emotional connections with the audience.

Con.verge: Our series of events that bring together the best creative minds in the industry for one amazing day of igniting stories, inventive ideas, learning experiences, and "wow" technology showcase. [Con.verge](#) enable attendees to re-think of new ways to do businesses.

Sentinel & Trends Reports: the goal of the [Sentinel Report](#) is to provide insightful evidence of consumer behavior and market trends that ignite strategic thinking. Additionally, we produce a [Trend Report](#) to let everyone know about the trends to stay fit for future challenges.



Performance



* Revenue

▲ **Assets** (USD)
 357,177,000
 284,748,000

▼ **Liabilities** (USD)
 93,813,000
 76,188,000

✓ **Net Worth** (USD)
 263,364,000
 208,560,000

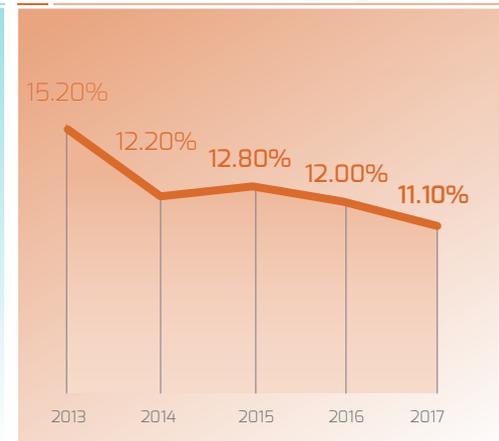
Revenue (\$M)



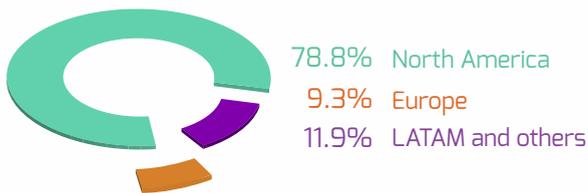
Adjusted Diluted EPS (\$)



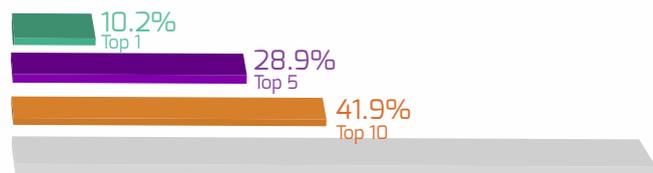
Ad. Net Income Margin (%)



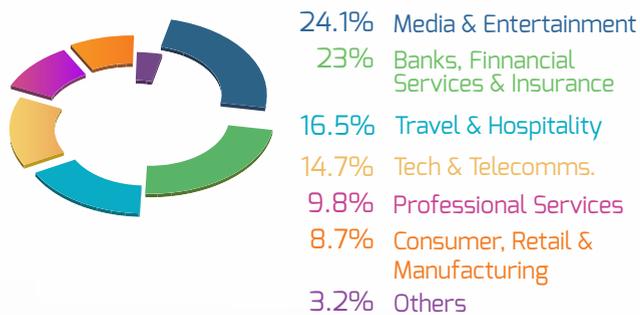
Revenue by Geography



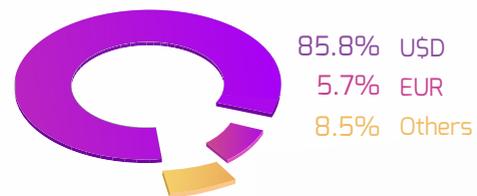
Clients by Revenue Contribution



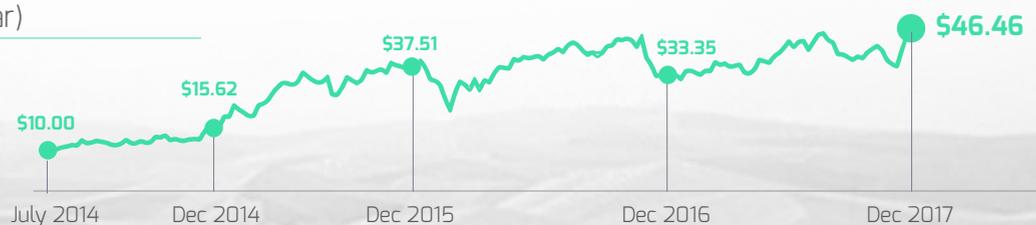
Revenue by Industry Vertical



Revenue by Currency



Stock Price (\$ end of the year)



Our Clients

At Globant, we focus on delivering innovative and high value-added solutions that drive revenues and brand awareness for our clients. We have built a roster of blue chip clients such as Google, Electronic Arts, and Southwest Airlines Co., many of which themselves are at the forefront of emerging technologies.

Our clients include primarily medium- to large-sized companies based in the United States, Europe, Asia and Latin America operating in a broad range of industries including media and entertainment, professional services, technology and telecommunications, travel and hospitality, banking, financial services and insurance, and consumer, retail and manufacturing.

During 2017, our ten largest clients based on revenues accounted for 41.9% of our revenues. Our top client for the year was Walt Disney Parks and Resorts Online, accounted for 10.2%, of our revenues. In terms of quality management system, Globant is certified under the requirements of the international standard ISO 9001:2015 and the CMMI

Maturity Level 3 process areas (which indicates that processes are well characterized and understood, and are described in company standards, procedures, tools and methods)

Also, Globant was certified ISO 27001:2013, by Bureau Veritas and accredited by UKAS. ISO 27001:2013 is a standard that provides a model for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving an information security management system (ISMS).

As for the relationship with customers, the long-term bonds and the incorporation of new logos are two very positive signs that are supported by the satisfaction surveys conducted all year round. Similarly, in the last three years, our clients' appraisal for each studio and overall performance, has improved year by year, with results above targets in the overall rating in almost all studios.

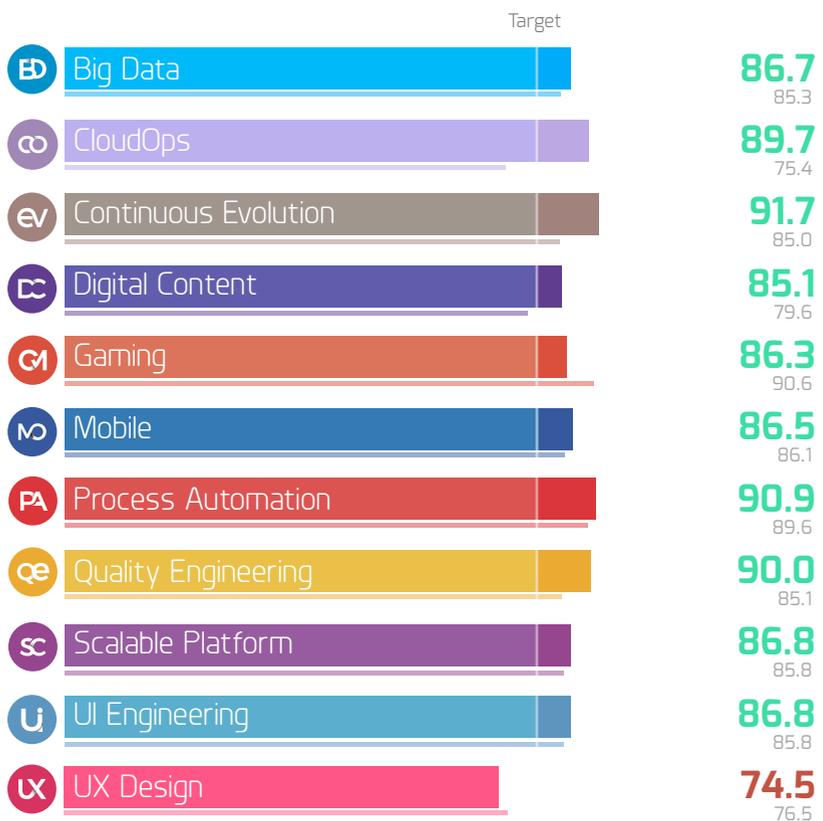


Customer Satisfaction

Customer survey 2017 vs 2016. Target 82/100



By Studio



Information Security
We haven't had critical security incidents in 2017

*This includes the number of complaints concerning privacy breach and customer data loss.

Certifications



Laminar, South Park, North Park (BA), Alfíl Azul (LP), Tandil, Bahía Blanca, Mar de Plata, Capitalinas (CBA), Museion, Nordlink (Rosario), Resistencia, Tucumán, Montevideo



South Park



North Park, Capitalinas (CBA), Montevideo



Sistemas Globales and IAHF

* CDSA (Content Delivery and Security Association)
 * CMMI (Capability Maturity Model Integration)

Our People

We are the place where
engineering, design, and
innovation meet scale

Talent

2017 was a very challenging year in terms of talent diversification. Worldwide, Globant increased its headcount by 20% to 6,753 Globers. For the first time, another country besides Argentina, increased the headcount up to more than 1,000 Globers. In this case, Colombia, taking into account both the Bogota and Medellín offices, which went from representing 15% of the total headcount, to more than 21%. In the same way, India, the United States and Mexico grew significantly.

In the case of the US, the acquisitions of Ratio and PointSource, added to those of L4 and WAE in 2016, show the strong commitment of the company to increase the footprint close to our customers. This is consistent with the company's global expansion plan. Nowadays we provide our services through a network of 37 offices in 30 cities throughout twelve countries.

With an average age of 32 years, and with more than 60% of high seniority professionals, talent management was key for the development of our business. In 2017, more than 6,250 Globers were trained and 32.5% were promoted.

Leadership Community

For our leaders we have launched a Leadership Community, where leaders can find relevant information for their roles, and train themselves through activities such as: specific onboardings, sharing knowledge sessions from leaders to leaders, and learning material.

With more than 900 members, we connect all our internal learning collaborators through our Learning Community where we provide resources to create the best learning experiences.

Diversity & Balance

Promote a space where Globers can develop their full potential, co-create and undertake projects, is also an essential part of our culture.

In this sense, we understand that the balance between family and work, and the management of diversity, as well as generating healthy conditions in the work environment, are policies that we must maintain globally through programs and concrete actions.

In the case of Diversity, in 2017 we launched the Women That Build Campaign that seeks to empower women in the field of technology. This is taking place both inside the company to develop themselves professionally, and outside the company as they are empowered to pursue careers in technology. Based on this initiative, there are various other programs being promoted such as the Teen's Clubs. These consist of a group of girls aged between 12 and 17 mentored by Globers and taught how to code.

Some of our benefits _

GLOBANT HEALTHY

- Premium medical coverage for the entire family.
- Vaccination campaign.
- In company physician.
- Nutritionist.
- Massage and fruit in the office.
- Meditation sessions.

FAMILY

- Extended maternity / paternity leave.
- Marriage and birth gifts.
- Family days at all sites.
- Child care program partially funded.

HAVE FUN

- Surf trip to Mar del Plata, Argentina, and to Goa, India. Mini ski trip to Las Leñas, Argentina.
- Happy hours and end of the year parties.
- Band contest and Photo Contest.
- Sports and game contests: More than 320 activities such as Play Station tournament, Football league at Pune, internal olympic games and many more.

OTHER BENEFITS

- Language classes.
- Graduation gifts.
- On-site hairdresser and manicure.
- Discount, benefit and recognition program through G++ card.

Globant

One of the best companies to work!

As part of Comparably's Best Places to Work 2017 series, Globant received two recognitions: On one hand, the company was ranked as one of the top 25 companies for diversity.

The ranking stands for work-life balance, work environment, relationships with managers and coworkers, salary and benefits, and other aspects from employees from different parts of the world. On the other hand, Globant was named one of the 50 Best Companies for Team Culture.



Our Culture

Our culture is the foundation that supports and facilitates our distinctive approach. It can be best described as entrepreneurial, flexible, sustainable and team-oriented, and is built on three main motivational pillars and six core values.

Our motivational pillars are: **Autonomy, Mastery and Purpose**. Through Autonomy, we empower Globers to take ownership of their client projects,

professional development and careers. Mastery is about constant improvement, aiming for excellence and exceeding expectations. Finally, we believe that only by sharing a common purpose we will build a company for the long-term that breaks from the status quo, is recognized as a leader in the delivery of innovative software solutions and creates value for our stakeholders.

Globant Manifesto



ACT ETHICALLY



CONSTANTLY INNOVATE



BE A TEAM PLAYER



THINK BIG



AIM FOR EXCELLENCE IN YOUR WORK



HAVE FUN

Consistent with our motivational pillars and core values, we have designed our workspaces to be enjoyable and stimulating spaces that are conducive to social and professional interaction. Our delivery centers include, among others, brainstorming rooms, music rooms and “chill-out” rooms. We also organize activities throughout the year, such

as sports tournaments, outings, celebrations, and other events that help foster our culture. We have built a work environment that fosters creativity, innovation and collaborative thinking, as well as enabling Globers to tap into their intrinsic motivation for the benefit of our company and our clients.

Innovation

As fundamental values of our day-to-day, Innovation and Creativity are not managed from a specific area. They are living and breathing throughout the company.

This means that it is critical that each and every one of our Globers be an innovator. In addition to offering a flexible and collaborative work environment, we also actively seek to build the capabilities required to sustain innovation through several ongoing processes and initiatives including:

Design thinking workshops: At the outset of a client project, we frequently crowdsource ideas by organizing an ideation session to solve our client's needs. We typically open ideation sessions to all Globers to maximize idea generation and capture the technology expertise found in each of our Studios. We believe that our ideation sessions help break

down silos, facilitate the sharing of knowledge and insights, and stimulate innovative thinking.

Globant Labs: To help Globers stay ahead of the technology curve, we provide them with the freedom to explore and test new ideas and technologies in our Globant Labs – such as robotics, bioinformatics, virtual worlds, tangible interfaces and augmented reality that could eventually be useful to our existing and prospective clients.

Think Big Sessions: We encourage Globers to participate in flip-thinking events. These are open gatherings on topics related to creativity, innovation and technology to which we invite thought leaders from the sciences, the arts, industry and technology. We believe flip-thinking contributes to our Globers' ability to think intuitively and creatively when solving problems.



Entrepreneurship —

Globant was born as a start up. It was built by entrepreneurs and during the years many Globers have made a difference by creating and dreaming big with us. Entrepreneurship is the inner force that moves us to build digital journeys that matter to millions of users. We encourage our Globers to dream and make more meaningful and rewarding experiences for our customers.

Globant Ventures

In December, we created [Globant Ventures](#) whose purpose is to be the launch pad of high impact technology ventures into the world. Through Globant Ventures, the company will improve the entrepreneur ecosystem, supporting startups and entrepreneurs around the world mentoring and empowering them to scale.

iFactor Program

An internal contest, and a way of looking for new approaches and original ideas to add value to Globant or one of our current customers, by innovation, scalability and commercial viability.



Recognitions



5 Lovie Awards in the Government and Civic category



Double honors in Service Design and Strategy & Research



StarmeUp recognized with two Silver Stevie Awards



Digiday Signal Award for Best E-Commerce Platform & Carts



Globant was recognized at the UX Design Awards



Best Corporate Governance Award by East Capital



Globant, one of the best companies for Diversity!



Globant was selected as one of 15 top companies with best image in Argentina!



Globant was named one of the 50 Best Companies for Team Culture

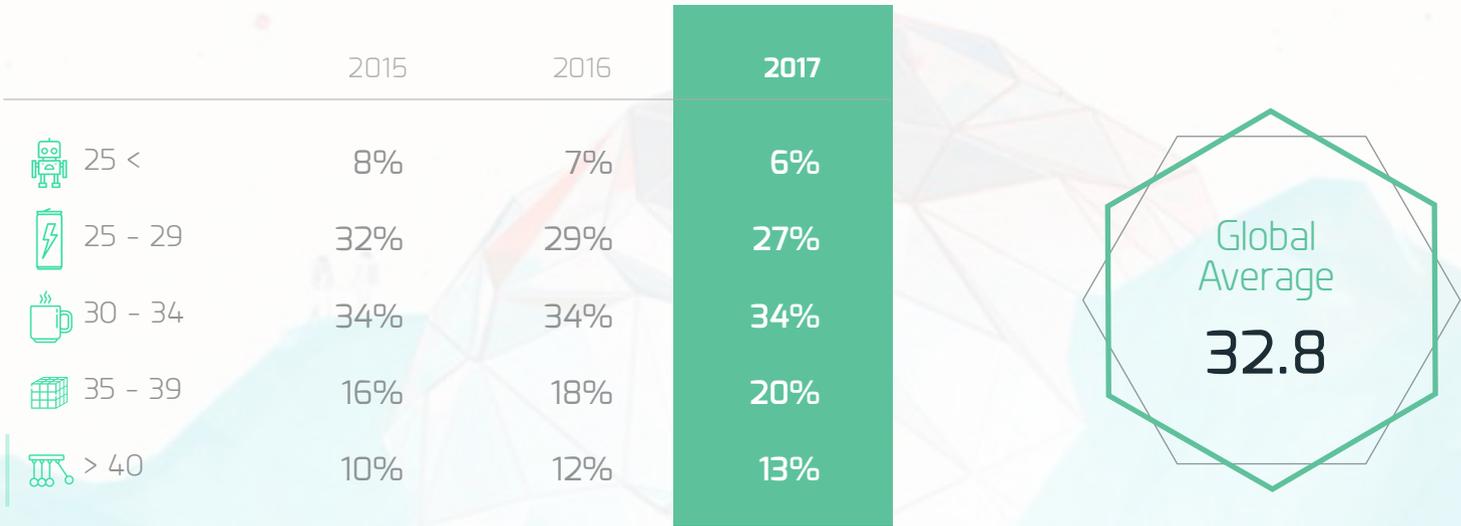
Indicators

Globers through the years



* 100% of Globant's employees are under employment contract, almost all full-time. The percentage of part-time employees is not substantial.

Globers by age



Globers by country

	2015	2016	2017	♂	♀
 Argentina	56.6%	48.8%	38.6%	76.6%	23.4%
 Colombia	10.9%	15.0%	21.3%	83.1%	16.9%
 India	9.0%	8.3%	10.4%	68.5%	31.5%
 USA	5.4%	7.8%	9.1%	77.0%	23.0%
 Mexico	5.8%	6.6%	8.6%	85.3%	14.7%
 Uruguay	8.4%	8.4%	6.2%	84.5%	15.5%
 Chile	1.3%	1.8%	2.5%	86.8%	13.2%
 Peru	1.3%	1.4%	1.5%	81.8%	18.2%
 Spain	0.1%	0.5%	0.8%	75.0%	25.0%
 UK	0.2%	0.6%	0.5%	58.3%	41.7%
 Brazil	1.0%	0.8%	0.5%	65.6%	34.4%

Career

	2015	2016	2017
Performance Assessment	100%	100%	100%
Seniority changes	1,020	1,292	1,321
Trained Globers	3,979	5,048	6,256
Training hours	100,407	133,092	146,692
Annual learning hours (Per individual)	25.2	26.4	23.4

Percentage of women by seniority

	2015	2016	2017
Manager	23.6%	29.2%	27.5%
Architect	3.4%	4.6%	3.7%
Software Designer	6.9%	7.8%	8.3%
Senior	22.7%	23.9%	23.3%
Semi Senior	22.2%	21.7%	21.2%
Junior	25.8%	26.1%	24.6%
Trainee	30.8%	30.4%	48.5%

Female Wage (vs. Male wage)*

	2015	2016	2017
Wage	-5%	-3%	-4%

* The calculation is a weighted average of female/male ratio according to the number of people in each category. Some categories might show higher dispersion due to the small number of cases. Also, seniority might impact on the maximum wages in each category.

Women by positions

	2015	2016	2017
Staff Areas	205	236	247
Production	869	1011	1198

Turnover (LTM%)



Local managers

Managers born in cities where Globant is present: **80%**

* People permanently residing in the city when taking their position at Globant

Senior management

By Age

-  Younger than 35
-  Between 35 & 50
-  Older than 50

10%

70%

20%

By Gender

75% ♂

♀ 25%



Sustainability Approach

To become the best company in the world building the new way of being digital, we need to take care of the sustainable development of the organization in the long term, which means taking into account the integrity of our day-to-day work, and our social and environmental results.

Integrity & Governance

The main guardians of the values of the company and those who lead by example are the board and senior management; they put forward the organization's style of functioning. They are continuously collecting feedback from the various stakeholders (employees, suppliers, customers, investors, community) on their expectations and referring to social and ethical standards of the markets where company operates. They seek to promote understanding and compliance, taking specific measures to encourage good practices.

Our board of directors has established three committees namely audit, compensation, and corporate governance and nominating committee. Further information is provided on page 165.

Audit Committee: The audit committee oversees accounting and financial reporting process. It is responsible for the appointment, compensation and retention of independent auditors and reviews and evaluates the auditors' qualifications, independence and performance, overseeing audit work and performance and statutory requirements related to auditors. The committee reviews financial state-

ments and discusses with management and independent auditors the results of the annual audit and the review of quarterly financial statements; regarding accounting policy and financial controls. The committee is formed by directors Moore, Odeen and Vázquez, all of them appointed as independent directors. The latter serves as chairperson and financial expert of the committee.

Compensation Committee: This committee is in charge of the policies related to compensation and benefits of officers and directors. It covers the administration of equity incentive and benefit plans and reviews compensation and benefits schemes. Among its duties, the committee shall review and approve corporate goals and objectives relevant to compensation of directors, CEO and senior management team. It also evaluates the management team performance, including the CEO. The committee counts on a written charter and is formed by directors Vázquez, Odeen and Galperin, with Mr Vázquez serving as chair. All of them are independent directors.

Corporate Governance and Nominating

Committee: Corporate governance and nominating committee is in charge of identifying qualified individuals, recommend nominees, develop and recommend criteria for selecting qualified candidates, consider committee member qualifications, appointment, and removal. It also recommends applicable corporate governance guidelines and provides oversight in the evaluation of the board and its committees. Formed by directors Galperin, Odeen and Vázquez, all of them independent, with the latter serving as chairperson, the committee

Board Practices

Directors are elected by the general meeting of shareholders and appointed for a period of up to four years. Rotation and selection mechanisms are further explained in the page 173. Compensation provisions for executive and nonexecutive directors are also provided in that section.

In the last six years, we have not received other significant fine for breach regarding either our services or legislation, than the Settlement Agreement described on page 186.



In 2017, we have not registered confirmed incidents related to corruption or ethical misbehaviour.

Corporate governance practices are governed by Luxembourg law and the company's articles of association. Further details on the approach to comply with the regulations of the different markets of operation are thoroughly provided in the mandatory SEC filings, particularly the 20F.



Winners of the 2017
East Capital Awards

Best Corporate Governance

The East Capital Awards were established in 2004 to reward the progress of outstanding companies in East Capital's portfolios. Particularly, the Best Corporate Governance Award is presented to a company that demonstrates exceptional standards in the area of corporate governance and addresses the opportunities and risks related to environmental and social concerns.

Compliance

As of the date of this Integrated Report, we comply with the mandatory principles established by The Ten principles of Corporate Governance of the Luxembourg Stock Exchange. In certain instances, we have elected not to follow with certain of the recommendations because we comply with similar corporate governance rules of the NYSE or other procedures.

Additionally, Globant observes compliance of the U.S. Sarbanes Oxley Act's, which purpose is to monitor all American and foreign companies whose stocks are listed on the New York Stock Exchange (NYSE), in order to prevent that stock appreciations are altered in a dubious manner, causing damage to the investor. Beyond the United States, this Act includes all companies publicly listed on the NYSE, as well as their subsidiaries.

Code of Ethics

We adopted a code of business conduct and ethics applicable to our executives and officers and all persons performing similar functions. A copy of that code is available on our website <http://investors.globant.com/code-of-ethics>. In the same site, whistleblowing contacts and process are also provided. Processes have been in place for more than two years. During that time, five non-critical issues were raised and all of them were treated and resolved by the compliance committee after confirming there were no remaining concerns about misbehaviors or misconducts.

Governance Structure

BOARD OF DIRECTORS



Martín Migoya

Chairman of the Board, CEO & Co-Founder



Guibert Andrés Englebienne

Director, CTO & Co-Founder



Mario Eduardo Vázquez

non-executive independent Director ⁽¹⁾ ⁽²⁾ ⁽³⁾



David J. Moore

non-executive independent Director



Linda Rottenberg

non-executive independent Director ⁽¹⁾



Martín Gonzalo Umaran

Director, Chief of Staff & Co-Founder



Francisco Álvarez-Demalde

non-executive independent Director



Philip A. Odeen

non-executive independent Director ⁽¹⁾ ⁽²⁾ ⁽³⁾



Marcos Galperin

non-executive independent Director ⁽²⁾ ⁽³⁾

⁽¹⁾ Audit Committee, ⁽²⁾ Compensation Committee, ⁽³⁾ Corporate Governance and Nominating Committee

SENIOR MANAGEMENT



Martín Migoya

CEO & Co-Founder



Guibert Andrés Englebienne

CTO & Co-Founder



Guillermo Marsicovetere

Chief Strategy Officer



Alejandro Scannapieco

CFO



Guillermo Willi

Chief People Officer



Patricio Pablo Rojo

General Counsel



Martín Gonzalo Umaran

Chief of Staff & Co-Founder



Patricia Pomies

Chief Delivery Officer



Nestor Nocetti

EVP, Corporate Affairs & Co-Founder



Yanina Maria Conti

Chief Accounting Officer



Gustavo Barreiro

CIO



Wanda Weigert

Director of Marketing

Community Involvement

A fundamental part of our sustainability approach is related to the relationship with the communities in which we are located. At Globant, we see our industry as a great opportunity – both for employment, personal and community development – which, we understand; attracts new generations. For this reason, our community involvement strategy has three central pillars: Inclusion through education, technology for the community and entrepreneurship promotion.

“Alianza Futuro Digital” Program - Colombia

The program “Alianza Futuro Digital”, from Medellin city, connects enterprises, the state and the educational system, and over 75 secondary schools with emphasis on technology. A group of Globers have assisted and supported this program with basic technology courses, talks including Java, testing, Angular, and various other programs. The active participation Globant has with the Alianza plus the actions made by volunteers support the ongoing social transformation that Medellin continues to make in order to improve the lives of its citizens.

TesteAR

We have been working for eight years in the insertion of vulnerable young people in the Software industry through Manual Testing. The alliance with the social enterprise Arbusta and the mutual support has been key to approach the objective of 100% employability of all the graduates of our program, in Argentina and Colombia.

In 2017, we deepened the link with other stakeholders in society (governments, business chambers, universities, civil society organizations), in order to scale up the actions that bring technology closer to society in general. In this way, during 2017, we carried out more than 100 actions, distributed in 18 cities, that impacted directly the lives of more than 5200 young people.

“Jóvenes a Programar” Program - Uruguay

This program is an initiative of the government of Uruguay to train young people from different parts of the country via videoconference classes, in Web Development (Web UI, Java, .NET, Genexus, etc) and facilitate e-courses associated to the work field (English, communication and other soft skills). During 2017, more than 200 children from different provinces have been trained by Globers on the following topics: Leveling (basic concepts of programming, control structures, algorithms, logic, etc.); HTML5; CSS; Javascript (Events, Ajax, DOM manipulation); SCM (GIT).

Mentor a Child - India

In India we partnered with “Being Volunteer”, a non profit organization that brings volunteers, NGOs and CSRs on a common platform, enabling them to collaborate for various social causes. Through it, we participate in the program Mentor a Child that consist on a 10 month program where we guide and support children ages 13-15, from low socio-economic background to have a holistic growth. Our efforts are done to enable them to

become independent and strong individuals by providing guidance and education.

111MIL Plan - Argentina

In Argentina, we actively collaborate in the “111,000” Plan of the National Ministry of Production, by which seek to train 100,000 programmers, 10,000 engineers and 1,000 entrepreneurs in five years. From Globant we actively collaborated in the promotion of the program at a national level, in updating the curricula and also, several of our Globers are mentors in different cities of the country.

Teen’s Clubs

During 2017, we formalized our support for the initiative ChicasProgramadoras.club, which seeks to empower women in technology, giving them the tools to become IT professionals. By this initiative we mentor high school girls and teach them how to code in a span of six months.

As members of the working group on Education and Employment of the Center for Strategic and International Studies (CSIS), we proposed to promote the creation of Girls Clubs throughout the country, achieving significant alliances with the United States Embassy in Argentina, the Ministry of Education of the Buenos Aires Province, and other companies and Civil society organizations.

Teacher’s Club Program

This is our main Corporate Volunteer Program that encompasses all the initiatives offered to Globers worldwide, to share their “know how” in their communities. In it, we have five basic activities ready to be implemented in any site around the globe. These are: Globers for a Day, where we invite young people to experience how it’s like to work in the company and in technology, Inspiratio-

nal Workshops, where Globers share their knowledge about a specific issue to the community in a meetup, Mentorships, where we partner with an institution and mentor different people (from young people who are trying to decide what to study to entrepreneurs who are starting a business), Hour of Code, by which, based on the Hour of Code global movement, we teach kids how to code in one hour in a ludic way, and lastly, Women that Build, where we seek to empower women in technology, giving them the tools to become IT professionals.

“MuyBien10” Program

The program MuyBien10 is an initiative that seeks to position the education as a central priority on the agenda for the sustainable development of Argentina, claiming the strengthening of the system and exposing possible ways of school improvement. The program proposes innovative pedagogical experiences based on 4 central pillars: Strengthen pedagogical leadership; develop intra-school collaboration through Professional Learning Communities; facilitate inter-school collaboration through the setting up of school networks; generate work by projects in schools, giving meaning to everyday practices in the classroom.

Indicators



Volunteers per country

	2017
 Colombia	27.30%
 Argentina	21.60%
 Uruguay	19.30%
 Spain	18.80%
 UK	17.80%
 Mexico	12.60%
 Peru	12.10%
 India	2.70%
 USA	1.60%
 Chile	1.20%

Volunteers per year

	2015	2016	2017
Volunteers	531	563	1181
No. of actions	33	26	102

Environmental Awareness

At Globant we work every day to mitigate the footprint we have in the environment, while continuing to grow as a company, and having a positive impact on the community.

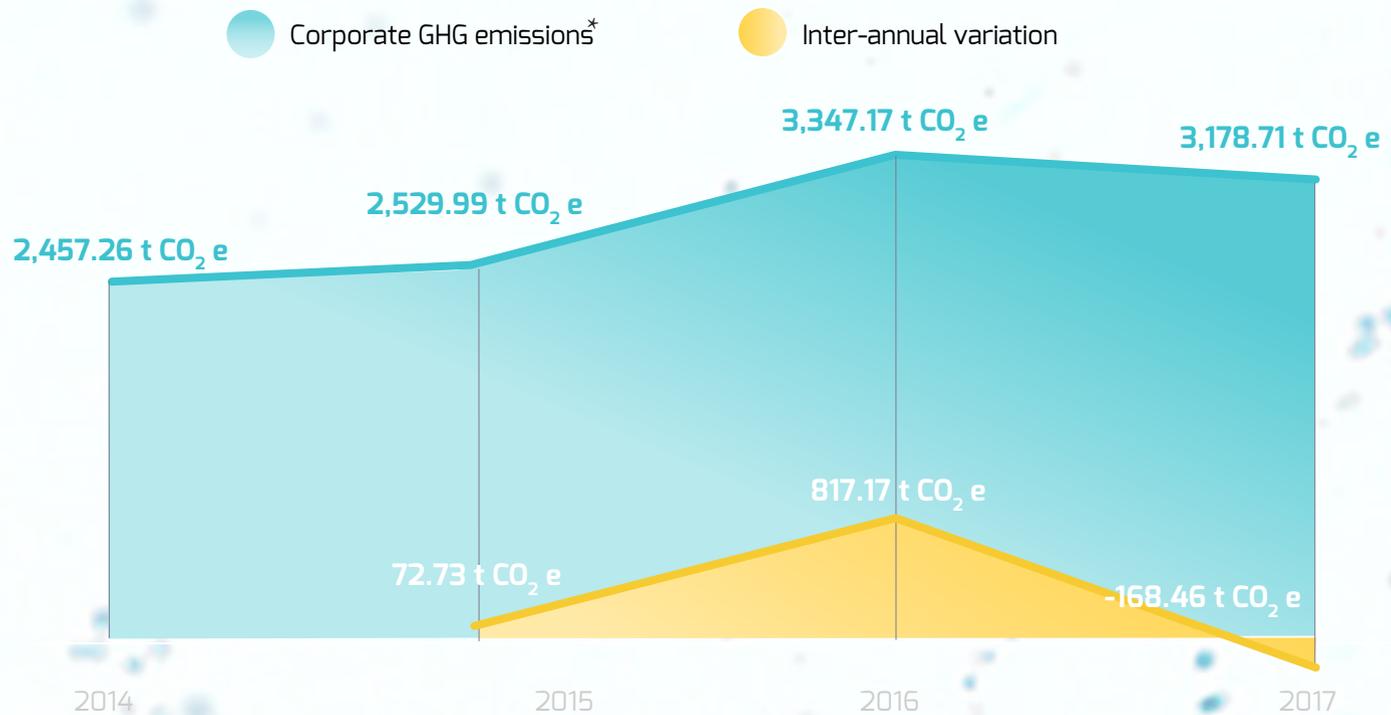
Accordingly, in 2017, we continued with our server virtualization policy and the use of low consumption data-centers, improving the performance of our servers from a virtualization of 37 to 1, and of our low consumption data centers by 24%.

Also, we implemented sustainable practices in the construction of new offices and continue with the recycling programs in the offices.

Our emissions

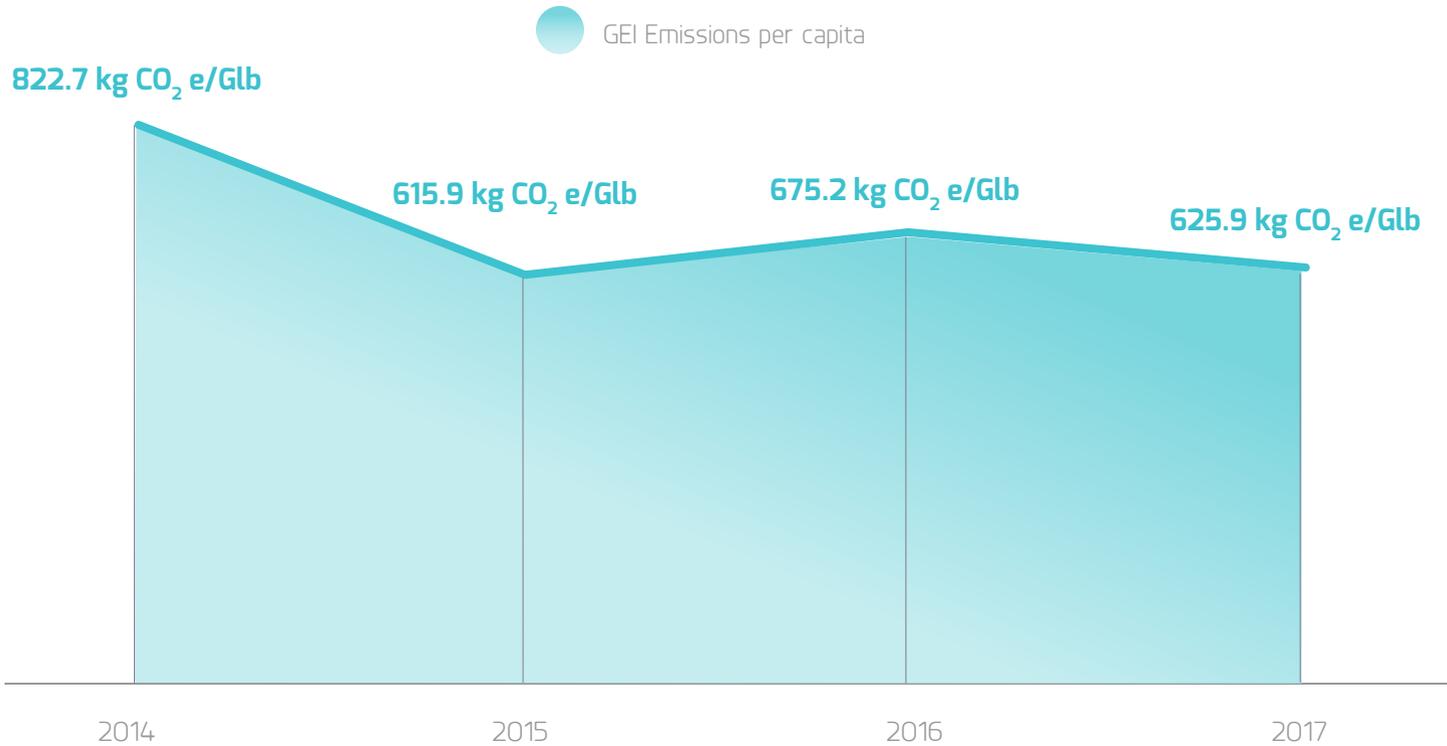
The total corporate greenhouse gases emissions have been calculated over a 2014 baseline, adopting a criterion of operational control of Globant. In other words, operations under our control are added according to the national emissions factor obtained from each energy grid, applied to the energy consumption in our facilities.

In 2017 we reversed the growing trend, maintaining a similar level of total emissions in comparison with the previous year.

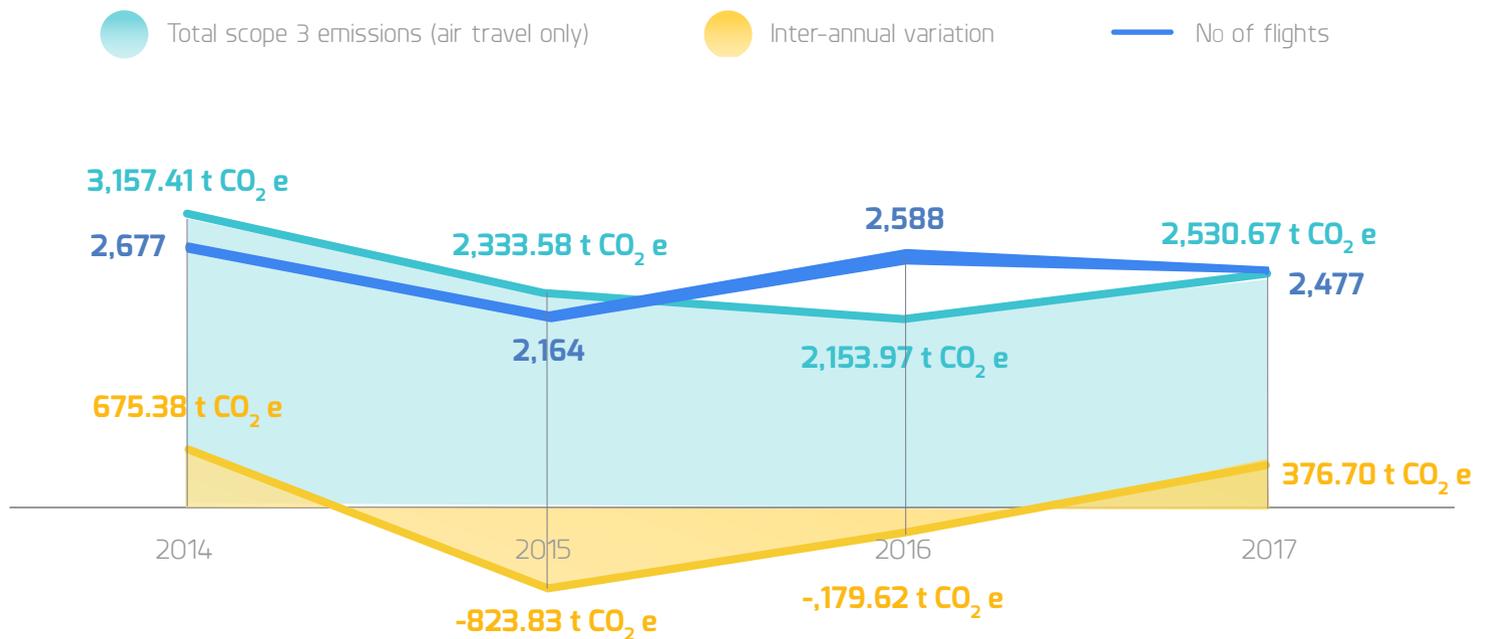


Also, the carbon intensity has slightly decreased, as a result of the increase in the number of Globers combined with the reduction in overall emissions.

(*) Scope 1 (immaterial) and Scope 2 GHG Emissions according to GHG Protocol.



Regarding scope 3 emissions, we usually limit the analysis to air travel, which is the most meaningful source of scope 3 emissions in our activity. In 2017, we slightly increased the overall emissions although the number of flights was lower. The reason is the increase of long-haul flights and the type of planes assigned by airlines. The positive outcome is that over many years of operational growth, we can sustain a stable level of scope 3 emissions.



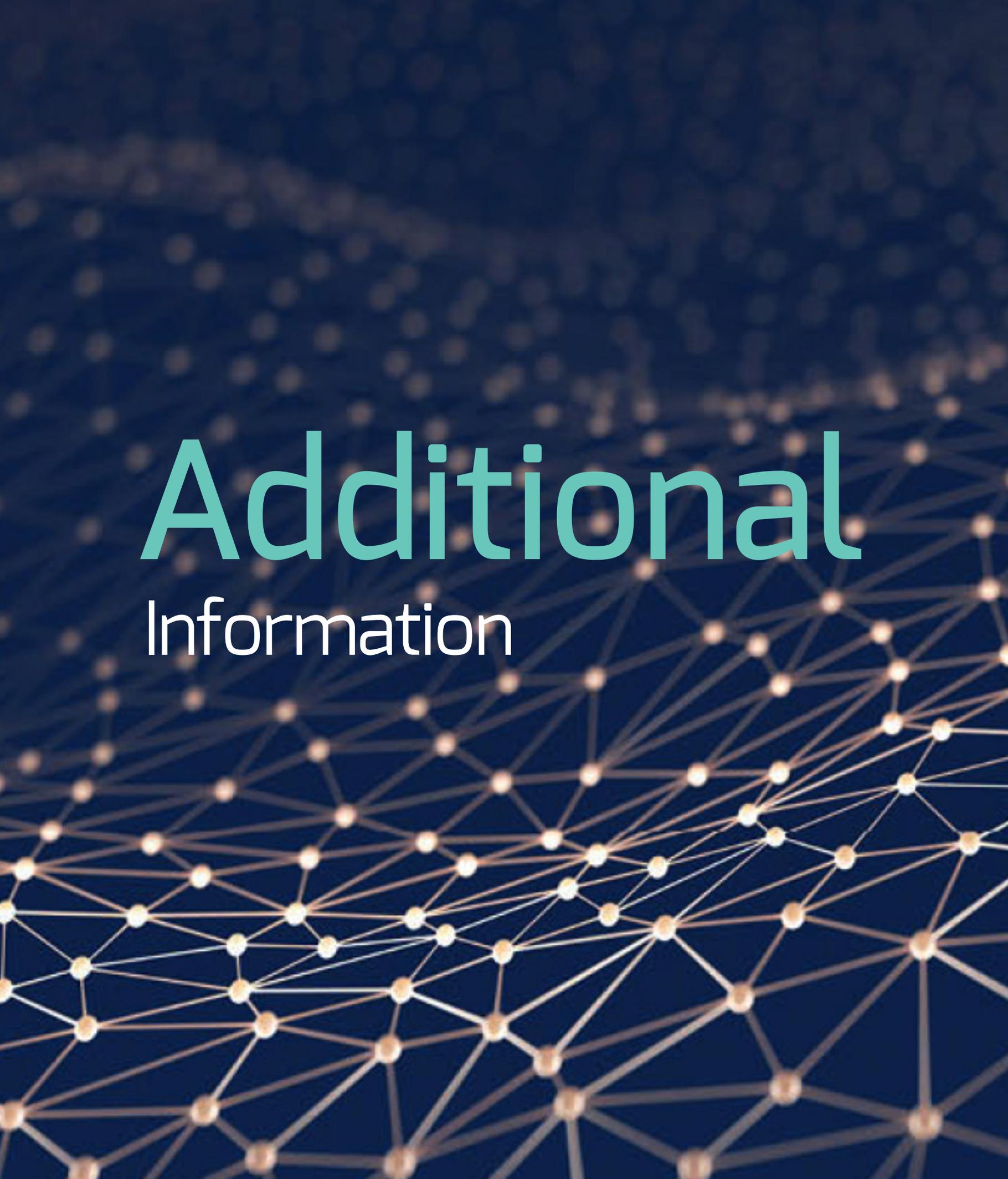
Adding scope 2 and scope 3 emissions (scope 1 are not relevant), we can conclude the level of emissions has been stable and below the business growth rates, keeping similar levels to the previous years. We expect to keep up with this trend and even reducing our carbon footprint.

Note: Data for air travel emissions obtained from predetermined factors from the EPA (US) and DEFRA (UK) according to the evaluation report of

the IPCC of 2014. The emissions factor for national grids was obtained from GHG Emissions tool from purchased electricity (Version-4.8),

The method for estimating air travel footprint was revised. In 2016 it was based on a flight-by-flight basis including stopovers, being simplified by an origin-destination average estimation. The scope 3 is reported only as a reference, as it does not correspond to internal emissions.





Additional Information

Globant's headquarters of our main subsidiary are located in Buenos Aires, Argentina. This report generically refers to Globant and all its operations in the countries in which it operates as the group of linked companies, detailed in page (p. 132).

Our principal corporate office is located at 37A Avenue J.F. Kennedy, L-1855, Luxembourg.

It has not been determined the need to apply the precautionary principle, under the analysis of the company's impacts and the aspects covered by this principle.

Supply Chain

	2015	2016	2017
 Total suppliers	1150	1633	1715
 Main suppliers	109	86	73
 Critical suppliers	35	32	31
 IT and related suppliers	60	72	67

Sustainable Development Goals



Internal development programs
(see page 24).
External community programs
(see page 36-37).



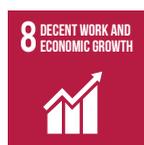
Industry development
Innovation
(see pages 24-25).



Equal employment opportunities
Greater involvement of women
(see pages 21, 27, 29-30).



Carbon footprint measuring and reduction
(see pages 39-41).



Employment quality
(see pages 21-30).
Company Growth at global scale
(see pages 6-9, 16-17).



Industry sector improvement
(see pages 24-25).
Partnerships for community / citizenship projects
(see pages 35-37, 44-47).

Report content and materiality -

This report has been prepared in accordance with the GRI Standards: Core option. As required by these standards, we review our materiality analysis yearly, by performing a comparative analysis with our industry, engaging with our stakeholders in a dialogue, and taking into account the recommendations of the Sustainability Accounting Standards Board for Software and IT services.

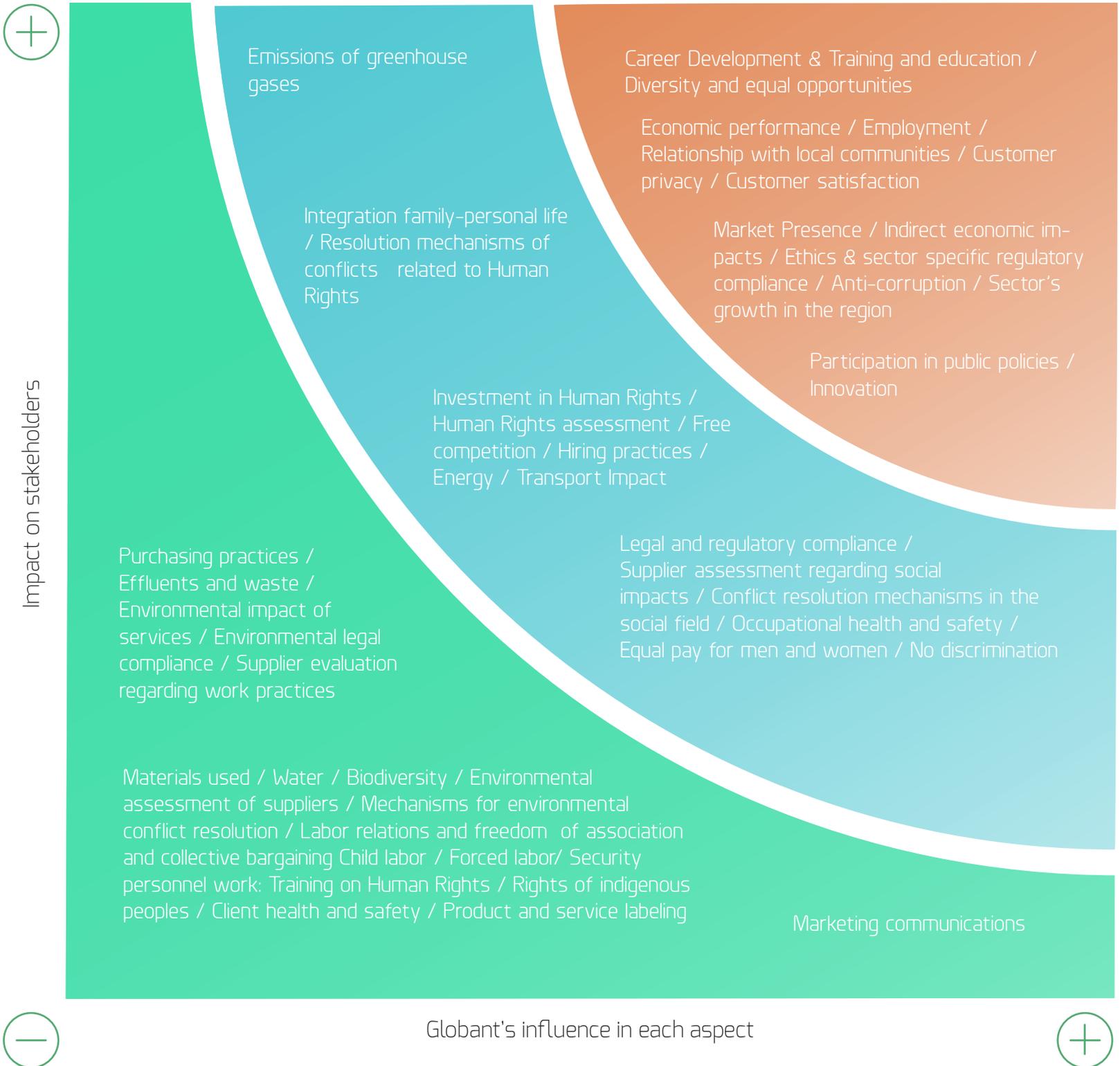
The report layout and contents have been adapted to the Integrated Reporting Framework by the International Integrated Reporting Council. The decisions on report content are overseen by the Sustainability Council, a team that provides advice to the CEO on Globant's sustainability strategy. The execution of the sustainability strategy relies on the Corporate Affairs & Sustainability Manager that coordinates the content and the internal verification of data. The boundaries of the report have been defined in the sustainability framework conceptual map, where the topics and stakeholders are identified. We have not required an external assurance for the sustainability or integrated reporting disclosures.

Regarding Materiality, as a result of the process of dialogue and benchmarking activities, we have detected aspects that are relevant for our sustainability performance based on the strategic course of the organization and the stakeholders' priorities. This process is limited to the views that our team was able to collect; however, under that premise we keep open our communication channels to actively listen our stakeholders' community and review our priorities continually. In the case of the present report, we have not identified the necessity of making changes to our materiality matrix, that is shown in the following diagram.



MATERIALITY MATRIX

● Non-material aspects
 ● Aspects of intermediate consideration
 ● Material aspects



Materiality

	Internal	External	Limitations to achieve external effects and affected interest groups
Economic performance	High	High	Market behavior and exchange rate. Of interest to financial capital suppliers.
Talent	Medium	Medium	Job market behavior. Of interest to employees and students.
Relation with community	Low	Low	Of interest to people linked to technology employment at locations of operation.
Client satisfaction & privacy	High	High	These two issues are addressed jointly. Their impact is high both internally and externally as it affects business continuity.
Participation in public policies	Medium	Medium	The IT industry is a focus industry for the governments of the countries where Globant operates. The promotion of the industry is an important issue.
Innovation	High	High	Innovation is a key process in the organization strategy.
Career development & training	High	High	Globant seeks to position itself as a role model in employment. This impacts on Globers and to a lesser extent the labor market in the sector.
Market presence	Medium	Medium	Globant is not part of the first tiers of technology companies, but has a strong leadership in Latin America.
Indirect economic impacts	Low	Low	The ecosystem of companies linked to Globant shapes the IT industry in Latin America. The industry looks at Globant as a role model.
Ethics and Anti-corruption regulatory compliance	High	High	The industry is encouraged in certain countries of operation, so that compliance is key.
Sector growth in the region	Medium	Medium	As indicated in "market presence", Globant's contribution to the industry in the Latin American region is representative.
Diversity and personal life /work integration	High	High	The aspect is key for internal audiences as Globant is a knowledge-based organization.
Environmental awareness	Low	Low	This aspect was included as material as a result of customers' concerns related to the industry during stakeholder dialogue.

Stakeholder Engagement

Our Sustainability Council coordinates participation, dialogues and other types of engagement with our stakeholders. In 2017, the council was responsible for selecting the stakeholders with whom to engage, and provided feedback to the engagements received by interested parties. The entities that participated in the dialogue were:

Clients

Interbank, YPF, Nestle Waters, Nespresso, Ubisoft, 3g Smart Group; AEP Energy, Amadeus, American Express, Aon, Bally Technologies, BBVA, Cars.com, Boehringer Ingelheim, CISCO, Cloudera, Coca-Cola, EA, Embraer, DELL EMC, fbiz, Fox, GroupM, HortonWorks, GREE, iSeats, JWT, Latam Airlines, lastminute.com, LinkedIn, Loyal3, Mercado Libre, MoneyGram, National Geographic Channel, NYSE Euronext, [1] OSRAM, Pernod Ricard, Petrobras, PR Newswire, Price Waterhouse Cooper, Puma, Rackspace, TVN, Sabre, Santander, Southwest, TNS, Travelocity, Trina Turk, Viajanet, Walmart Argentina, WOBI, Zynga, among others.

Governmental Offices

National Governments of United States, UK, Argentina, Uruguay, Colombia, Mexico and India. The government of the cities of Buenos Aires, Montevideo, Bogota and Medellin, Lima, Pune, San Francisco and the City of Mexico. Provincial governments of Buenos Aires, Chaco, Tucuman, Santa Fe, Cordoba, Mendoza; municipalities of Tandil, Bahia Blanca, Rosario, Mar del Plata, among others. The Embassies of the United States, Uruguay, Chile, India, Colombia, Mexico and the United Kingdom in Argentina.

Chambers

CSIS, WTIA, CESSI, Argencon, CUTI, CADI, IAMCP, ATICMA, ADVA, CEPIT, Polo Tecnológico de Bahia Blanca, Cluster Tecnológico de Cordoba, AMCHAM, CACE, IDEA, ACDE, AEA, among others.

Civil Society Organizations & Education Centers

Argentina: Endeavor Argentina, CIPPEC, MuySimple

Foundation, MuyBien10, Educar2050, oficios Foundation, Fatima Foundation, PANAACEA, CONICET, Njambre, Arbusta; Instituto Tecnológico Inmaculada Concepción (ISTIC), Centro Metropolitano de Diseño, Si Foundation, Equidad Foundation, Garrahan Foundation, Cimientos Foundation, Doncel Foundation, Liceo Francés, APAdA, ASDRA, Afasia Foundation, Nosotros Foundation, Los Robles School, Dialogos School, Comunidad IT, Nochebuenaparatodos Foundation, Sagrada Familia Foundation, Blood Bank of Cordoba, Ramon Santamarina Hospital, EFA. Chaco, OIA, Hemotherapy Center of Resistencia, CONIN, Aldeas Infantiles, CEC, Technical School of Mar del Plata, Technical School N° 2 of Bahia Blanca, MoverSE, Inmaculada Church, Esc.ST N° 1 "Raúl Scalabrini Ortiz", Esc. ST N° 2 "Ing. Felipe Senillosa", San Antonio de Padua, Day School, Instituto Superior Hilet, Comedor La Sonrisa de los Chicos, Sociedad de Fomento, 9 de Noviembre neighborhood, Comedor Gigantes de Amor, Dies descalsos Foundation, Senda Azul school, Rabitos felices foundation, Austral, UBA, UCA, ITBA, UCEMA, UADE, IAE, UCES, University of Palermo, Belgrano University, UTN, UNR, CAECE, Universidad del Norte Santo Tomas de Aquino, National Technological University, UNNE, Colombia: Arbusta Colombia, Niños con Cáncer Foundation, Sta Leoni Aviat de Medellin School, Escuela Colombiana de Ingeniería Julio Garavito, I. U. Salazar y Herrera, UNAC, Uni Católica Luis Amigó, Universidad La Salle, Uruguay: Plan Ceibal, ORT Montevideo, Universidad del trabajo del Uruguay, UTEC, UTU Florida, Hemotherapy Center, Others: Mexico: Red Cross, Laboratoria, Topos Foundation. Chile: Laboratoria. India: Being Volunteer. USA: California College of the Arts (CCA) and Latin San Francisco.

Media

Print, on-line, television and radio media from Argentina, Uruguay, Peru, Brazil, Colombia, Mexico, U.S.A., U.K., India and Spain.



Corporate

Annual Report

Morningstar® Document ResearchSM

Form 20-F

Globant S.A. - GLOB

Filed: April 13, 2018 (period: December 31, 2017)

Annual and transition report of foreign private issuers under sections 13 or 15(d)

The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

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

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2017

OR

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

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ to _____ .

Commission file number: 001-36535

GLOBANT S.A.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

37A Avenue J.F. Kennedy

L-1855, Luxembourg

Tel: + 352 20 30 15 96

(Address of principal executive offices)

Patricio Pablo Rojo

37A Avenue J.F. Kennedy

L-1855, Luxembourg

E-Mail: pablo.rojo@globant.com

Tel: + 352 20 30 15 96

(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common shares value \$ 1.20 per share	NYSE

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 35,364,916 common shares of which 138,152 are treasury shares held by us.

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

Yes No

If this report is an annual or transaction report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). (*) Yes No

(*) This requirement does not apply to the registrant in respect of this filing.

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

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this annual report, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets in which we operate or are seeking to operate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "should" or "will" or the negative of such terms or other comparable terminology.

You should carefully consider all the information in this annual report, including the information set forth under "Risk Factors." We believe our primary challenges are:

- If we are unable to maintain current resource utilization rates and productivity levels, our revenues, profit margins and results of operations may be adversely affected;
- If we are unable to manage attrition and attract and retain highly-skilled IT professionals, we may not have the necessary resources to maintain client relationships, and competition for such IT professionals could materially adversely affect our business, financial condition and results of operations;
- If the pricing structures we use for our client contracts are based on inaccurate expectations and assumptions regarding the cost and complexity of performing our work, our contracts could be unprofitable;
- We may not be able to achieve our anticipated growth, which could materially adversely affect our revenues, results of operations, business and prospects;
- We may be unable to effectively manage our rapid growth, which could place significant strain on our management personnel, systems and resources;
- If we were to lose the services of our senior management team or other key employees, our business operations, competitive position, client relationships, revenues and results of operation may be adversely affected;
- If we do not continue to innovate and remain at the forefront of emerging technologies and related market trends, we may lose clients and not remain competitive, which could cause our results of operations to suffer;
- If any of our largest clients terminates, decreases the scope of, or fails to renew its business relationship or short-term contract with us, our revenues, business and results of operations may be adversely affected;
- We derive a significant portion of our revenues from clients located in the United States and, to a lesser extent, Europe. Worsening general economic conditions in the United States, Europe or globally could materially adversely affect our revenues, margins, results of operations and financial condition;
- Uncertainty concerning the instability in the current economic, political and social environment in Argentina may have an adverse impact on capital flows or other relevant variables and could adversely affect our business, financial condition and results of operations; and
- As of March 26, 2018, our greater than 5% shareholders, directors and executive officers and entities affiliated with them beneficially own approximately 53.38% of our outstanding common shares (this calculation includes common shares subject to options that are currently exercisable or will be exercisable within 60 days of March 26, 2018 as well as common shares issuable upon settlement of restricted stock units that have vested or will vest within 60 days of March 26, 2018), of which approximately 18.66% of our outstanding common shares are owned by affiliates of WPP. These shareholders therefore continue to have substantial control over us at the date of this annual report and could prevent new investors from influencing significant corporate decisions, such as approval of key transactions, including a change of control.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Our actual results of operations, financial condition and the development of events may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. Readers should read "Risk Factors" in this annual report and the description of our business under "Business" in this annual report for a more complete discussion of the factors that could affect us.

Unless required by law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

CURRENCY PRESENTATION AND DEFINITIONS

In this annual report, all references to "U.S. dollars" and "\$" are to the lawful currency of the United States, all references to "Argentine pesos" are to the lawful currency of the Republic of Argentina, all references to "Colombian pesos" are to the lawful currency of the Republic of Colombia, all references to "Uruguayan pesos" are to the lawful currency of the Republic of Uruguay, all references to "Mexican pesos" are to the lawful currency of Mexico, all references to "Rupees" or "Indian rupees" are to the lawful currency of the Republic of India, all references to "Reals" or "Brazilian Real" are to the lawful currency of Brazil, all references to "Peruvian Sol" are to the lawful currency of Peru, and all references to "euro" or "€" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. All references to the "pound," "British Sterling pound" or "£" are to the lawful currency of the United Kingdom.

Unless otherwise specified or the context requires otherwise in this annual report:

- "IT" refers to information technology;
- "ISO" means the International Organization for Standardization, which develops and publishes international standards in a variety of technologies and in the IT services sector;
- "ISO 9001:2008" means a quality management software developed by the ISO designed to help companies ensure they meet the standards of customers and other stakeholders;
- "Agile development methodologies" means a group of software development methods based on iterative and incremental development, where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams;
- "Attrition rate," during a specific period, refers to the ratio of IT professionals that left our company during the period to the number of IT professionals that were on our payroll on the last day of the period;
- "Globers" refers to the employees that work for our company; and
- "Digital journey" means a context-aware interaction between an end user and a brand or business whereby the interaction becomes a digital conversation in which technology establishes and builds a powerful experience with deep emotional connections through three key values: simplification, surprise, and anticipation.

"GLOBANT" and its logo are our trademarks. Solely for convenience, we refer to our trademarks in this annual without the TM and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this annual report are the property of their respective owners.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements are prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and presented in U.S. dollars because the U.S. dollar is our functional currency. Our fiscal year ends on December 31 of each year. Accordingly, unless otherwise indicated, all references to a particular year are to the year ended December 31 of that year. Some percentages and amounts included in this annual report have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this annual report, we rely on, and refer to, information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this annual report were obtained from International Data Corporation ("IDC"), Gartner, Inc. ("Gartner"), internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

Certain market share information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties, but reflect our best estimates. We have based these estimates upon information obtained from our clients, trade and business organizations and associations and other contacts in the industries in which we operate.

PART I.**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**A. Selected Financial Data**

The following selected consolidated financial and other data of Globant S.A. should be read in conjunction with, and are qualified by reference to, "Operating and Financial Review and Prospects" and our audited consolidated financial statements and notes thereto included elsewhere in this annual report. The selected consolidated financial data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 have been derived from the audited consolidated financial statements of Globant S.A. included elsewhere in this annual report and should be read in conjunction with those audited consolidated financial statements and notes thereto. The selected consolidated financial data as of December 31, 2015 set forth below have been derived from our consolidated financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 filed with the SEC on April 7, 2017 in our annual report for the year ended December 31, 2016 and which are not included in this annual report. The selected consolidated financial data as of December 31, 2014 and 2013 set forth below have been derived from our consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 filed with the SEC on April 27, 2015 in our annual report for the year ended December 31, 2014 and which are not included in this annual report.

Year ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(in thousands, except for percentages and per share data)				
Consolidated Statements of profit or loss and other comprehensive income:					
Revenues ⁽¹⁾	\$ 413,439	\$ 322,856	\$ 253,796	\$ 199,605	\$ 158,324
Cost of revenues ⁽²⁾	(263,171)	(191,395)	(160,292)	(121,693)	(99,603)
Gross profit	<u>150,268</u>	<u>131,461</u>	<u>93,504</u>	<u>77,912</u>	<u>58,721</u>
Selling, general and administrative expenses ⁽³⁾	(110,808)	(81,889)	(71,594)	(57,288)	(54,841)
Other operating (expenses) income, net ⁽⁴⁾	(6,294)	-	1,820	1,505	(9,579)
Profit (Loss) from operations	33,166	49,572	23,730	22,129	(5,699)
Gain on transactions with bonds ⁽⁵⁾	-	-	19,102	12,629	29,577
Finance income	7,956	16,215	27,555	10,269	4,435
Finance expense	(11,036)	(19,227)	(20,952)	(11,213)	(10,040)
Finance (expense) income, net ⁽⁶⁾	(3,080)	(3,012)	6,603	(944)	(5,605)
Other income and expenses, net ⁽⁷⁾	8,458	3,629	605	380	1,505
Profit before income tax	<u>38,544</u>	<u>50,189</u>	<u>50,040</u>	<u>34,194</u>	<u>19,778</u>
Income tax ⁽⁸⁾	(8,081)	(14,327)	(18,420)	(8,931)	(6,009)
Net income for the year	<u><u>30,463</u></u>	<u><u>35,862</u></u>	<u><u>31,620</u></u>	<u><u>25,263</u></u>	<u><u>13,769</u></u>
Earnings per share					
Basic	0.87	1.04	0.93	0.81	0.50
Diluted	0.84	1.01	0.90	0.79	0.48
Weighted average number of outstanding shares (in thousands)					
Basic	34,919	34,402	33,960	30,926	27,891
Diluted	36,094	35,413	35,013	31,867	28,884

(1) Includes transactions with related parties of \$5,590, \$6,462, \$6,655, \$7,681 and \$8,532 for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

(2) Includes depreciation and amortization expense of \$4,339, \$4,281, \$4,441, \$3,813 and \$3,215 for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively. Also includes includes share based compensation for \$5,666, \$917, \$735, \$35 and \$190 for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

(3) Includes depreciation and amortization expense of \$11,789, \$6,637, \$4,860, \$4,221 and \$3,941 for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively. Also includes share based compensation of \$8,798, \$2,703, \$1,647, \$582 and \$603 for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

(4) Includes impairments of tax credits of \$1,586 and \$9,579 for the years ended December 31, 2017 and 2013, respectively, and an impairment of intangibles assets of \$4,708 for the year ended December 31, 2017. Includes recoveries related to the reversals of allowances of impairments of tax credits of \$1,820 and \$1,505 for the years ended December 31, 2015 and 2014, respectively.

(5) Includes gains on transactions with bonds of \$19,102, \$12,629 and \$29,577 acquired with funds from capitalizations and proceeds received by our Argentine subsidiaries as payments from exports for the years ended December 31, 2015, 2014 and 2013, respectively. For additional information about gain on transactions with bonds during the year ended December 31, 2015, see note 3.17 to our audited consolidated financial statements included elsewhere in this annual report. For additional information about gain on transactions with bonds during the year ended December 31, 2014 and 2013, see Item 3.A. of our annual report for the year ended December 31, 2015.

(6) Includes foreign exchange losses, net, of \$2,729, \$8,620, \$10,136, \$2,946 and \$4,238 for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

(7) Includes a gains of \$6,735 and \$418 on the remeasurement of contingent consideration related to the acquisition of Clarice Technologies Private Ltd. (now called Globant India Private Ltd. or "Clarice"), We Are London Limited ("WAE UK") and We Are Experience, Inc. ("WAE US" and together with WAE UK, "WAE") and L4 Mobile, LLC ("L4"), and gains of \$1,727 and \$2,981 related to the remeasurement of the fair value of the call and put option over our non-controlling interest in Dynaflows S.A. ("Dynaflows") for the years ended December 31, 2017 and 2016, respectively. Also includes a gain of \$225 related to the bargain business combination of Difier S.A. ("Difier") for the year ended December 31, 2016. See notes 23, 27.10.1 and 27.10.2 to our audit consolidated financial statements. Includes a gain related to the valuation at fair value of our 22.7% share interest held in Dynaflows of \$625 for the year ended December 31, 2015. See note 23 to our audited consolidated financial statements. Includes a gain related to the bargain business combination of Bluestar Energy Holdings, Inc. (now called Globant Peru S.A.C. or "Bluestar Peru") of \$472 for the year ended December 31, 2014. Includes a gain of \$1,703 on remeasurement of the contingent consideration related to the acquisition of TerraForum Consultoria Ltda. (now called Globant Brasil Consultoria Ltda. or "Terraforum") for the year ended December 31, 2013.

(8) Includes deferred tax gains of \$5,972, \$730, \$1,102 and \$529 for the years ended December 31, 2017, 2016, 2015 and 2013, respectively, and a deferred tax charge of \$370 for the year ended December 31, 2014.

Reconciliation of Non-IFRS Financial Data

Overview

To supplement our financial measures prepared in accordance with IFRS, we use certain non-IFRS financial measures including (i) adjusted diluted earnings per share ("EPS"), (ii) adjusted net income, (iii) adjusted gross profit, (iv) adjusted selling, general and administrative ("SG&A") expenses, and (v) adjusted profit from operations. These measures do not have any standardized meaning under IFRS, and other companies may use similarly titled non-IFRS financial measures that are calculated differently from the way we calculate such measures. Accordingly, our non-IFRS financial measures may not be comparable to similar non-IFRS measures presented by other companies. We caution investors not to place undue reliance on such non-IFRS measures, but instead to consider them with the most directly comparable IFRS measures. Non-IFRS financial measures have limitations as analytical tools and should not be considered in isolation. They should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with IFRS.

The reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are shown in the tables below. We use these non-IFRS measures as key measures in the evaluation of our performance and our consolidated financial results. We believe these non-IFRS measures are useful to investors in their assessment of our operating performance and the valuation of our company. In addition, these non-IFRS measures address questions we routinely receive from analysts and investors and, in order to assure that all investors have access to similar data, we have determined that it is appropriate to make this data available to all investors.

Adjusted Diluted EPS and Adjusted Net Income

We utilize non-IFRS measures of adjusted diluted EPS and adjusted net income for strategic decision making, forecasting future results and evaluating current performance. Adjusted diluted EPS and adjusted net income are most directly comparable to the IFRS measures of EPS and net income, respectively. Our non-IFRS measures of adjusted diluted EPS and adjusted net income exclude the impact of certain items, such as acquisition-related charges, impairment of tax credits, net of recoveries, share-based compensation expense and expense related to the US settlement agreement (See "Financial Information - Consolidated Statements and Other Financial Information - Legal Proceedings").

Adjusted Gross Profit and Adjusted SG&A Expenses

We utilize non-IFRS measures of adjusted gross profit and adjusted SG&A expenses as supplemental measures for period-to-period comparisons. Adjusted gross profit and adjusted SG&A expenses are most directly comparable to the IFRS measures of gross profit and selling, general and administrative expenses, respectively. Our non-IFRS measures of adjusted gross profit and adjusted SG&A expenses exclude the impact of certain items, such as amortization and depreciation expense, share-based compensation expense and, only with respect to adjusted SG&A expenses, acquisition-related charges.

Adjusted Profit from Operations

We utilize the non-IFRS measure of adjusted profit from operations as a supplemental measure for period-to-period comparisons. Adjusted profit from operations is most directly comparable to the IFRS measure of profit from operations. Adjusted profit from operations excludes the impact of certain items, such as share-based compensation expense, impairment of tax credits, net of recoveries and acquisition-related charges.

	Year ended December 31,				
	2017	2016	2015	2014	2013
Reconciliation of adjusted gross profit					
Gross profit	\$ 150,268	\$ 131,461	\$ 93,504	\$ 77,912	\$ 58,721
Adjustments					
Depreciation and amortization expense	4,339	4,281	4,441	3,813	3,215
Share-based compensation expense	5,666	917	735	35	190
Adjusted gross profit	\$ 160,273	\$ 136,659	\$ 98,680	\$ 81,760	\$ 62,126
Reconciliation of adjusted selling, general and administrative expenses					
Selling, general and administrative expenses	\$ (110,808)	\$ (81,889)	\$ (71,594)	\$ (57,288)	\$ (54,841)
Adjustments					
Acquisition-related charges ⁽¹⁾	1,131	556	337	-	-
Depreciation and amortization expense	11,789	6,637	4,860	4,221	3,941
Share-based compensation expense	8,798	2,703	1,647	582	603
Adjusted selling, general and administrative expenses	\$ (89,090)	\$ (71,993)	\$ (64,750)	\$ (52,485)	\$ (50,297)
Reconciliation of adjusted profit from operations					
Profit (Loss) from operations	\$ 33,166	\$ 49,572	\$ 23,730	\$ 22,129	\$ (5,699)
Adjustments					
Acquisition-related charges ⁽¹⁾	7,523	1,478	337	-	-
Impairment of tax credits, net of recoveries	1,586	-	(1,820)	(1,505)	9,579
Share-based compensation expense	14,464	3,620	2,382	617	793
Adjusted profit from operations	\$ 56,739	\$ 54,670	\$ 24,629	\$ 21,241	\$ 4,673
Reconciliation of adjusted net income for the year					
Net income for the year	\$ 30,463	\$ 35,862	\$ 31,620	\$ 25,263	\$ 13,769
Adjustments					
Acquisition-related charges ⁽¹⁾	(447)	(1,556)	337	-	-
Share-based compensation expense	14,464	3,620	2,382	617	793
Impairment of tax credits, net of recoveries	1,586	-	(1,820)	(1,505)	9,579
US settlement agreement, net	-	845	-	-	-
Adjusted net income for the year	\$ 46,066	\$ 38,771	\$ 32,519	\$ 24,375	\$ 24,141
Calculation of adjusted diluted EPS					
Adjusted net income	46,066	38,771	32,519	24,375	24,141
Diluted shares	36,094	35,413	35,013	31,867	28,884
Adjusted diluted EPS	1.28	1.09	0.93	0.76	0.84
Other data:					
Adjusted gross profit	160,273	136,659	98,680	81,760	62,126
Adjusted gross profit margin percentage	38.8%	42.3%	38.9%	41.0%	39.2%
Adjusted selling, general and administrative expenses	(89,090)	(71,993)	(64,750)	(52,485)	(50,297)
Adjusted profit from operations	56,739	54,670	24,629	21,241	4,673
Adjusted profit from operations margin percentage	13.7%	16.9%	9.7%	10.6%	3.0%
Adjusted net income for the year	46,066	38,771	32,519	24,375	24,141
Adjusted net income margin percentage for the year	11.1%	12.0%	12.8%	12.2%	15.2%

(1) Acquisition-related charges include, when applicable, amortization of purchased intangible assets included in the depreciation and amortization expense line of our consolidated statements of operations, external costs, acquisition-related retention bonuses, integration costs, changes in the fair value of contingent consideration liabilities, charges for impairment of acquired intangible assets and other acquisition-related costs.

Consolidated Statements of Financial Position Data

	As of December 31,				
	2017	2016	2015	2014	2013
Consolidated statements of financial position data:					
Cash and cash equivalents	\$ 52,525	\$ 50,532	\$ 36,720	\$ 34,195	\$ 17,051
Investments	8,147	9,355	25,660	27,984	9,634
Trade receivables	80,078	54,170	45,952	40,056	34,418
Other receivables (current and non-current)	46,093	46,334	38,692	15,169	12,333
Deferred tax assets	13,186	7,691	7,983	4,881	3,117
Investment in associates	1,550	800	300	750	-
Other financial assets (current and non-current)	1,428	1,219	2,121	-	1,284
Property and equipment	43,879	35,676	25,720	19,213	14,723
Intangible assets	11,365	13,791	7,209	6,105	6,141
Goodwill	98,926	65,180	32,532	12,772	13,046
Total assets	357,177	284,748	222,889	161,125	111,747
Trade payables	11,640	5,603	4,436	5,673	8,016
Payroll and social security taxes payable	40,472	30,328	25,551	20,967	17,823
Borrowings (current and non-current)	6,011	217	548	1,285	11,795
Other financial liabilities (current and non-current)	29,238	31,826	21,285	1,308	8,763
Tax liabilities	5,253	6,249	10,225	3,446	5,190
Other liabilities and provisions	1,199	1,965	659	967	295
Total liabilities	93,813	76,188	62,704	33,646	51,882
Total equity and non-controlling interest	263,364	208,560	160,185	127,479	59,865
Total equity, non-controlling interest and liabilities	357,177	284,748	222,889	161,125	111,747

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with the other information contained in this annual report, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on our business, prospects, results of operations and financial condition. The market price of our common shares could decline due to any of these risks and uncertainties, and you could lose all or part of your investment. The risks described below are those that we currently believe may materially affect us.

Risks Related to Our Business and Industry

If we are unable to maintain current resource utilization rates and productivity levels, our revenues, profit margins and results of operations may be adversely affected.

Our profitability and the cost of providing our services are affected by our utilization rate of the Globers in our Studios. If we are not able to maintain appropriate utilization rates for our professionals, our profit margin and our profitability may suffer. Our utilization rates are affected by a number of factors, including:

- our ability to transition Globers from completed projects to new assignments and to hire and integrate new employees;
- our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our delivery centers;
- our ability to manage the attrition of our IT professionals; and
- our need to devote time and resources to training, professional development and other activities that cannot be billed to our clients.

Our revenue could also suffer if we misjudge demand patterns and do not recruit sufficient employees to satisfy demand. Employee shortages could prevent us from completing our contractual commitments in a timely manner and cause us to pay penalties or lose contracts or clients. In addition, we could incur increased payroll costs, which would negatively affect our utilization rates and our business.

Increases in our current levels of attrition may increase our operating costs and adversely affect our future business prospects.

The total attrition rate among our Globers was 18.0%, 19.3% and 17.7% for the years ended December 31, 2017, 2016 and 2015, respectively. If our attrition rate were to increase, our operating efficiency and productivity may decrease. We compete for talented individuals not only with other companies in our industry but also with companies in other industries, such as software services, engineering services and financial services companies, among others, and there is a limited pool of individuals who have the skills and training needed to help us grow our company. High attrition rates of qualified personnel could have an adverse effect on our ability to expand our business, as well as cause us to incur greater personnel expenses and training costs.

If the pricing structures that we use for our client contracts are based on inaccurate expectations and assumptions regarding the cost and complexity of performing our work, our contracts could be unprofitable, which could adversely affect our results of operations, financial condition and cash flows from operation.

We perform our services primarily under time-and-materials contracts. We charge out the services performed by our Globers under these contracts at hourly rates that are agreed to at the time the contract is entered into. The hourly rates and other pricing terms negotiated with our clients are highly dependent on the complexity of the project, the mix of staffing we anticipate using on it, internal forecasts of our operating costs and predictions of increases in those costs influenced by wage inflation and other marketplace factors. Our predictions are based on limited data and could turn out to be inaccurate. Typically, we do not have the ability to increase the hourly rates established at the outset of a client project in order to pass through to our client increases in salary costs driven by wage inflation and other marketplace factors.

Because we conduct a substantial part of our operations through our operating subsidiaries located in Argentina, Colombia, Mexico and India, we are subject to the effects of wage inflation and other marketplace factors in these countries, which have increased significantly in recent years. If increases in salary and other operating costs at those subsidiaries exceed our internal forecasts, the hourly rates established under our time-and-materials contracts might not be sufficient to recover those increased operating costs, which would make those contracts unprofitable for us, thereby adversely affecting our results of operations, financial condition and cash flows from operations.

In addition to our time-and-materials contracts, we undertake some engagements on a fixed-price basis. Revenues from our fixed-price contracts represented approximately 8.9%, 7.9% and 3.7% of total revenues for the years ended December 31, 2017, 2016 and 2015, respectively. Our pricing in a fixed-price contract depends on our assumptions and forecasts about the costs we will incur to complete the related project, which are based on limited data and could turn out to be inaccurate. Any failure by us to accurately estimate the resources and time required to complete a fixed-price contract on time and on budget or any unexpected increase in the cost of our Globers assigned to the related project, office space or materials could expose us to risks associated with cost overruns and could have an adverse effect on our business, results of operations and financial condition. In addition, any unexpected changes in economic conditions that affect any of the foregoing assumptions and predictions could render contracts that would have been favorable to us when signed unfavorable.

We may not be able to achieve anticipated growth, which could materially adversely affect our revenues, results of operations, business and prospects.

We intend to continue our expansion in the foreseeable future and to pursue existing and potential market opportunities. As we add new Studios, introduce new services or enter into new markets, we may face new market, technological and operational risks and challenges with which we are unfamiliar, and we may not be able to mitigate these risks and challenges to successfully grow those services or markets. We may not be able to achieve our anticipated growth, which could materially adversely affect our revenues, results of operations, business and prospects.

If we are unable to effectively manage the rapid growth of our business, our management personnel, systems and resources could face significant strains, which could adversely affect our results of operations.

We have experienced, and continue to experience, rapid growth in our headcount, operations and revenues, which has placed, and will continue to place, significant demands on our management and operational and financial infrastructure. Additionally, the longer-term transition in our delivery mix from Argentina-based staffing to increasingly decentralized staffing in Latin America, the United States and India has also placed additional operational and structural demands on our resources. Our future growth depends on recruiting, hiring and training technology professionals, growing our international operations, expanding our delivery capabilities, adding effective sales staff and management personnel, adding service offerings, maintaining existing clients and winning new business. Effective management of these and other growth initiatives will require us to continue to improve our infrastructure, execution standards and ability to expand services. Failure to manage growth effectively could have a material adverse effect on the quality of the execution of our engagements, our ability to attract and retain IT professionals and our business, results of operations and financial condition.

If we were to lose the services of our senior management team or other key employees, our business operations, competitive position, client relationships, revenues and results of operations may be adversely affected.

Our future success heavily depends upon the continued services of our senior management team and other key employees. We currently do not maintain key man life insurance for any of our founders, members of our senior management team or other key employees. If one or more of our senior executives or key employees are unable or unwilling to continue in their present positions, it could disrupt our business operations, and we may not be able to replace them easily, on a timely basis or at all. In addition, competition for senior executives and key employees in our industry is intense, and we may be unable to retain our senior executives and key employees or attract and retain new senior executives and key employees in the future, in which case our business may be severely disrupted.

If any of our senior management team or key employees joins a competitor or forms a competing company, we may lose clients, suppliers, know-how and key IT professionals and staff members to them. Also, if any of our sales executives or other sales personnel, who generally maintain a close relationship with our clients, joins a competitor or forms a competing company, we may lose clients to that company, and our revenues may be materially adversely affected. Additionally, there could be unauthorized disclosure or use of our technical knowledge, practices or procedures by such personnel. If any dispute arises between any members of our senior management team or key employees and us, any noncompetition, non-solicitation and nondisclosure agreements we have with our founders, senior executives or key employees might not provide effective protection to us in light of legal uncertainties associated with the enforceability of such agreements.

If we are unable to attract and retain highly-skilled IT professionals, we may not be able to maintain client relationships and grow effectively, which may adversely affect our business, results of operations and financial condition.

Our business is labor intensive and, accordingly, our success depends upon our ability to attract, develop, motivate, retain and effectively utilize highly-skilled IT professionals. We believe that there is significant competition for technology professionals in Latin America, the United States, Europe, Asia and elsewhere who possess the technical skills and experience necessary to deliver our services, and that such competition is likely to continue for the foreseeable future. As a result, the technology industry generally experiences a significant rate of turnover of its workforce. Our business plan is based on hiring and training a significant number of additional technology professionals each year in order to meet anticipated turnover and increased staffing needs. Our ability to properly staff projects, to maintain and renew existing engagements and to win new business depends, in large part, on our ability to hire and retain qualified IT professionals.

We cannot assure you that we will be able to recruit and train a sufficient number of qualified professionals or that we will be successful in retaining current or future employees. Increased hiring by technology companies, particularly in Latin America, the United States, Asia and Europe, and increasing worldwide competition for skilled technology professionals may lead to a shortage in the availability of qualified personnel in the locations where we operate and hire. Failure to hire and train or retain qualified technology professionals in sufficient numbers could have a material adverse effect on our business, results of operations and financial condition.

If we do not continue to innovate and remain at the forefront of emerging technologies and related market trends, we may lose clients and not remain competitive, which could cause our revenues and results of operations to suffer.

Our success depends on delivering digital journeys that leverage emerging technologies and emerging market trends to drive increased revenues and effective communication with customers. Technological advances and innovation are constant in the technology services industry. As a result, we must continue to invest significant resources in research and development to stay abreast of technology developments so that we may continue to deliver digital journeys that our clients will wish to purchase. If we are unable to anticipate technology developments, enhance our existing services or develop and introduce new services to keep pace with such changes and meet changing client needs, we may lose clients and our revenues and results of operations could suffer. Our results of operations would also suffer if our innovations are not responsive to the needs of our clients, are not appropriately timed with market opportunities or are not effectively brought to market. Our competitors may be able to offer engineering, design and innovation services that are, or that are perceived to be, substantially similar or better than those we offer. This may force us to compete on other fronts in addition to the quality of our services and to expend significant resources in order to remain competitive, which we may be unable to do.

If the current effective income tax rate payable by us in any country in which we operate is increased or if we lose any country-specific tax benefits, then our financial condition and results of operations may be adversely affected.

We conduct business globally and file income tax returns in multiple jurisdictions. Our consolidated effective income tax rate could be materially adversely affected by several factors, including changes in the amount of income taxed by or allocated to the various jurisdictions in which we operate that have differing statutory tax rates; changing tax laws, regulations and interpretations of such tax laws in multiple jurisdictions; and the resolution of issues arising from tax audits or examinations and any related interest or penalties.

We report our results of operations based on our determination of the amount of taxes owed in the various jurisdictions in which we operate. We have transfer pricing arrangements among our subsidiaries in relation to various aspects of our business, including operations, marketing, sales and delivery functions. Transfer pricing regulations require that any international transaction involving associated enterprises be on arm's-length terms. We consider the transactions among our subsidiaries to be on arm's-length terms. The determination of our consolidated provision for income taxes and other tax liabilities requires estimation, judgment and calculations where the ultimate tax determination may not be certain. Our determination of tax liability is always subject to review or examination by authorities in various jurisdictions.

Under Argentina's Law No. 25,922 (*Ley de Promoción de la Industria de Software*), as amended by Law No. 26,692 and Decree No. 95/2018 (the "Software Promotion Law"), our operating subsidiaries in Argentina benefit from a 60% reduction in their corporate income tax rate (as applied to income from promoted software activities) and a tax credit of up to 70% of amounts paid for certain social security taxes (contributions) that may be offset against value-added tax liabilities. Law No. 26,692, the 2011 amendment to the Software Promotion Law ("Law No. 26,692"), also allows such tax credits to be applied to reduce our Argentine subsidiaries' corporate income tax liability by a percentage not higher than the subsidiaries' declared percentage of exports and extends the tax benefits under the Software Promotion Law until December 31, 2019.

On September 16, 2013, the Argentine government published Regulatory Decree No. 1315/2013, which governs the implementation of the Software Promotion Law. Regulatory Decree No. 1315/2013 introduced specific requirements to qualify for the tax benefits contemplated by the Software Promotion Law. In particular, Regulatory Decree No. 1315/2013 provides that from September 17, 2014 through December 31, 2019, only those companies that are accepted for registration in the National Registry of Software Producers (*Registro Nacional de Productores de Software y Servicios Informáticos*) maintained by the Assistant Secretary of Technological and Productive Services (*Subsecretaría de Servicios Tecnológicos y Productivos*) - former Secretary of Industry (*Secretaría de Industria del Ministerio de Industria*) - will be entitled to participate in the benefits of the Software Promotion Law.

On March 11, 2014, the Argentine Federal Administration of Public Revenue (*Administración Federal de Ingresos Públicos*, or "AFIP") issued General Resolution No. 3,597 ("General Resolution No. 3,597"). This measure provides that, as a further prerequisite to participation in the benefits of the Software Promotion Law, exporters of software and related services must register in a newly established Special Registry of Exporters of Services (*Registro Especial de Exportadores de Servicios*).

According to the abovementioned regulations, on March 14, May 21 and May 28, 2014, our Argentine subsidiaries Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A., respectively, were accepted for registration in the Special Registry of Exporters of Services.

On June 25, 2014, our Argentine subsidiaries Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A. applied for registration in the National Registry of Software Producers.

The Secretary and Subsecretary of Industry issued rulings approving the registration in the National Registry of Software Producers of our subsidiaries as follows: (i) Sistemas Globales S.A. on March 18, 2015 and (ii) Huddle Group S.A. and IAFH Global S.A. on April 13, 2015. In each case, the ruling made the effective date of registration retroactive to September 18, 2014 and provided that the benefits enjoyed under the Software Promotion Law as originally enacted were not extinguished until the ruling goes into effect (which have occurred upon its date of publication in the Argentine government's official gazette on before mentioned dates).

On May 7, 2015, Huddle Group S.A. deregistered from the National Registry of Software Producers because it had discontinued activities on January 1, 2015. As a result of the deregistration, Huddle Group S.A. became subject to the general corporate income tax rate, which was 35% for fiscal periods beginning prior to January 1, 2018. For fiscal years beginning on or after January 1, 2018, the general corporate income tax rate is 30%. For fiscal years beginning on or after January 1, 2020, the general corporate income tax rate will be 25%.

Our subsidiary in Uruguay, Sistemas Globales Uruguay S.A., which is situated in a tax-free zone, benefits from a 0% income tax rate and an exemption from value-added tax.

Additionally, services provided by Difier are exempt from income tax in Uruguay. The exemption applies to software development services as long as they are exported and utilized abroad.

In India, under the Special Economic Zones Act of 2005, the services provided by export-oriented companies within Special Economic Zones (each, an "SEZ") are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the company commenced the provision of services and 50% of such profits or gains for the five years thereafter. Companies must meet the conditions under Section 10AA of Income Tax Act to be eligible for the benefit. Other tax benefits are also available for registered SEZ companies. Our Indian subsidiary is subject to corporate income tax at the rate of 34.61%, including surcharges. Our Indian subsidiary is located in an SEZ and has completed the SEZ registration process. Consequently, we expect to start applying the income tax benefit in the second half of 2018. If the Indian government changes its policies after our Indian subsidiary obtains registration in an SEZ, our business, results of operations and financial condition may be adversely affected. With the growth of our business in an SEZ, our Indian subsidiary may be required to compute its tax liability under Minimum Alternate Tax ("MAT") in future years at the current rate of approximately 21.34%, including surcharges, as its tax liability under the general tax provisions may be lower compared to the MAT liability.

If these tax incentives in Argentina, Uruguay and India are changed, terminated, not extended or made unavailable, or comparable new tax incentives are not introduced, we expect that our effective income tax rate and/or our operating expenses would increase significantly, which could materially adversely affect our financial condition and results of operations. See "Operating and Financial Review and Prospects - Operating Results - Certain Income Statement Line Items - Income Tax Expense" and "Operating and Financial Review and Prospects - Liquidity and Capital Resources - Future Capital Requirements."

If any of our largest clients terminates, decreases the scope of, or fails to renew its business relationship or short-term contract with us, our revenues, business and results of operations may be adversely affected.

We generate a significant portion of our revenues from our ten largest clients. During the years ended December 31, 2017, 2016 and 2015, our largest customers based on revenues, Walt Disney Parks and Resorts Online in 2017 and 2015, and Southwest Airlines Co. in 2016, accounted for 10.2%, 12.3% and 9.7% of our revenues, respectively. During the years ended December 31, 2017, 2016 and 2015, our ten largest clients accounted for 41.9%, 46.5% and 46.7% of our revenues, respectively.

Our ability to maintain close relationships with these and other major clients is essential to the growth and profitability of our business. However, most of our client contracts are limited to short-term, discrete projects without any commitment to a specific volume of business or future work, and the volume of work performed for a specific client is likely to vary from year to year, especially since we are generally not our clients' exclusive technology services provider. A major client in one year may not provide the same level of revenues for us in any subsequent year. The technology services we provide to our clients, and the revenues and income from those services, may decline or vary as the type and quantity of technology services we provide changes over time. In addition, our reliance on any individual client for a significant portion of our revenues may give that client a certain degree of pricing leverage against us when negotiating contracts and terms of service.

In addition, a number of factors, including the following, other than our performance could cause the loss of or reduction in business or revenues from a client and these factors are not predictable:

- our need to devote time and resources to training, professional development and other activities that cannot be billed to our clients.
- the business or financial condition of that client or the economy generally;
- a change in strategic priorities by that client, resulting in a reduced level of spending on technology services;
- a demand for price reductions by that client; and
- a decision by that client to move work in-house or to one or several of our competitors.

The loss or diminution in business from any of our major clients could have a material adverse effect on our revenues and results of operations.

Our revenues, margins, results of operations and financial condition may be materially adversely affected if general economic conditions in the United States, Latin America, Europe or the global economy worsen.

We derive a significant portion of our revenues from clients located in the United States and, to a lesser extent, Latin America and Europe. The technology services industry is particularly sensitive to the economic environment, and tends to decline during general economic downturns. If the U.S., Latin American or European economies weaken or slow, pricing for our services may be depressed and our clients may reduce or postpone their technology spending significantly, which may, in turn, lower the demand for our services and negatively affect our revenues and profitability.

The current U.S. administration has called for changes to domestic and foreign policy, including but not limited to changes to existing trade agreements, import and export regulations, immigration, tariffs and customs duties, tax regulations, environmental regulations and other areas that become subject to significant changes. We cannot predict the impact, if any, the policies adopted by the current U.S. administration will have on our business. Such policies, should they occur, could result in general business interruptions, delays from difficulties in obtaining import and/or export licenses for certain technology, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws, any of which could ultimately have a material adverse effect on our business.

The economic situation in Europe is still recovering and economic performance remains uncertain. There is still some concern that certain European countries may default in payments due on their national debt obligations and from related European financial restructuring efforts. If such defaults were to occur, or if European financial restructuring efforts create their own instability, the global credit markets may become less stable. Continued financial instability in Europe could adversely affect our European operations and, in turn, could have a material adverse effect on us. In addition, if the U.K.'s referendum to exit from the E.U., known as Brexit, is implemented, its effects on us will depend on the resulting agreements regarding trade and travel made between the United Kingdom and European Union.

If we are unable to successfully anticipate changing economic and political conditions affecting the markets in which we operate, we may be unable to effectively plan for or respond to those changes, and our results of operations could be adversely affected.

We face intense competition from technology and IT services providers, and an increase in competition, our inability to compete successfully, pricing pressures or loss of market share could materially adversely affect our revenues, results of operations and financial condition.

The market for technology and IT services is intensely competitive, highly fragmented and subject to rapid change and evolving industry standards and we expect competition to intensify. We believe that the principal competitive factors that we face are the ability to innovate; technical expertise and industry knowledge; end-to-end solution offerings; reputation and track record for high-quality and on-time delivery of work; effective employee recruiting; training and retention; responsiveness to clients' business needs; scale; financial stability; and price.

We face competition primarily from large global consulting and outsourcing firms, digital agencies and design firms, traditional technology outsourcing providers, and the in-house product development departments of our clients and potential clients. Many of our competitors have substantially greater financial, technical and marketing resources and greater name recognition than we do. As a result, they may be able to compete more aggressively on pricing or devote greater resources to the development and promotion of technology and IT services. Companies based in some emerging markets also present significant price competition due to their competitive cost structures and tax advantages.

In addition, there are relatively few barriers to entry into our markets and we have faced, and expect to continue to face, competition from new technology services providers. Further, there is a risk that our clients may elect to increase their internal resources to satisfy their services needs as opposed to relying on a third-party vendor, such as our company. The technology services industry is also undergoing consolidation, which may result in increased competition in our target markets in the United States and Europe from larger firms that may have substantially greater financial, marketing or technical resources, may be able to respond more quickly to new technologies or processes and changes in client demands, and may be able to devote greater resources to the development, promotion and sale of their services than we can. Increased competition could also result in price reductions, reduced operating margins and loss of our market share. We cannot assure you that we will be able to compete successfully with existing or new competitors or that competitive pressures will not materially adversely affect our business, results of operations and financial condition.

Our business depends on a strong brand and corporate reputation, and if we are not able to maintain and enhance our brand, our ability to expand our client base will be impaired and our business and operating results will be adversely affected.

Since many of our specific client engagements involve highly tailored solutions, our corporate reputation is a significant factor in our clients' and prospective clients' determination of whether to engage us. We believe the Globant brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and also contribute to our efforts to recruit and retain talented IT professionals. However, our corporate reputation is susceptible to damage by actions or statements made by current or former employees or clients, competitors, vendors, adversaries in legal proceedings and government regulators, as well as members of the investment community and the media. There is a risk that negative information about our company, even if based on false rumor or misunderstanding, could adversely affect our business. In particular, damage to our reputation could be difficult and time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements, resulting in a loss of business, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our Globant brand name and could reduce investor confidence in us and result in a decline in the price of our common shares.

We are seeking to expand our presence in the United States, which entails significant expenses and deployment of employees on-site with our clients. If we are unable to manage our operational expansion into the United States, it may adversely affect our business, results of operations and prospects.

A key element of our strategy is to expand our delivery footprint, including by increasing the number of employees that are deployed onsite at our clients or near client locations. In particular, we intend to focus our recruitment efforts on the United States. Client demands, the availability of high-quality technical and operational personnel at attractive compensation rates, regulatory environments and other pertinent factors may vary significantly by region and our experience in the markets in which we currently operate may not be applicable to other regions. As a result, we may not be able to leverage our experience to expand our delivery footprint effectively into our target markets in the United States. If we are unable to manage our expansion efforts effectively, if our expansion plans take longer to implement than expected or if our costs for these efforts exceed our expectations, our business, results of operations and prospects could be materially adversely affected.

If a significant number of our Globers were to join unions, our labor costs and our business could be negatively affected.

As of December 31, 2017, we had 68 Globers, 60 working at our delivery center located in Rosario, Argentina, who are covered by a collective bargaining agreement with the *Federación Argentina de Empleados de Comercio y Servicios* ("FAECYS"), which is renewed on an annual basis. In addition, our primary Argentine subsidiary is defending a lawsuit filed by FAECYS in which FAECYS is demanding the application of its collective labor agreement to unspecified categories of employees of that subsidiary. According to FAECYS's claim, our principal Argentine subsidiary would have been required to withhold and transfer to FAECYS an amount equal to 0.5% of the gross monthly salaries of that subsidiary's payroll from October 2006 to October 2011. Furthermore, FAECYS' claim may be increased to cover withholdings from October 2006 through the date of a future judgment. Several Argentine technology companies are facing similar lawsuits filed by FAECYS which have been decided in favor of both the companies and FAECYS. Under Argentine law, judicial decisions only apply to the particular case at hand. There is no *stare decisis* and courts' decisions are not binding on lower courts even in the same jurisdiction although they may be used as guidelines on other similar cases. See "Financial Information - Consolidated Statements and Other Financial Information - Legal Proceedings" and the notes to our consolidated financial statements. If a significant additional number of our Globers were to join unions, our labor costs and our business could be negatively affected.

Our revenues are dependent on a limited number of industries, and any decrease in demand for technology services in these industries could reduce our revenues and adversely affect our results of operations.

A substantial portion of our clients are concentrated in the following industries: media and entertainment; travel and hospitality; banks, financial services and insurance; and, technology and telecommunications which industries, in the aggregate, constituted 78.3%, 75.0% and 72.6% of our total revenues for the years ended December 31, 2017, 2016 and 2015, respectively. Our business growth largely depends on continued demand for our services from clients in these industries and other industries that we may target in the future, as well as on trends in these industries to purchase technology services or to move such services in-house.

A downturn in any of these or our targeted industries, a slowdown or reversal of the trend to spend on technology services in any of these industries could result in a decrease in the demand for our services and materially adversely affect our revenues, financial condition and results of operations. For example, a worsening of economic conditions in the media and entertainment industry and significant consolidation in that industry may reduce the demand for our services and negatively affect our revenues and profitability.

Other developments in the industries in which we operate may also lead to a decline in the demand for our services in these industries, and we may not be able to successfully anticipate and prepare for any such changes. For example, consolidation in any of these industries or acquisitions, particularly involving our clients, may adversely affect our business. Our clients may experience rapid changes in their prospects, substantial price competition and pressure on their profitability. This, in turn, may result in increasing pressure on us from clients in these key industries to lower our prices, which could adversely affect our revenues, results of operations and financial condition.

We have a relatively short operating history and operate in a rapidly evolving industry, which makes it difficult to evaluate our future prospects, may increase the risk that we will not continue to be successful and, accordingly, increases the risk of your investment.

Our company was founded in 2003 and, therefore, has a relatively short operating history. In addition, the technology services industry itself is continuously evolving. Competition, fueled by rapidly changing consumer demands and constant technological developments, renders the technology services industry one in which success and performance metrics are difficult to predict and measure. Because services and technologies are rapidly evolving and each company within the industry can vary greatly in terms of the services it provides, its business model, and its results of operations, it can be difficult to predict how any company's services, including ours, will be received in the market. While enterprises have been willing to devote significant resources to incorporate emerging technologies and related market trends into their business models, enterprises may not continue to spend any significant portion of their budgets on our services in the future. Neither our past financial performance nor the past financial performance of any other company in the technology services industry is indicative of how our company will fare financially in the future. Our future profits may vary substantially from those of other companies, and those we have achieved in the past, making investment in our company risky and speculative. If our clients' demand for our services declines, as a result of economic conditions, market factors or shifts in the technology industry, our business would suffer and our results of operations and financial condition would be adversely affected.

We are investing substantial cash in new facilities and physical infrastructure, and our profitability and cash flows could be reduced if our business does not grow proportionately.

We have made and continue to make significant contractual commitments related to capital expenditures on construction or expansion of our delivery centers. We may encounter cost overruns or project delays in connection with opening new, or expanding existing, facilities. These expansions will likely increase our fixed costs and if we are unable to grow our business and revenues proportionately, our profitability and cash flows may be negatively affected.

If we cause disruptions in our clients' businesses or provide inadequate service, our clients may have claims for substantial damages against us, which could cause us to lose clients, have a negative effect on our corporate reputation and adversely affect our results of operations.

If our Globers make errors in the course of delivering services to our clients or fail to consistently meet service requirements of a client, these errors or failures could disrupt the client's business, which could result in a reduction in our revenues or a claim for substantial damages against us. In addition, a failure or inability to meet a contractual requirement could seriously damage our corporate reputation and limit our ability to attract new business.

The services we provide are often critical to our clients' businesses. Certain of our client contracts require us to comply with security obligations including maintaining network security and backup data, ensuring our network is virus-free, maintaining business continuity planning procedures, and verifying the integrity of employees that work with our clients by conducting background checks. Any failure in a client's system or breach of security relating to the services we provide to the client could damage our reputation or result in a claim for substantial damages against us. Any significant failure of our equipment or systems, or any major disruption to basic infrastructure like power and telecommunications in the locations in which we operate, could impede our ability to provide services to our clients, have a negative impact on our reputation, cause us to lose clients, and adversely affect our results of operations.

Under our client contracts, our liability for breach of our obligations is in some cases limited pursuant to the terms of the contract. Such limitations may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients, are generally not limited under our contracts. The successful assertion of one or more large claims against us in amounts greater than those covered by our current insurance policies could materially adversely affect our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, we may incur reputational harm and substantial legal fees.

We may face losses or reputational damage if our software solutions turn out to contain undetected software defects.

A significant amount of our business involves developing software solutions for our clients as part of our provision of technology services. We are required to make certain representations and warranties to our clients regarding the quality and functionality of our software. Any undetected software defects could result in liability to our clients under certain contracts as well as losses resulting from any litigation initiated by clients due to any losses sustained as a result of the defects. Any such liability or losses could have an adverse effect on our financial condition as well as on our reputation with our clients and in the technology services market in general.

Our client relationships, revenues, results of operations and financial condition may be adversely affected if we experience disruptions in our Internet infrastructure, telecommunications or IT systems.

Disruptions in telecommunications, system failures, Internet infrastructure or computer virus attacks could damage our reputation and harm our ability to deliver services to our clients, which could result in client dissatisfaction and a loss of business and related reduction of our revenues. We may not be able to consistently maintain active voice and data communications between our various global operations and with our clients due to disruptions in telecommunication networks and power supply, system failures or computer virus attacks. Any significant failure in our ability to communicate could result in a disruption in business, which could hinder our performance and our ability to complete projects on time. Such failure to perform on client contracts could have a material adverse effect on our business, results of operations and financial condition.

If our computer system is or becomes vulnerable to security breaches, or if any of our employees misappropriates data, we may face reputational damage, lose clients and revenues, or incur losses.

We often have access to or are required to collect and store confidential client and customer data. Many of our client contracts do not limit our potential liability for breaches of confidentiality. If any person, including any of our Globers or former Globers, penetrates our network security or misappropriates data or code that belongs to us, our clients, or our clients' customers, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws.

Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems, systems failure, loss or theft of confidential information or intellectual property belonging to our clients or our clients' customers, or otherwise, could damage our reputation, cause us to lose clients and revenues, and result in financial and other potential losses by us, as well as require us to expend significant resources to protect against further breaches and to rectify problems caused by these events. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under applicable laws, and regulatory penalties and could adversely affect our business, revenues and competitive position.

Our business, results of operations and financial condition may be adversely affected by the various conflicting and/or onerous legal and regulatory requirements imposed on us by the countries where we operate.

Since we provide services to clients throughout the world, we are subject to numerous, and sometimes conflicting, legal requirements on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, anti-bribery, whistle blowing, internal and disclosure control obligations, data protection and privacy and labor relations. Our failure to comply with these regulations in the conduct of our business could result in fines, penalties, criminal sanctions against us or our officers, disgorgement of profits, prohibitions on doing business and adverse impact on our reputation. Our failure to comply with these regulations in connection with the performance of our obligations to our clients could also result in liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations. Due to the varying degree of development of the legal systems of the countries in which we operate, local laws might be insufficient to defend us and preserve our rights.

Due to our operating in a number of countries in Latin America, the United States, Europe and India, we are also subject to risks relating to compliance with a variety of national and local laws including multiple tax regimes, labor laws, employee health safety and wages and benefits laws. We may, from time to time, be subject to litigation or administrative actions resulting from claims against us by current or former Globers individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violations of labor law or other alleged conduct. We may also, from time to time, be subject to litigation resulting from claims against us by third parties, including claims of breach of noncompete and confidentiality provisions of our employees' former employment agreements with such third parties. Our failure to comply with applicable regulatory requirements could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to prevent unauthorized use of our intellectual property and our intellectual property rights may not be adequate to protect our business, competitive position, results of operations and financial condition.

Our success depends in part on certain methodologies, practices, tools and technical expertise our company utilizes in designing, developing, implementing and maintaining applications and other proprietary intellectual capital. In order to protect our rights in this intellectual capital, we rely upon a combination of nondisclosure and other contractual arrangements as well as trade secret, patent, copyright and trademark laws. We also generally enter into confidentiality agreements with our employees, consultants, clients and potential clients and limit access to and distribution of our proprietary information.

We hold several trademarks and intend to submit additional U.S. federal and foreign trademark applications for developments relating to additional service offerings in the future. We cannot assure you that we will be successful in maintaining existing or obtaining future intellectual property rights or registrations. There can be no assurance that the laws, rules, regulations and treaties in the countries in which we operate in effect now or in the future or the contractual and other protective measures we take are adequate to protect us from misappropriation or unauthorized use of our intellectual capital or that such laws, rules, regulations and treaties will not change.

We cannot assure you that we will be able to detect unauthorized use of our intellectual property and take appropriate steps to enforce our rights or that any such steps will be successful. We cannot assure you that we have taken all necessary steps to enforce our intellectual property rights in every jurisdiction in which we operate and we cannot assure you that the intellectual property laws of any jurisdiction in which we operate are adequate to protect our interest or that any favorable judgment obtained by us with respect thereto will be enforced in the courts. Misappropriation by third parties of, or other failure to protect, our intellectual property, including the costs of enforcing our intellectual property rights, could have a material adverse effect on our business, competitive position, results of operations and financial condition.

If we incur any liability for a violation of the intellectual property rights of others, our reputation, business, financial condition and prospects may be adversely affected.

Our success largely depends on our ability to use and develop our technology, tools, code, methodologies and services without infringing the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. We typically indemnify clients who purchase our services and solutions against potential infringement of intellectual property rights, which subjects us to the risk of indemnification claims. These claims may require us to initiate or defend protracted and costly litigation on behalf of our clients, regardless of the merits of these claims and are often not subject to liability limits or exclusion of consequential, indirect or punitive damages. If any of these claims succeed, we may be forced to pay damages on behalf of our clients, redesign or cease offering our allegedly infringing services or solutions, or obtain licenses for the intellectual property such services or solutions allegedly infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, our clients may stop using our services or solutions.

Further, our current and former Globers could challenge our exclusive rights to the software they have developed in the course of their employment. In certain countries in which we operate, an employer is deemed to own the copyright work created by its employees during the course, and within the scope, of their employment, but the employer may be required to satisfy additional legal requirements in order to make further use and dispose of such works. While we believe that we have complied with all such requirements, and have fulfilled all requirements necessary to acquire all rights in software developed by our independent contractors, these requirements are often ambiguously defined and enforced. As a result, we cannot assure you that we would be successful in defending against any claim by our current or former Globers or independent contractors challenging our exclusive rights over the use and transfer of works those Globers or independent contractors created or requesting additional compensation for such works.

We are subject to additional risks as a result of our recent and possible future acquisitions and the hiring of new employees who may misappropriate intellectual property from their former employers. The developers of the technology that we have acquired or may acquire may not have appropriately created, maintained or enforced intellectual property rights in such technology. Indemnification and other rights under acquisition documents may be limited in term and scope and may therefore provide little or no protection from these risks. Parties making infringement claims may be able to obtain an injunction to prevent us from delivering our services or using technology involving the allegedly infringing intellectual property. Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business. A successful infringement claim against us, whether with or without merit, could, among others things, require us to pay substantial damages, develop substitute non-infringing technology, or rebrand our name or enter into royalty or license agreements that may not be available on acceptable terms, if at all, and would require us to cease making, licensing or using products that have infringed a third party's intellectual property rights. Protracted litigation could also result in existing or potential clients deferring or limiting their purchase or use of our software product development services or solutions until resolution of such litigation, or could require us to indemnify our clients against infringement claims in certain instances. Any intellectual property claim or litigation, whether we ultimately win or lose, could damage our reputation and materially adversely affect our business, financial condition and results of operations.

We may not be able to recognize revenues in the period in which our services are performed and the costs of those services are incurred, which may cause our margins to fluctuate.

We perform our services primarily under time-and-materials contracts and, to a lesser extent, fixed-price contracts. All revenues are recognized pursuant to applicable accounting standards.

Unlike our time-and-materials contracts, for which revenue is recognized as services are provided, our fixed-priced contracts require the use of certain accounting estimates. We utilize the percentage-of-completion method to account for these contracts. As labor costs represent the primary cost component under such contracts, we estimate each of our fixed-price contract's total labor cost to date as a proportion of its total expected labor cost. Non-recurring fixed-priced contracts can require additional estimates related to labor hours and specification and testing requirement changes. We monitor these factors and continuously revise and refine our estimates during the term of our fixed-price contracts.

Uncertainty about the project completion or receipt of payment for our services or our failure to meet all the acceptance criteria, or otherwise meet a client's expectations, may result in us having to record the cost related to the performance of services in the period that services were rendered, but delay the timing of revenue recognition to a future period in which all acceptance criteria have been met, which may cause our margins to fluctuate.

Our cash flows and results of operations may be adversely affected if we are unable to collect on billed and unbilled receivables from clients.

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We maintain provisions against receivables. Actual losses on client balances could differ from those that we currently anticipate and, as a result, we may need to adjust our provisions. We cannot assure you that we will accurately assess the creditworthiness of our clients. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables balance. Timely collection of fees for client services also depends on our ability to complete our contractual commitments and subsequently bill for and collect our contractual service fees. If we are unable to meet our contractual obligations, we might experience delays in the collection of or be unable to collect our client balances, which could adversely affect our results of operations and cash flows. In addition, if we experience an increase in the time required to bill and collect for our services, our cash flows could be adversely affected, which could affect our ability to make necessary investments and, therefore, our results of operations.

If we are faced with immigration or work permit restrictions in any country where we currently have personnel onsite at a client location or would like to expand our delivery footprint, then our business, results of operations and financial condition may be adversely affected.

A key part of Globant's strategy is to expand our delivery footprint, including by increasing the number of employees that are deployed onsite at our clients or near client locations. Therefore, we must comply with the immigration, work permit and visa laws and regulations of the countries in which we operate or plan to operate. Our future inability to obtain or renew sufficient work permits and/or visas due to the impact of these regulations, including any changes to immigration, work permit and visa regulations in jurisdictions such as the United States and Europe, could have a material adverse effect on our business, results of operations and financial condition. See "Financial Information - Consolidated Statements and Other Financial Information - Legal Proceedings".

If we are unable to maintain favorable pricing terms with current or new suppliers, our results of operations would be adversely affected.

We rely to a limited extent on suppliers of goods and services. In some cases, we have contracts with such parties guaranteeing us favorable pricing terms. We cannot guarantee our ability to maintain such pricing terms beyond the date that pricing terms are fixed pursuant to a written agreement. Furthermore, should economic circumstances change, such that suppliers find it beneficial to change or attempt to renegotiate such pricing terms in their favor, we cannot assure you that we would be able to withstand an increase or achieve a favorable outcome in any such negotiation. Any change in our pricing terms would increase our costs and expenses, which would have an adverse effect on our results of operations.

If our current insurance coverage is or becomes insufficient to protect against losses incurred, our business, results of operations and financial condition may be adversely affected.

We provide technology services that are integral to our clients' businesses. If we were to default in the provision of any contractually agreed-upon services, our clients could suffer significant damages and make claims upon us for those damages. Although we believe that we have adequate processes in place to protect against defaults in the provisions of services, errors and omissions may occur. We currently carry errors and omissions liability coverage for all of the services we provide. To the extent client damages are deemed recoverable against us in amounts substantially in excess of our insurance coverage, or if our claims for insurance coverage are denied by our insurance carriers for any reason including, but not limited to our failure to provide insurance carrier-required documentation or our failure to follow insurance carrier-required claim settlement procedures, there could be a material adverse effect on our business, results of operations and financial condition.

Strategic acquisitions to complement and expand our business have been and will likely remain an important part of our competitive strategy. If we fail to acquire companies whose prospects, when combined with our company, would increase our value, or if we acquire and fail to efficiently integrate such other companies, then our business, results of operations, and financial condition may be adversely affected.

We have expanded, and may continue to expand, our operations through strategically targeted acquisitions focused on deepening our relationships with key clients, extending our technological capacities including services over platforms, broadening our service offering and expanding the geographic footprint of our delivery centers, including beyond Latin America. We completed two acquisitions in 2008, one in 2011, two in 2012, one in 2013, one in 2014, two in 2015, three in 2016 and two in 2017. Financing of any future acquisition could require the incurrence of indebtedness, the issuance of equity or a combination of both. There can be no assurance that we will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses without substantial expense, delays or other operational or financial risks and problems. Furthermore, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or legal liabilities and amortization of acquired intangible assets. In addition, any client satisfaction or performance problems within an acquired business could have a material adverse impact on our company's corporate reputation and brand. We cannot assure you that any acquired businesses would achieve anticipated revenues and earnings. Any failure to manage our acquisition strategy successfully could have a material adverse effect on our business, results of operations and financial condition.

We have incurred significant share-based compensation expense in the past, and may in the future continue to incur share-based compensation expense, which could adversely impact our profits or the trading price of our common shares.

On July 3, 2014, our board of directors and shareholders approved and adopted the 2014 Equity Incentive Plan, which was amended by our board of directors on May 9, 2016 to increase the number of common shares that may be issued as stock awards from 1,666,667 to up to 3,666,667.

From the adoption of the plan until the date of this annual report we have granted to members of our senior management and certain other employees 30,000 stock awards, options to purchase 2,103,456 common shares and 344,523 restricted stock units. Most of the options and restricted stock units were granted with a vesting period of four years, 25% of each grant becoming exercisable on each anniversary of the grant date. The remaining options and restricted stock units were granted with a vesting period agreed with those employees. Share-based compensation expense for awards of equity instruments is determined based on the fair value of the awards at the grant date. Each of our employee share options is exercisable for one of our common shares, and each of our restricted stock units will be settled, automatically upon its vesting, with one of our common shares. No amounts are paid or payable by the recipient on receipt of an option or restricted stock unit. Neither the options nor the restricted stock units carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiration (ten years after the grant date).

For the years ended December 31, 2017, 2016 and 2015, we recorded \$14.5, \$3.6 and \$2.4 million, respectively, of share-based compensation expense related to the grant of options and restricted stock units.

The expenses associated with share-based compensation may reduce the attractiveness of issuing equity awards under our equity incentive plan. However, if we do not grant equity awards, or if we reduce the number of equity awards we grant, we may not be able to attract and retain key personnel. If we grant more equity awards to attract and retain key personnel, the expenses associated with such additional equity awards could materially adversely affect our results of operations and the trading price of our common shares.

Our ability to expand our business and procure new contracts or enter into beneficial business arrangements could be affected to the extent we enter into agreements with clients containing noncompetition clauses.

Some of our services agreements restrict our ability to perform similar services for certain of our clients' competitors under specific circumstances. We may in the future enter into additional agreements with clients that restrict our ability to accept assignments from, or render similar services to, those clients' customers, require us to obtain our clients' prior written consent to provide services to their customers or restrict our ability to compete with our clients, or bid for or accept any assignment for which those clients are bidding or negotiating. These restrictions may hamper our ability to compete for and provide services to other clients in a specific industry in which we have expertise and could materially adversely affect our business, financial condition and results of operations.

The terms of our credit facility place restrictions on our operating and financial flexibility.

On August 3, 2017, Globant LLC, our U.S. subsidiary, entered into a secured revolving credit facility with HSBC Bank USA, N.A. and Citibank N.A., with HSBC Bank USA, N.A. acting as administrative agent. Under this credit facility, Globant LLC may borrow up to \$40.0 million in advances accruing interest at LIBOR plus 1.75%. This credit facility is guaranteed by Globant S.A. and Globant España S.A. and is secured by Globant LLC's now owned and after-acquired assets. This facility matures on August 2, 2022 and includes the following covenants: delivery of certain financial information; reports on any legal actions, complying with tax payments; maintain an asset coverage ratio of no less than 1.10; limiting Globant LLC's capital expenditures to 5% of our consolidated annual revenue per year; restricted payments must not to exceed \$10.0 million per year; Globant LLC's annual revenue must remain at no less than 60% of our consolidated annual revenue and Globant LLC's net intercompany payable outstanding with Argentine affiliates must be no more than five months of billings from Argentina. Compliance with these covenants may limit our flexibility in operating our business and our ability to take actions that might be advantageous to us and our shareholders.

As of December 31, 2017, \$6.0 million in principal was outstanding this credit facility.

Risks Related to Operating in Latin America and Argentina

Our largest operating subsidiary is based in Argentina and we have subsidiaries in Chile, Colombia, Uruguay, Peru, Mexico and Brazil. There are significant risks to operating in those countries that should be carefully considered before making an investment decision.

Latin America

Latin America has experienced adverse economic conditions that may impact our business, financial condition and results of operations.

Our business is dependent to a certain extent upon the economic conditions prevalent in Argentina as well as the other Latin American countries in which we operate. Latin American countries have historically experienced uneven periods of economic growth, as well as recession, periods of high inflation and economic instability. As a consequence of adverse economic conditions in global markets and diminishing commodity prices, the economic growth rates of the economies of many Latin American countries have slowed and some have entered mild recessions. Adverse economic conditions in any of these countries could have a material adverse effect on our business, financial condition and results of operations.

Latin American governments have exercised and continue to exercise significant influence over the economies of the countries where we operate, which could adversely affect our business, financial condition, results of operations and prospects.

Historically, governments in Latin America have frequently intervened in the economies of their respective countries and have occasionally made significant changes in policy and regulations. Governmental actions to control inflation and other policies and regulations have often involved, among others, price controls, currency devaluations, capital controls and tariffs. Our business, financial condition, results of operations and prospects may be adversely affected by:

- changes in government policies or regulations, including such factors as exchange rates and exchange control policies;
- inflation rates;
- interest rates;
- tariff and inflation control policies;
- price control policies;
- liquidity of domestic capital and lending markets;
- electricity rationing;
- tax policies, royalty and tax increases and retroactive tax claims; and
- other political, diplomatic, social and economic developments in or affecting the countries where we operate.

Inflation, and government measures to curb inflation in Latin America, may adversely affect the economies in the countries where we operate in Latin America, our business and results of operations.

Some of the countries in which we operate in Latin America have experienced, or are currently experiencing, high rates of inflation. Although inflation rates in many of these countries have been relatively low in the recent past, we cannot assure you that this trend will continue. The measures taken by the governments of these countries to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed significantly to economic uncertainty in many of these countries and to heightened volatility in their securities markets. Periods of higher inflation may also slow the growth rate of local economies. Inflation is also likely to increase some of our costs and expenses, which we may not be able to fully pass on to our clients, which could adversely affect our operating margins and operating income.

We face the risk of political and economic crises, instability, terrorism, civil strife, expropriation and other risks of doing business in Latin America, which could adversely affect our business, financial condition and results of operations.

We conduct our operations primarily in Latin America. Economic and political developments in Latin America, including future economic changes or crises (such as inflation, currency devaluation or recession), government deadlock, political instability, terrorism, civil strife, changes in laws and regulations, restrictions on the repatriation of dividends or profits, expropriation or nationalization of property, restrictions on currency convertibility, volatility of the foreign exchange market and exchange controls could impact our operations or the market value of our common shares and have a material adverse effect on our business, financial condition and results of operations.

Argentina

Our business, results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates (most notably between the U.S. dollar and the Argentine peso).

We conduct a substantial portion of our operations outside the United States, and our businesses may be impacted by significant fluctuations in foreign currency exchange rates. Our consolidated financial statements and those of most of our subsidiaries are presented in U.S. dollars, whereas some of our subsidiaries' operations are performed in local currencies. Therefore, the resulting exchange differences arising from the translation to our presentation currency are recognized in the finance gain or expense item or as a separate component of equity depending on the functional currency for each subsidiary. Fluctuations in exchange rates relative to the U.S. dollar could impair the comparability of our results from period to period and could have a material adverse effect on our results of operations and financial condition.

In addition, our results of operations and financial condition are particularly sensitive to changes in the Argentine peso/U.S. dollar exchange rate because a significant part of our operations are conducted in Argentina where our costs are incurred, for the most-part, in Argentine pesos, while the substantial portion of our revenues generated outside of Argentina are in U.S. dollars. Consequently, appreciation of the U.S. dollar relative to the Argentine peso, to the extent not offset by inflation in Argentina, could result in favorable variations in our operating margins and, conversely, depreciation of the U.S. dollar relative to the Argentine peso could impact our operating margins negatively.

In recent years, the Argentine peso has suffered significant devaluations against the U.S. dollar and has continued to devalue against the U.S. dollar. As a result of this economic instability, Argentina's foreign debt rating has been downgraded on multiple occasions based upon concerns regarding economic conditions and rising fears of increased inflationary pressures. This uncertainty may also adversely impact Argentina's ability to attract capital.

The increasing level of inflation in Argentina has generated pressure for further depreciation of the Argentine peso. After several years of relatively moderate variations in the nominal exchange, the Argentine peso depreciated against the U.S. dollar by 32.5% in 2013, 31.2% in 2014, 52.1% in 2015, 21.9% in 2016 and 18.4% in 2017, based on the official exchange rates published by the Argentine Central Bank.

The significant restrictions on the purchase of foreign currency beginning in late 2011 gave rise to the development of an implied rate of exchange, as reflected in the quotations of Argentine securities that trade in foreign markets, compared to the corresponding quotations in the local markets in Argentine pesos. See "- Item 4.B - Business Overview - Regulatory Overview - Foreign Exchange Controls - Argentina." Almost all foreign exchange restrictions have been lifted since December 2015 and, as a result, the gap between the official rate and the implied rate derived from securities transactions has substantially decreased compared to the previous years. However, the implied rate of exchange may increase or decrease in the future. We cannot predict future fluctuations in the Argentine peso/U.S. dollar exchange rate. Because a significant part of our operations are located in Argentina, large variations in the comparative value of the Argentine peso and the U.S. dollar may adversely affect our business.

Despite the positive effects of the depreciation of the Argentine peso on the competitiveness of certain sectors of the Argentine economy, including our business, it has also had a negative impact on the financial condition of many Argentine businesses and individuals. The devaluation of the Argentine peso has had a negative impact on the ability of certain Argentine businesses to honor their foreign currency-denominated debt, and has also led to very high inflation initially and significantly reduced real wages. The devaluation has also negatively impacted businesses whose success is dependent on domestic market demand, and adversely affected the Argentine government's ability to honor its foreign debt obligations. If the Argentine peso is significantly devalued, the Argentine economy and our business could be adversely affected.

A significant appreciation of the Argentine peso against the U.S. dollar could also adversely affect the Argentine economy as well as our business. Our results of operations are sensitive to changes in the Argentine peso/U.S. dollar exchange rate because a significant portion of our operations are conducted in Argentina where our costs are incurred, for the most-part, in Argentine pesos. In the short term, a significant appreciation of the Argentine peso against the U.S. dollar would adversely affect exports and the desire of foreign companies to purchase services from Argentina. Our business is dependent to a certain extent on maintaining our labor and other costs competitive with those of companies located in other regions around the world from which technology and IT services may be purchased by clients in the United States and Europe. We periodically evaluate the need for hedging strategies with our board of directors, including the use of such instruments to mitigate the effect of foreign exchange rate fluctuations. During the years ended December 31, 2017 and 2016, our Argentine operating subsidiaries, Sistemas Globales S.A. and IAFH Global S.A., entered into foreign exchange forward contracts to reduce their risk of exposure to fluctuations in foreign currency. We may in the future, as circumstances warrant, decide to enter into derivative transactions to hedge our exposure to the Argentine peso/U.S. dollar exchange rate. If we do not hedge such exposure or we do not do so effectively, an appreciation of the Argentine peso against the U.S. dollar may raise our costs, which would increase the prices of our services to our customers, which, in turn, could adversely affect our business, financial condition and results of operations.

Government intervention in the Argentine economy could adversely affect the economy and our results of operations or financial condition.

During recent years, the Argentine government has increased its level of intervention in the Argentine economy, including through the implementation of expropriation policies or nationalizations.

For example, in April 2012, the Argentine government provided for the nationalization of YPF S.A., the main Argentine oil company. In February 2014, the Argentine government and Repsol, from whom YPF was expropriated, announced that they had reached an agreement on the terms of the compensation payable to Repsol for the expropriation of the YPF shares, which settled the claim filed by Repsol with International Centre for Settlement of Investment Disputes (the "ICSID"). Such compensation amounted to US\$5 billion, payable in the form of Argentine sovereign bonds with various maturities.

There are other examples of government intervention. In December 2012 and August 2013, the Argentine Congress established new regulations relating to domestic capital markets. Such regulations generally provide for increased intervention in the capital markets by the government, authorizing, for example, the Argentine Securities Commission (*Comisión Nacional de Valores* or "CNV") to appoint observers with the ability to veto the decisions of the board of directors of companies admitted to the public offering regime under certain circumstances and suspend the board of directors for a period of up to 180 days. In November, 2016, the Argentine executive branch sent a bill to the Argentine Congress to reform the current Capital Markets Law No. 26,831 which, among other changes, proposes the abrogation of this power granted to the CNV and generally seeks to modernize the entire regulatory framework applicable to the Argentine capital market, incorporating current international practices to contribute to its development. The Argentine lower chamber approved the bill; however, the Argentine senate subsequently approved it with certain amendments. Consequently, the Argentine lower chamber must re-approve the bill with the amendments adopted by the senate, which has not yet occurred as of the date of this annual report.

Expropriations and other interventions by the Argentine government such as the one relating to YPF can have an adverse impact on the level of foreign investment in Argentina, the access of Argentine companies to the international capital markets and Argentina's commercial and diplomatic relations with other countries and, consequently, could adversely affect our business, financial condition and results of operations.

The impact of the latest presidential elections on the future economic and political environment of Argentina is uncertain.

Argentine presidential, congressional, municipal and state government elections were held in October 2015. Presidential elections were won by the opposing political party, led by Mauricio Macri. The president of Argentina and the Argentine Congress each have considerable power to determine governmental policies and actions that relate to the Argentine economy and, consequently, could affect our results of operations or financial condition. The new administration, in office since December 10, 2015, has announced and adopted several significant economic and policy reforms, including the following:

- *Foreign Exchange Reforms:* The current Argentine administration eliminated most foreign exchange restrictions, including certain currency controls, which were imposed by the previous administration. See "Item 4.B - Business overview - Regulatory Overview - Foreign Exchange Controls - Argentina".
- *Foreign Trade Reforms:* The current Argentine administration eliminated or reduced export duties on several agricultural products and eliminated export duties on most industrial and mining products.
- *National Institute of Statistics and Census (Instituto Nacional de Estadísticas y Censos, or "INDEC") Information Reforms :* On January 8, 2016, based on the determination that the INDEC has failed to produce reliable statistical information, particularly with respect to the *Consumer Price Index* ("CPI"), *Gross Domestic Product* ("GDP"), poverty and foreign trade data, the current Argentine administration declared the national statistical system and the INDEC in a state of administrative emergency through December 31, 2016. As a result, the INDEC ceased publishing certain key statistical data until a rearrangement of its technical and administrative structure is finalized. In June 2016, the INDEC resumed its publication of the CPI. As of the date of this annual report, the INDEC has begun publishing certain revised data, including GDP, foreign trade and balance of payment statistics, although it remains in a state of administrative emergency. On June 29, 2017, INDEC published revised GDP data for 2004 through 2015.

- *Financial Policy.* The current Argentine administration has settled the majority of outstanding claims with holdout creditors and has issued sovereign bonds in the international capital markets. See "-Argentina's ability to obtain financing from international markets may be limited, which may in turn impair its ability to implement reforms and public policies and foster economic growth and could impact the ability of Argentine companies to obtain financing outside of Argentina."
- *Fiscal policy.* The current Argentine administration took steps to anchor fiscal accounts, reduce the primary fiscal deficit, eliminate subsidies, reorganize certain expenditures and generate increased revenue through a tax amnesty program. The fiscal deficit for 2017 was approximately 3.9% of GDP, 0.3% lower than expected; reducing fiscal deficit is one of the most important objectives for the administration in the coming years.
- *Correction of monetary imbalances.* The Argentine administration has adopted an inflation targeting regime in parallel with the floating exchange rate regime and set inflation targets for the next four years. The Central Bank has increased stabilization efforts to reduce excess monetary imbalances and raised peso interest rates to offset inflationary pressure. The Central Bank also announced inflation target ranges for 2018 (8% to 12%); and 2019 (3.5% to 6.5%).
- *Corporate Criminal Liability Law (Ley de Responsabilidad Penal Empresaria).* On November 8, 2017, the Argentine Congress passed Law No. 27,401 which provides for the criminal liability of corporate entities upon their execution of certain dishonest activities, directly or indirectly, with their intervention or on their behalf, interest or benefit. Companies found liable for committing crimes under the terms of this law may be subject to various sanctions, including, among others, fines ranging from two to five times the "undue" benefit that was obtained or that could have been obtained through the actions incurred in breach of this regulation. Additionally, Companies found liable may forfeit assets obtained through the illegal actions. The law became effective 90 days after its promulgation by the President of Argentina and publication in the Argentine Official Gazette, which occurred on December 1, 2017.
- *Amendment to Labor Risks Law.* On February 15, 2017, the Argentine Congress passed Law 27,348, which amends and complements Labor Risks Law No. 24,557 (the "Labor Risks Law"), and aims to reduce litigation arising from accidents at work. Under the new regime, prior to filing a lawsuit resulting from work-related accidents, affected workers must go through jurisdictional medical commissions, in order to assess the impact of any accident and to assign benefits provided for under the Labor Risks Law.
- *Social Security Reform Law.* On December 28, 2017, the Argentine Congress passed Argentine Law No. 27,426, which provides for modifications to the method of calculating social security benefits. In most cases, minimum benefits will equal 82% of the minimum wage. The law also grants employees the option to maintain their employment status until the age of 70, though employees may choose to retire earlier. Male employees may retire at 65 and female employees may retire at 60.
- *Labor Reform Draft Bill.* The Argentine administration recently announced a draft bill to reform the labor law which was sent to the Argentine Congress for debate on November 21, 2017 and is currently pending review by both chambers. The draft bill aims to improve competitiveness and efficiency of various sectors, increase employment, attract investment and reduce labor costs.
- *Tax Regime.* On December 29, 2017, the Argentine Congress passed Law No. 27,430. The law provides for a series of tax and social security reforms intended to eliminate certain existing complexities and inefficiencies of the Argentine tax regime, reduce tax evasion, increase the coverage of income tax as applied to individuals and encourage investment while sustaining the Argentine administration's medium- and long-term efforts aimed at restoring fiscal balance. The reforms introduced with this law are part of the agenda of the Argentine administration to improve the competitiveness of the Argentine economy (including the reduction of the fiscal deficit), to increase employment and diminish poverty on a sustainable basis.

We can offer no assurances or predictions as to the impact that these policies or any future policies implemented by the current Argentine administration will have on the Argentine economy as a whole or on our business, results of operation or financial condition, in particular. Moreover, there is uncertainty as to which other measures announced during the presidential campaign will be actually implemented and when. Some of the measures proposed by the current Argentine administration may also generate political and social opposition, which may in turn prevent the new government from adopting such measures as proposed. In addition, political parties opposed to the new government retained a majority of the seats in the Argentine Congress in the recent elections, which will require the new government to seek political support from the opposition for its economic proposals and creates further uncertainty in the ability of the new government to pass these or other measures.

Our results of operations may be adversely affected by high and possibly increasing inflation in Argentina.

In the past, inflation has materially undermined the Argentine economy and the government's ability to create conditions that would permit stable growth. High inflation may also undermine Argentina's foreign competitiveness in international markets and adversely affect economic activity and employment, as well as our business and results of operation. In particular, the margin on our services is impacted by the increase in our costs in providing those services, which is influenced by wage inflation in Argentina, as well as other factors.

According to data published by the INDEC, the CPI increased 23.9% in 2014 and 11.9% as of October 2015 (for the first nine months of year 2015). In November 2015, the INDEC suspended the publication of the CPI. According to the publicly available information based on data from the Province of San Luis, the CPI grew by 31.6% in 2015 and 31.4% in 2016. According to the publicly available information based on data from the City of Buenos Aires, the CPI grew by 29.6% in 2015 and 41.0% in 2016. After implementing certain methodological reforms and adjusting certain macroeconomic statistics based on these reforms, in June 2016 the INDEC resumed its publication of the CPI. According to the INDEC, Argentina's rate of inflation for May, June, July, August, September, October, November and December 2016 was 4.2%, 3.2%, 2.2%, 0.2%, 1.3%, 2.6%, 1.8% and 1.4%, respectively, and 24.8% in 2017, based on the CPI. Private estimates, on average, refer to annual rates of inflation substantially in excess of those published by the INDEC. For example, opposition lawmakers in Argentina reported an inflation rate of 24.6%, 41.0% and 25.0% for the years ended December 31, 2017, 2016 and 2015, respectively.

Uncertainty surrounding future inflation rates may have an adverse impact for Argentina in the long-term credit market.

The INDEC implemented certain methodological reforms and adjusted certain indexes based on these reforms. The lack of accuracy in the INDEC's indexes could result in a further decrease in confidence in Argentina's economy, which could, in turn, have an adverse effect on our ability to access the international credit markets at market rates to finance our operations and growth. See " - The credibility of several Argentine economic indexes has been called into question, which may lead to a lack of confidence in the Argentine economy and may in turn limit our ability to access the credit and capital markets. "

Inflation rates could escalate, and there is uncertainty regarding the effects that the measures taken, or that may be taken, by the Argentine government to control inflation could have. If inflation remains high or continues to increase, Argentina's economy may be negatively impacted and our results of operations could be materially affected.

The credibility of several Argentine economic indexes has been called into question, which may lead to a lack of confidence in the Argentine economy and may in turn limit our ability to access the credit and capital markets.

Since 2007, the inflation index has been extensively discussed in the Argentine economy. The intervention of the former Argentine government in the INDEC in 2007 and the change in the way the inflation index was measured have resulted in disagreements between the former Argentine government and private consultants as to the actual annual inflation rate. The former Argentine government imposed fines on private consultants reporting inflation rates higher than the INDEC data. As a result, private consultants typically shared their data with Argentine lawmakers who opposed the previous government, who released such data from time to time. This could result in a further decrease in confidence in Argentina's economy.

Reports published by the International Monetary Fund ("IMF") in the past state that the IMF staff uses alternative measures of inflation to monitor macroeconomic conditions, including data produced by private sources, which have shown considerably higher inflation rates than those published by the INDEC since 2007. The IMF has also faulted Argentina for not taking sufficient remedial measures to address the quality of its official data, including inflation and GDP data, as required under the Articles of Agreement of the IMF.

In February 2014, the INDEC released a new inflation index, known as National Urban Consumer Price Index (*Índice de Precios al Consumidor Nacional Urbano*) that measured the prices of goods across the country and replaces the previous index that only measured inflation in the urban sprawl of the City of Buenos Aires. Pursuant to these calculations, such new consumer price index rose 23.9% in 2014 and 11.9% during the ten-month period ended October 31, 2015. Even though the new methodology brought inflation statistics closer to those estimated by private sources, material differences between recent official inflation data and private estimates remained during 2015.

However, during December 2015 and January 2016, the new government declared the national statistical system and the INDEC to be in a state of administrative emergency through December 31, 2016. Accordingly, the new head of the INDEC announced the temporary suspension of the publication of official data of prices, poverty, unemployment and GDP until the completion of a full review of INDEC's policies. Shortly thereafter, the new administration released an alternative CPI index based on data from the City of Buenos Aires and the Province of San Luis. The INDEC resumed its publication of the CPI in June 2016, after implementing certain methodological reforms and adjusting certain macroeconomic statistics on the basis of those reforms. The INDEC also revised GDP data from 2004 through 2015. Among other adjustments, in calculating GDP for 2004, the INDEC made changes to the composition of GDP that resulted in a negative adjustment of approximately 12% for that year. To calculate real GDP for subsequent years based on the revised 2004 GDP, the INDEC used deflators that are consistent with its revised methodology to calculate inflation. By previously understating inflation, the INDEC had overstated economic growth in real terms. The adjustments made by the INDEC lead to a determination of real GDP growth of 48.6% for the period of 2004 to 2015, as opposed to 65% growth in real terms for the same period resulting from the information used prior to June 2016. As a consequence of these reforms, on November 9, 2016, the Executive Board of the IMF lifted its censure on Argentina, noting that Argentina had resumed the publication of data in a manner consistent with its obligations under the Articles of Agreement of the IMF. Still, uncertainty remains as to whether official data and measurement procedures sufficiently reflect inflation in the country, and what effect these reforms will have on the Argentine economy.

As of the date of this annual report, the impact that these measures and any future measures taken by the new administration with respect to the INDEC will have on the Argentine economy and investors' perception of the country cannot be predicted.

Argentina's ability to obtain financing from international markets may be limited, which may in turn impair its ability to implement reforms and public policies and foster economic growth and could impact the ability of Argentine companies to obtain financing outside of Argentina.

Argentina's 2001 sovereign default and its failure to fully restructure its sovereign debt and negotiate with the holdout creditors has limited and may continue to limit Argentina's ability to access international financing. In 2005, Argentina completed the restructuring of a substantial portion of its indebtedness and settled all of its debt with the IMF. Additionally, in June 2010, Argentina completed the restructuring of a significant portion of the defaulted bonds that were not exchanged in the 2005 restructuring. As a result of debt exchanges carried out in 2005 and 2010, Argentina restructured approximately 93% of its defaulted debt that was eligible for restructuring. However, holdout bondholders that declined to participate in the restructuring, filed lawsuits against Argentina in several countries, including the United States. Since late 2012, rulings from courts in the United States favorable to holdout bondholders aggravated investors' concerns regarding investment in the country.

In November 2012, the United States District Court for the Southern District of New York *in re*: "NML Capital, Ltd. v. Republic of Argentina", ratified and amended the injunction order issued in February 2012, which held that Argentina violated the *pari passu* clause with respect to the bondholders that had not participated in the sovereign debt restructuring in 2005 and 2010. Pursuant to such ruling, Argentina was required to pay 100% of the amounts due to the plaintiffs, simultaneously with the payment of the amounts due on the next maturity date of the bonds to the bondholders who participated in the debt restructuring. In June 2014, the U.S. Supreme Court denied Argentina's petition for a writ of *certiorari* of the U.S. Second Circuit Court of Appeals' ruling affirming the U.S. District Court's judgment. Later that month, the U.S. District Court ruled that funds deposited with the Bank of New York Mellon, the trustee which manages bond payments for Argentina's bonds issued in the 2005 and 2010 debt restructuring, should not be delivered to the holders of restructured debt in the absence of a prior agreement with the holdout bondholders (the plaintiffs in this case). In June 2015, the U.S. District Court granted partial summary judgment to a group of "me-too" plaintiffs in 36 separate lawsuits, finding that, consistent with the previous ruling of such court, Argentina violated the *pari passu* clause in the bonds issued to the "me-too" bondholders.

In February 2016, the current Argentine administration entered into settlement agreements with certain holdout bondholders to settle these claims, which were subject to the approval of the Argentine Congress and the lifting of the *pari passu* injunctions. In March 2016, after the U.S. District Court agreed to vacate the *pari passu* injunctions subject to certain conditions, the Argentine Congress ratified these settlement agreements through Law No. 27,249 and repealed the provisions of the so called Lock Law No. 26,017 and the Sovereign Payment Law No. 26,984, which prohibited Argentina from offering holdout bondholders more favorable terms than those offered in the 2005 and 2010 debt restructuring. The Argentine government has reached settlement agreements with holders of a significant portion of the defaulted bonds and has repaid the majority of the holdout creditors with the proceeds of a US\$16.5 billion international offering of 3-year, 5-year, 10-year and 30-year bonds on April 22, 2016. Although the size of the claims involved has decreased significantly, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions.

Additionally, foreign shareholders of several Argentine companies have filed claims with the ICSID alleging that the emergency measures adopted by the Argentine government since the crisis in 2001 and 2002 differ from the just and equal treatment standards set forth in several bilateral investment treaties to which Argentina is a party. ICSID has ruled against Argentina with respect to many of these claims.

Litigation involving holdout creditors, claims with ICSID and other claims against the Argentine Government, resulted and may result in material judgments against the government, lead to attachments of or injunctions relating to Argentina's assets, or could cause Argentina to default under its other obligations, and such events may prevent Argentina from obtaining favorable terms or interest rates when accessing international capital markets or from accessing international financing at all. Our ability to obtain U.S. dollar-denominated financing has been adversely impacted by these factors. During 2014, 2015, 2016 and 2017, it became increasingly difficult for Argentine companies to obtain financing in U.S. dollars, and loans in the local currency carried significantly higher interest rates. The termination of the injunctions issued by the United States courts preventing bondholders from receiving their interest payments on the bonds issued pursuant to the 2005 and 2010 exchange offers, and the related subsequent events, have paved the way for the Argentine Government to regain access to the international capital markets. Nonetheless, Argentina's ability to obtain international or multilateral private financing or direct foreign investment may be limited, which may in turn impair its ability to implement reforms and public policies to foster economic growth. In addition, Argentina's ongoing litigation with the remaining holdout creditors as well as ICSID and other claims against the Argentine Government, or any future defaults of its financial obligations, may prevent us from accessing the international capital markets or cause the terms of any such transactions less favorable than those provided to companies in other countries in the region, potentially impacting our financial condition.

Lack of access to international or domestic financial markets could affect the projected capital expenditures for our operations in Argentina, which, in turn, may have an adverse effect on the results of our operations and on the market price of our common shares.

A continued decline in the global prices of Argentina's main commodity exports could have an adverse effect on Argentina's economic growth.

High commodity prices have contributed significantly to the increase in Argentine exports since 2002 as well as in governmental revenues from export taxes. However, relying on the export of certain commodities, such as soy, has made the Argentine economy more vulnerable to fluctuations in the prices of commodities. Since the beginning of 2015, international commodity prices of Argentina's primary commodity exports have declined, which has had an adverse effect on Argentina's economic growth. If international commodity prices continue to decline, the Argentine economy could be adversely affected. In addition, adverse weather conditions can affect the production of commodities by the agricultural sector, which account for a significant portion of Argentina's export revenues.

These circumstances would have a negative impact on the levels of government revenues, available foreign exchange and the government's ability to service its sovereign debt, and could either generate recessionary or inflationary pressures, depending on the government's reaction. Either of these results would adversely impact Argentina's economic growth and, therefore, our financial condition and results of operations.

Argentine exchange controls and restrictions on capital inflows and outflows have limited, and may continue to limit, the availability of international credit and access to capital markets, which could have a material adverse effect on our financial condition and business.

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of enterprises to retain or obtain foreign currency or make payments abroad. Although some of these restrictions were subsequently eased, in June 2005, the Argentine government issued Decree No. 616/2005, which established new controls on capital inflows that could result in reduced availability of international credit, including the requirement, subject to certain exceptions, that 30% of all funds remitted to Argentina remain deposited in a domestic financial institution for 365 days in a non-interest bearing account. In addition, since the second half of 2011, the Argentine government increased certain controls on the incurrence of foreign currency-denominated indebtedness, the acquisition of foreign currency and foreign assets by local residents. For example, the Argentine Central Bank adopted regulations that (i) shortened the period for a borrower to convert foreign currency-denominated indebtedness into Argentine pesos, (ii) shortened a borrower's window of access to the local foreign exchange market in connection with a prepayment of scheduled interest payments in respect of foreign currency-denominated indebtedness and (iii) suspended the ability of local residents to access the local exchange market for the acquisition of foreign currency. See *"Information on the Company - Business Overview - Foreign Exchange Controls"*.

Notwithstanding the measures adopted by the current Argentine administration since December 2015, which lifted virtually all exchange and capital controls, the Argentine government may impose or increase exchange controls or transfer restrictions in the future in response to capital flight or a significant depreciation of the Argentine peso. Additional controls could have a negative effect on the ability of Argentine entities to access the international credit or capital markets, the Argentine economy and our financial condition and business.

The Argentine government may order salary increases to be paid to employees in the private sector, which could increase our operating costs and adversely affect our results of operations.

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to increase wages and provide specified benefits to employees, and may do so again in the future. Argentine employers, both in the public and private sectors, have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, employees and labor organizations are demanding significant wage increases. The Argentine government increased the minimum salary to 3,300 Argentine pesos in August 2013, to 3,600 Argentine pesos in January 2014, to 4,400 Argentine pesos in September 2014, to 4,716 Argentine pesos in January 2015, to 5,588 Argentine pesos in August 2015, to 6,060 Argentine pesos in January 2016, to 6,810 Argentine pesos in June 2016, to 7,560 Argentine pesos in September 2016, and to 8,860 Argentine pesos in July 2017. The Argentine government confirmed that the minimum salary will be increased to 10,000 Argentine pesos by July 2018. Recently, the INDEC published data regarding the evolution of salaries in the private and public sectors, which reflects approximately 26.7% and 25.26% salary increase in the private and public sectors, respectively, for the period from January 2017 through December 2017.

Due to high levels of inflation and full employment in the high tech industry, we expect to raise salaries in line with the market. During the year ended December 31, 2017, labor unions agreed with employers' associations on annual salary increases between 20% and 25%. If future salary increases in the Argentine peso exceed the pace of the devaluation of the Argentine peso, such salary increases could have a material and adverse effect on our expenses and business, results of operations and financial condition and, thus, on the trading prices for our common shares.

Our operating cash flows may be adversely affected if there is a delay in obtaining reimbursement of value-added tax credits from AFIP.

In 2017, our Argentine operating subsidiary IAFH Global S.A. recognized an aggregate of \$1.5 million in value-added tax credits. These tax credits may be monetized by way of cash reimbursement from AFIP. Obtaining this cash reimbursement requires submission of a written request to AFIP, which is subject to its approval. In the event that AFIP delays its approval of the request for reimbursement of these value-added tax credits, our ability to monetize the value of those credits would be delayed, which could adversely affect our cash flows.

Transactions with bonds acquired as proceeds from the capitalization of our Argentine subsidiaries increase our exposure to fluctuations in the value of the Argentine peso, which, in turn, could have an adverse effect on our operations and the market price of our common shares. The imposition in the future of regulations on proceeds collected outside Argentina for capitalization of our Argentine subsidiaries could also have an adverse effect on us.

During the year ended December 31, 2015, our Argentine subsidiaries, through cash received from capital contributions, acquired Argentine sovereign bonds, including BODEN and Bonos Argentinos ("BONAR"), in the U.S. market denominated in U.S. dollars.

After acquiring these bonds and after holding them for a certain period of time, our Argentine subsidiaries sold those bonds in the Argentine market. The fair value of these bonds in the Argentine market (in Argentine pesos) during the year ended December 31, 2015 was higher than its quoted price in the U.S. market (in U.S. dollars) converted at the official exchange rate prevailing in Argentina, which is the rate used to convert these transactions in foreign currency into our Argentine subsidiaries' functional currency, thus, as a result, we recognized a gain when remeasuring the fair value of the bonds in Argentine pesos into U.S. dollars at the official exchange rate prevailing in Argentina.

During the years ended December 31, 2017 and 2016, we did not engage in the above described transactions. Although, as of the date of this annual report, we are not obliged to settle proceeds received from capitalizations abroad through the FX Market, if in the future we decide to make additional capital contributions to our Argentine subsidiaries and acquire bonds, we cannot assure you that the quoted price of the BODEN and/or BONAR in Argentine pesos in the Argentine markets will be higher than the quoted price in the U.S. debt markets in U.S. dollars converted at the official exchange rate prevailing in Argentina or that the Argentine government will not require Argentine companies to repatriate such proceeds through the FX Market, or make any other legislative, judicial, or administrative changes or interpretations, any of which could have a material adverse effect on our business, results of operations and financial condition. See note 3.17 to our audited consolidated financial statements, "Operating and Financial Review and Prospects - Results of Operations - 2016 Compared to 2015" and "Certain Income Statement Line Items - Gain on Transaction with Bonds."

The imposition in the future of restrictions on transfers of foreign currency and the repatriation of capital from Argentina may impair our ability to receive dividends and distributions from, and the proceeds of any sale of, our assets in Argentina.

Beginning in December 2001, the Argentine government implemented a number of monetary and foreign exchange control measures that included restrictions on the free disposition of funds deposited with banks and on the transfer of funds abroad without prior approval by the Argentine Central Bank, most of which have been lifted. See "*Information on the Company - Business Overview - Foreign Exchange Controls*".

Although the transfer of funds abroad by local companies in order to pay annual dividends only to foreign shareholders does not require formal approval by the Argentine Central Bank, in the past, the decrease in availability of U.S. dollars in Argentina has led the Argentine government to impose informal restrictions on certain local companies and individuals for purchasing foreign currency for the purpose of making payments abroad, such as dividends, capital reductions, and payment for importation of goods and services.

Although the current Argentine administration has lifted most of the foreign exchange restrictions providing greater flexibility and access to the foreign exchange market, the imposition of future exchange controls could impair or prevent the conversion of anticipated dividends, distributions, or the proceeds from any sale of equity holdings in Argentina, as the case may be, from Argentine pesos into U.S. dollars and the remittance of the U.S. dollars abroad. These restrictions and controls could interfere with the ability of our Argentine subsidiaries to make distributions in U.S. dollars to us and thus our ability to pay dividends in the future. The domestic revenues of our Argentine subsidiaries (excluding intercompany revenues to other Globant subsidiaries, which are eliminated in consolidation) were \$13.3 million in 2017, \$10.2 million in 2016 and \$7.6 million in 2015, representing 3.2%, 3.2% and 3.0% of our annual consolidated revenues, respectively.

The Argentine government could adopt restrictive measures in the future. If that were the case, a foreign shareholder, such as ourselves, may be prevented from converting the Argentine pesos it receives in Argentina into U.S. dollars. If the exchange rate fluctuates significantly during a time when we cannot convert the foreign currency, we may lose some or all of the value of the dividend distribution or sale proceeds.

These restrictions and requirements could adversely affect our financial condition and the results of our operations, or the market price of our common shares.

The imposition or re-imposition in the future of regulations on proceeds from the export of services collected outside of Argentina for services rendered to non-Argentine residents or of export duties and controls could have an adverse effect on us.

In December 30, 2016, by means of Communication "A" 6137 (later replaced by Communication "A" 6244, which became effective as of July 1, 2017), the Argentine Central Bank eliminated the requirement to repatriate and exchange funds obtained from the exportation of services into pesos through the FX Market. Consequently, we are not required to repatriate or exchange the foreign currency proceeds received from services rendered to non-Argentine residents outside of Argentina (which are proceeds from our exportations held in off-shore accounts, such as the collections of services fees in U.S. dollars). Additionally, the applicable regulations do not prohibit or regulate the receipt of in-kind payments by an exporter.

However, in the past, Argentine law (including Communication "A" 5264 of the Argentine Central Bank, as amended), required Argentine residents to transfer the foreign currency proceeds received for services rendered to non-Argentine residents into a local account with a domestic financial institution and to convert those proceeds into Argentine pesos through the FX Market.

We cannot assure you that the Argentine government will not in the future require again Argentine residents to convert the foreign currency proceeds received for services rendered to non-Argentine residents into Argentine pesos through the FX Market, restrict exporters from receiving in-kind payments, require them to repatriate those payments received through the FX Market, or make any other legislative, judicial, or administrative changes or interpretations, any of which could have a material adverse effect on our business, results of operations and financial condition.

Changes in Argentine tax laws may adversely affect the results of our operations, financial condition and cash flows.

In 2012, the Argentine government terminated its treaties with the Republic of Spain for the avoidance of double taxation. As a result, the exemption from personal assets tax that was available pursuant to such treaty for equity interests in local companies owned by Spanish residents no longer applies. The new double taxation treaty with Spain, which was adopted on December 23, 2013 and applied retroactively from January 1, 2013, does not include a similar exemption. Under the new treaty, the tax applicable on dividends distributed by our Argentine subsidiaries to the Spain Holdco is limited to 10% of the gross amount of dividends distributed, and income tax withholding on financial interest is limited to 12%.

Argentine companies are required to pay the personal assets tax corresponding to Argentine resident individuals, foreign individuals and foreign entities for holding equity interests in such companies as of December 31 of each year. The applicable tax rate is 0.25% and the tax is levied on the equity stated in the latest financial statements. Although the new double taxation treaty with Spain does not include an exemption on such tax, Law No. 27,260, which was enacted by the Argentine government on July 21, 2016, introduced benefits for compliant taxpayers that include an exemption from the personal assets tax until December 31, 2019. Our Argentine subsidiaries are eligible for the exemption.

On December 29, 2017, the Argentine government enacted Law No. 27,430, which reduced the corporate income tax rate to 30% for fiscal years beginning on or after January 1, 2018 and 25% for fiscal years beginning on or after January 1, 2019. The distribution of dividends is now subject to a 7% for fiscal years beginning on or after January 1, 2018 and 13% for fiscal years beginning on or after January 1, 2019, respectively. The Equalization Tax, which levied distributions made out of previously untaxed income, was eliminated.

Exposure to multiple provincial and municipal legislation and regulations could adversely affect our business or results of operations.

Argentina is a federal country with 23 provinces and one autonomous city (City of Buenos Aires), each of which, under the Argentine national constitution, has full power to enact legislation concerning taxes and other matters. Likewise, within each province, municipal governments have broad powers to regulate such matters. Due to the fact that our delivery centers are located in multiple provinces, we are also subject to multiple provincial and municipal legislation and regulations. Although we have not experienced any material adverse effects from this, future developments in provincial and municipal legislation concerning taxes, provincial regulations or other matters may adversely affect our business or results of operations.

Risks Related to Ownership of Our Common Shares

The price of our common shares may be highly volatile.

The market price of our common shares may be volatile and may be influenced by many factors, some of which are beyond our control, including:

- the failure of financial analysts to cover our common shares or changes in financial estimates by analysts;
- actual or anticipated variations in our operating results;
- changes in financial estimates by financial analysts, or any failure by us to meet or exceed any of these estimates, or changes in the recommendations of any financial analysts that elect to follow our common shares or the shares of our competitors;
- announcements by us or our competitors of significant contracts or acquisitions;
- future sales of our common shares; and
- investor perceptions of us and the industries in which we operate.

In addition, the equity markets in general have experienced substantial price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our common shares, regardless of our operating performance. In the past, following periods of volatility in the market price of certain companies' securities, securities class action litigation has been instituted against these companies. This litigation, if instituted against us, could adversely affect our financial condition or results of operations.

Holders of our common shares may experience losses due to increased volatility in the U.S. capital markets.

The U.S. capital markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance or results of operations of those companies. These broad market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, as well as volatility in international capital markets, may cause the market price of our common shares to decline.

In addition, downgrades to the U.S. government's sovereign credit rating by any rating agency, as well as negative changes to the perceived creditworthiness of U.S. government-related obligations, could have a material adverse impact on financial markets and economic conditions in the United States and worldwide. Any volatility in the capital markets in the United States or in other developed countries, whether resulting from a downgrade of the sovereign credit rating of U.S. debt obligations or otherwise, may have an adverse effect on the price of our common shares.

We may be classified by the Internal Revenue Service as a "passive foreign investment company" (a "PFIC"), which may result in adverse tax consequences for U.S. investors.

We believe that we will not be a PFIC for U.S. federal income tax purposes for our current taxable year and do not expect to become one in the foreseeable future. However, because PFIC status depends upon the composition of our income and assets and the market value of our assets (including, among others, less than 25% owned equity investments) from time to time, there can be no assurance that we will not be considered a PFIC for any taxable year. Because we have valued goodwill based on the market value of our equity for purposes of taxation, a decrease in the price of our common shares may also result in us becoming a PFIC. The composition of our income and our assets will also be affected by how, and how quickly, we spend the cash. Under circumstances where the cash is not deployed for active purposes, our risk of becoming a PFIC may increase. If we were treated as a PFIC for any taxable year during which a U.S. investor held common shares, certain adverse tax consequences could apply to such U.S. investor. See "Additional Information - Taxation - U.S. Federal Income Tax Considerations - Passive foreign investment company rules."

We may need additional capital and we may not be able to obtain it.

We believe that our existing cash and cash equivalents and cash flows from operations, including the cash available under our revolving line of credit, will be sufficient to meet our anticipated cash needs for at least the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain another credit facility or expand the existing one. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to additional operating and financing covenants that would restrict our operations.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of technology services companies;
- conditions of the U.S. capital markets and other capital markets in which we may seek to raise funds;
- our future results of operations and financial condition;
- government regulation of foreign investment in the United States, Europe, and Latin America; and
- global economic, political and other conditions in jurisdictions in which we do business.

Concentration of ownership among our existing executive officers, directors and principal shareholders may prevent new investors from influencing significant corporate decisions or adversely affect the trading price of our common shares.

As of March 26, 2018, our directors and executive officers, entities affiliated with them and greater than 5% shareholders, beneficially own approximately 53.38% of our outstanding common shares, of which 1.37% represents common shares subject to options that currently are exercisable or will be exercisable within 60 days of March 26, 2018 as well as common shares issuable upon settlement of restricted stock units that have vested or will vest within 60 days of March 26, 2018. As a result, these shareholders continue to have substantial control over us and be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions, and will have significant influence over our management and policies. This concentration of influence could be disadvantageous to other shareholders with interests different from those of our officers, directors and principal shareholders. For example, our officers, directors and principal shareholders could delay or prevent an acquisition or merger even if the transaction would benefit other shareholders. In addition, this significant concentration of share ownership may adversely affect the trading price of our common shares because investors often perceive disadvantages in owning shares in companies with principal shareholders.

Our business and results of operations may be adversely affected by the increased strain on our resources from complying with the reporting, disclosure, and other requirements applicable to public companies in the United States and in Luxembourg.

Compliance with existing, new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance. Changing laws, regulations and standards include those relating to accounting, corporate governance and public disclosure; these include but are not limited to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Sarbanes-Oxley Act of 2002, new SEC regulations and NYSE listing guidelines that result out of the NYSE listing, and the Market Abuse Regulation, the Transparency Law and particular annual financial and non-financial reporting rules that apply to so-called public interest entities and that result out of the LuxSE listing of our shares. These laws, regulations and guidelines may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In particular, our efforts to comply with certain sections of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") and the related regulations regarding required assessment of internal controls over financial reporting and our external auditor's audit of that assessment requires the commitment of significant financial and managerial resources. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. We also expect the regulations to increase our legal and financial compliance costs, make it more difficult to attract and retain qualified officers and members of our board of directors, particularly to serve on our audit committee, and make some activities more difficult, time consuming and costly.

Existing, new and changing corporate governance and public disclosure requirements could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. Our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, new laws, regulations and standards regarding corporate governance may make it more difficult for our company to obtain director and officer liability insurance. Further, our board members and senior management could face an increased risk of personal liability in connection with their performance of duties. As a result, we may face difficulties attracting and retaining qualified board members and senior management, which could harm our business. If we fail to comply with new or changed laws or regulations and standards differ, our business and reputation may be harmed.

Failure to establish and maintain effective internal controls in accordance with Section 404 could have a material adverse effect on our business and common share price.

As a public company, we are required to document and test our internal control procedures in order to satisfy the requirements of Section 404, which will require management assessments and certifications of the effectiveness of our internal control over financial reporting. During the course of our testing, we may identify deficiencies that we may not be able to remedy in time to meet our deadline for compliance with Section 404. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. In addition, our independent registered public accounting firm is required to report on the effectiveness of our internal control over financial reporting but may not be able or willing to issue an unqualified report. If we conclude that our internal control over financial reporting is not effective, we cannot be certain as to the timing of remediation actions and testing or their effect on our operations because there is presently no precedent available by which to measure compliance adequacy.

If we are unable to conclude that we have effective internal control over financial reporting, our independent auditors are unable to provide us with an unqualified report as required by Section 404, or we are required to restate our financial statements, we may fail to meet our public reporting obligations and investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our common shares.

Our exemption as a "foreign private issuer" from certain rules under the U.S. securities laws may result in less information about us being available to investors than for U.S. companies, which may result in our common shares being less attractive to investors.

As a "foreign private issuer" in the United States, we are exempt from certain rules under the U.S. securities laws and are permitted to file less information with the SEC than U.S. companies. As a "foreign private issuer," we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our common shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as companies that are not foreign private issuers whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information. As a result, our shareholders may not have access to information they may deem important, which may result in our common shares being less attractive to investors.

We do not plan to declare dividends, and our ability to do so will be affected by restrictions under Luxembourg law.

We have not declared dividends in the past and do not anticipate paying any dividends on our common shares in the foreseeable future. In addition, both our articles of association and the Luxembourg law of August 10, 1915 on commercial companies as amended from time to time (*loi du 10 août 1915 sur les sociétés commerciales telle que modifiée*) ("Luxembourg Corporate Law") require a general meeting of shareholders to approve any dividend distribution except as set forth below.

Our ability to declare dividends under Luxembourg law is subject to the availability of distributable earnings or available reserves, including share premium. Moreover, if we declare dividends in the future, we may not be able to pay them more frequently than annually. As permitted by Luxembourg Corporate Law, our articles of association authorize the declaration of dividends more frequently than annually by our board of directors in the form of interim dividends so long as the amount of such interim dividends does not exceed total net income made since the end of the last financial year for which the standalone annual accounts have been approved, plus any net income carried forward and sums drawn from reserves available for this purpose, less the aggregate of the prior year's accumulated losses, the amounts to be set aside for the reserves required by law or by our articles of association for the prior year, and the estimated tax due on such earnings.

We depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments, which they may not be able to do.

Our subsidiaries conduct all of our operations. We have no relevant assets other than the equity interests in our subsidiaries. As a result, our ability to make dividend payments depends on our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by covenants in our or their financing agreements or by the law of their respective jurisdictions of incorporation. If we are unable to obtain funds from our subsidiaries, we will be unable to distribute dividends. We do not intend to seek to obtain funds from other sources to pay dividends. See "- Risks Related to Operating in Latin America and Argentina - Argentina - The imposition in the future of restrictions on transfers of foreign currency and the repatriation of capital from Argentina may impair our ability to receive dividends and distributions from, and the proceeds of any sale of, our assets in Argentina."

Our shareholders may have more difficulty protecting their interests than they would as shareholders of a U.S. corporation, which could adversely impact trading in our common shares and our ability to conduct equity financings.

Our corporate affairs are governed by our articles of association and the laws of Luxembourg, including the laws governing joint stock companies. The rights of our shareholders and the responsibilities of our directors and officers under Luxembourg law are different from those applicable to a corporation incorporated in the United States. There may be less publicly available information about us than is regularly published by or about U.S. issuers. In addition, Luxembourg law governing the securities of Luxembourg companies may not be as extensive as those in effect in the United States, and Luxembourg law and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States. Therefore, our shareholders may have more difficulty in protecting their interests in connection with actions taken by our directors and officers or our principal shareholders than they would as shareholders of a corporation incorporated in the United States.

Neither our articles of association nor Luxembourg law provides for appraisal rights for dissenting shareholders in certain extraordinary corporate transactions that may otherwise be available to shareholders under certain U.S. state laws. As a result of these differences, our shareholders may have more difficulty protecting their interests than they would as shareholders of a U.S. issuer.

Holders of our common shares may not be able to exercise their pre-emptive subscription rights and may suffer dilution of their shareholding in the event of future common share issuances.

Under Luxembourg Corporate Law, our shareholders benefit from a pre-emptive subscription right on the issuance of common shares for cash consideration. However, in accordance with Luxembourg law, our articles of association authorize our board of directors to suppress, waive or limit any pre-emptive subscription rights of shareholders provided by Luxembourg law to the extent our board deems such suppression, waiver or limitation advisable for any issuance or issuances of common shares within the scope of our authorized share capital. Such common shares may be issued above, at or below market value as well as by way of incorporation of available reserves (including a premium). This authorization is valid from the date of the publication in the Luxembourg's official gazette (*Mémorial C Recueil des Sociétés et Associations*) of the decision of the extraordinary general meeting of shareholders held on May 8, 2017, which publication occurred on May 19, 2017, and ends on May 19, 2022. In addition, a shareholder may not be able to exercise the shareholder's pre-emptive right on a timely basis or at all, unless the shareholder complies with Luxembourg Corporate Law and applicable laws in the jurisdiction in which the shareholder is resident, particularly in the United States. As a result, the shareholding of such shareholders may be materially diluted in the event common shares are issued in the future. Moreover, in the case of an increase in capital by a contribution in kind, no pre-emptive rights of the existing shareholders exist.

We are organized under the laws of the Grand Duchy of Luxembourg and it may be difficult for you to obtain or enforce judgments or bring original actions against us or our executive officers and directors in the United States.

We are organized under the laws of the Grand Duchy of Luxembourg. The majority of our assets are located outside the United States. Furthermore, the majority of our directors and officers and some experts named in this annual report reside outside the United States and a substantial portion of their assets are located outside the United States. Investors may not be able to effect service of process within the United States upon us or these persons or to enforce judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against us or these persons. Furthermore, Luxembourg law does not recognize a shareholder's right to bring a derivative action on behalf of the company except in limited cases.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the Grand Duchy of Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid judgment in civil or commercial matters obtained from a court of competent jurisdiction in the United States may be entered and enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the enforcement procedures (*exequatur*). The enforceability in Luxembourg courts of judgments rendered by U.S. courts will be subject prior any enforcement in Luxembourg to the procedure and the conditions set forth in the Luxembourg procedural code, which conditions may include the following as of the date of this annual report (which may change):

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- the judgment of the U.S. court is final and enforceable (*exécutoire*) in the United States;
 - the U.S. court had jurisdiction over the subject matter leading to the judgment (that is, its jurisdiction was in compliance both with Luxembourg private international law rules and with the applicable domestic U.S. federal or state jurisdictional rules);
 - the U.S. court has applied to the dispute the substantive law that would have been applied by Luxembourg courts;
 - the judgment was granted following proceedings where the counterparty had the opportunity to appear and, if it appeared, to present a defense, and the decision of the foreign court must not have been obtained by fraud, but in compliance with the rights of the defendant;
 - the U.S. court has acted in accordance with its own procedural laws;
 - the judgment of the U.S. court does not contravene Luxembourg international public policy; and
 - the U.S. court proceedings were not of a criminal or tax nature.

Under our articles of association and also pursuant to separate indemnification agreements, we indemnify our directors for and hold them harmless against all claims, actions, suits or proceedings brought against them, subject to limited exceptions. The rights and obligations among or between us and any of our current or former directors and officers are generally governed by the laws of the Grand Duchy of Luxembourg and subject to the jurisdiction of the Luxembourg courts, unless such rights or obligations do not relate to or arise out of their capacities listed above. Although there is doubt as to whether U.S. courts would enforce such provision in an action brought in the United States under U.S. federal or state securities laws, such provision could make enforcing judgments obtained outside Luxembourg more difficult to enforce against our assets in Luxembourg or jurisdictions that would apply Luxembourg law.

Luxembourg insolvency laws may offer our shareholders less protection than they would have under U.S. insolvency laws.

As a company organized under the laws of the Grand Duchy of Luxembourg and with its registered office in Luxembourg, we are subject to Luxembourg insolvency laws in the event any insolvency proceedings are initiated against us including, among other things, Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings. Should courts in another European country determine that the insolvency laws of that country apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency laws in Luxembourg or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency laws and make it more difficult for them to recover the amount they could expect to recover in a liquidation under U.S. insolvency laws.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Globant is a Luxembourg *société anonyme* (a joint stock company). The company's legal name is "Globant S.A." We were founded in 2003 by Martín Migoya, our Chairman and Chief Executive Officer, Guibert Englebienne, our Chief Technology Officer, Martín Umaran, our Chief of Staff, and Nestor Nocetti, our Executive Vice President of Corporate Affairs. Our founders' vision was to create a company, starting in Latin America that would dream and build digital journeys that matter to millions of users, while also generating world-class career opportunities for IT professionals, not just in metropolitan areas but also in outlying cities and countries.

Since our inception, we have benefited from strong organic growth and have built a blue chip client base comprised of leading global companies. Over that same period, we have expanded our network of locations from one to 37. In addition, we have garnered several awards and recognition from organizations such as Endeavor, the IDC MarketScape, Global Services, the International Association of Outsourcing Professionals, and Fast Company, and we have been the subject of business-school case studies on entrepreneurship at the Massachusetts Institute of Technology, Harvard University and Stanford University in conjunction with the World Economic Forum.

In 2006, we started working with Google. We were chosen due to our cultural affinity and innovation. While our growth has primarily been organic, since 2008 we have made fourteen complementary acquisitions. Our acquisition strategy is focused on deepening our relationship with key clients, extending our technology capabilities, broadening our service offering and expanding the geographic footprint of our delivery centers, including beyond Latin America.

In 2008, we acquired Accendra, a Buenos Aires-based provider of software development services, in order to deepen our relationship with Microsoft and broaden our technology expertise to include Sharepoint and other Microsoft technologies. That same year we also acquired Openware, a company specializing in security management based in Rosario, Argentina.

In 2011, we acquired Nextive. The Nextive acquisition expanded our geographic presence in the United States and enhanced our U.S. engagement and delivery management team as well as our ability to provide comprehensive solutions in mobile technologies.

In 2012, we acquired TerraForum, an innovation consulting and software development firm in Brazil. The acquisition of TerraForum allowed us to expand into one of the largest economies in the world and to broaden our services to our clients, strengthening our position as a leader in the creation of innovative software products.

In August 2013, we acquired 22.75% of Dynaflows S.A. In October 2015, we obtained the control over Dynaflows through acquiring an additional number of shares. This additional acquisition allowed us to broaden our Services over Platforms strategy.

In October 2013, we acquired a majority stake in the Huddle Group, a company specializing in the media and entertainment industries, with operations in Argentina, Chile and the United States. We acquired the remaining 13.75% minority stake in Huddle Investment in October 2014.

In July 2014, we closed the initial public offering of our common shares in the United States.

In October 2014, we acquired BlueStar Holdings. Through this acquisition, we commenced our operations in Perú.

In April 2015, we closed a follow-on secondary offering of our common shares in the United States through which certain selling shareholders sold 3,994,390 common shares previously held by them. In July 2015, we closed another follow-on secondary offering in the United States through which certain selling shareholders sold 4,025,000 common shares previously held by them.

In May 2015, we acquired Clarice which allowed us to establish our presence in India.

Also, in 2015, we launched new Studios to complement our offerings, including one focused on Cognitive Computing, and we incorporated a complementary approach to build digital journeys fast and in an innovative manner through our service-over-platform offering.

During 2016, we introduced a new model that intends to reshape our go-to-market strategy to scale our company in the coming years, called 50 Squared. The main goal of this new approach is to focus our team in the top 50 high potential accounts that have the capacity to grow exponentially over time. To do so, we have appointed our most senior people from Sales, Technology and Operations to lead these teams and take our company to the next level. This account focus has become the most important pillar of our go-to-market strategy and every account within Globant now has the goal to become part of this program.

In May 2016, we acquired We Are London Limited ("WAE UK") and We Are Experience, Inc. ("WAE US") (jointly, WAE UK and WAE US are "WAE"). The purpose of these acquisitions was related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of WAE.

In August 2016, we applied to the Luxembourg Stock Exchange for listing on the Official List of the Luxembourg Stock Exchange ("Lux SE") and for the admission to trading on its regulated market of our common shares. Our shares began trading on the Lux SE on August 11, 2016.

In November 2016, we entered into a stock purchase agreement with 3Cinteractive corp. ("3C") to purchase the 100% of the capital stock of Difier, an Uruguayan company. At the same time, we signed a consulting services agreement to provide software development services to 3C for a term of four years.

During the same month, we acquired L4 Mobile, LLC. The purpose of this acquisition was related to strengthening our leading position in the digital services space and expanding our capabilities in the United States.

In February 2017, we acquired Ratio Cypress, LLC, a limited liability company organized and existing under the laws of the State of Washington in the United States. Ratio offers design, development and quality assurance services necessary to build and manage robust digital products and video streaming solutions for major media companies.

In June 2017, we acquired PointSource, LLC, a design and development technology agency, based in Raleigh, North Carolina, and Chicago. The purpose of this acquisition was related to the benefit of expected synergies, revenue growth and expanding our capabilities in the United States.

Corporate Information

Our principal executive office is located at 37A Avenue J.F. Kennedy, L-1855, Luxembourg and our telephone number is + 352 20 30 15 96. We maintain a website at <http://www.globant.com>. Our website and the information accessible through it are not incorporated into this annual report.

B. Business overview

Overview

We are a digitally native technology services company. We are passionate about building the new way of being digital. We want to help our clients emotionally connect with consumers and employees, leveraging the power of artificial intelligence ("AI") for business optimization. We are the place where engineering, design, and innovation meet scale. Our principal operating subsidiary is based in Buenos Aires, Argentina. For the year ended December 31, 2017, 78.8% of our revenues were generated by clients in North America, 11.8% in Latin America, 0.2% in Asia and 9.3% in Europe, including many leading global companies.

Over the past several years, new technologies have emerged to revolutionize the way end-users interact with technology and reshape businesses and competitive landscapes for organizations.

We believe that we are at the forefront of one of the most radical and profound changes since we experienced the mobile and digital transformation that started with the smartphones 10 years ago: the AI revolution. AI and machine learning ("ML") capabilities have advanced exponentially in recent years, blurring the line between fantasy and reality, and creating an unparalleled market opportunity for whoever can deliver the technology to eager consumers.

Like many radical transformations in the past, AI is poised to be a disruptive force in the near future. Although AI has been available for decades, it has recently matured due to technological advancements that have driven innovation in many industries and accelerated investment in AI.

Today's users move quickly and are keen to interact with their digital ecosystem anywhere and anytime, in a fast, seamless and personalized way that will simplify their lives. We are experiencing an abundance of demand for more intelligent and human-like behavior and technology, and we believe that we have concrete ways to fill that demand.

Our Globers are our most valuable asset. As of December 31, 2017, we had 6,753 Globers and 37 locations across 30 cities in Latin America, Asia, Europe and North America, throughout 12 countries, supported by four client management locations in the United States, and one client management location in each of United Kingdom, Colombia, Uruguay, Argentina and Brazil. Our reputation for cutting-edge work for global blue chip clients and our footprint across the world provide us with the ability to attract and retain well-educated and talented professionals. We are culturally similar to our clients and we function in multiple time zones. We believe that these characteristics have helped us build solid relationships with our clients in the United States and Europe and facilitate a high degree of client collaboration.

For the year ended December 31, 2017, 78.8%, 11.8%, 9.3% and 0.2% of our revenues were generated by clients in North America, Latin America, Europe and Asia, respectively. Our clients include companies such as Google, Electronic Arts, Southwest Airlines Co. and Walt Disney Parks and Resorts Online, each of which was among our top ten clients by revenues for at least one Studio in the year ended December 31, 2017. 88.3% of our revenues for 2017 were attributable to repeat clients who had used our services in the prior year. We believe our success in building our attractive client base in the most sophisticated and competitive markets for IT services demonstrates the superior value proposition of our offering and the quality of our execution as well as our culture of innovation and entrepreneurial spirit.

Our revenues increased from \$253.8 million for 2015 to \$413.4 million for 2017, representing a Compound Annual Growth Rate ("CAGR") of 27.6% over the two-year period. Our revenues for 2017 increased by 28.1% to \$413.4 million, from \$322.9 million for 2016. Our net income for 2017 was \$30.5 million, compared to a net income of \$35.9 million for 2016. The \$5.4 million decrease in net income from 2016 to 2017 was primarily driven by lower gross margin, partially offset by a decrease in selling, general and administrative expenses and efficiencies in the effective income tax rate. In 2015, 2016 and 2017, we made several acquisitions to enhance our strategic capabilities, none of which contributed a material amount to our revenues in the year the acquisition was made. See "Information on the Company - History and Development of the Company."

Our Industry

Over the last several years, a number of technologies have emerged to revolutionize the way end users interact with technology, reshape businesses and change the competitive landscapes for organizations. The proliferation and accelerated adoption of technologies like artificial intelligence, machine learning, virtual reality, cloud computing and related market trends including the focus on omnirelevant experiences, automation of processes and the consumerization of information technology are leading this transformation.

In this new environment, companies' customers, employees, partners, and stakeholders have become voracious users of technology with high expectations. These users move fast from place to place and are keen to interact with their digital ecosystem anywhere and anytime, in a painless, fast, relevant, and unrestricted way. They demand personalized, seamless and frictionless experiences that will simplify their lives.

We believe that these changes are resulting in a paradigm shift in the technology services industry and are creating a demand for service providers that possess a deep understanding of how to build the new way of being digital, taking into account the following emerging technologies and related market trends:

Tech Trends

- **Artificial Intelligence:** AI encompasses a set of technologies that have advanced exponentially in recent years, blurring the line between fantasy and reality and creating an unparalleled market opportunity for whoever can bring the technology to eager consumers. These technologies include big data and fast data, speech recognition, natural language generation and processing, deep learning, machine learning, robotic process automation and biometrics.
- **Security:** In the last few years, security breaches have become more high profile, pushing all industries to improve their security programs and become more transparent. Healthcare, finance and enterprise-related data are included on all types of devices and, consequently, a concrete cybersecurity framework that protects all the touch points is needed. Enterprises must be ready with a ransomware deflection plan and should be transparent and upfront with any data breach.
- **Virtual Reality and Augmented Reality:** Experiences will be expanded from visual and sound to include more sensors, such as touch and smell . These technologies now exist and will continue to be used by more industries, ranging from entertainment to healthcare .
- **Blockchain technology:** A blockchain is a distributed database in which information is listed sequentially in "blocks." This helps prevent the tampering of data and promises increased trust and less business friction by offering transparent access to the chain. Several industries including gaming, music distribution, title registry, and identity verification, are already starting to leverage this technology in initiatives that are likely to launch during 2018 .
- **Cloud computing:** Cloud computing is a model for consuming and delivering business and consumer products and services, using Internet-based computing, storage and connectivity technology to house content distributed to an increasing variety of devices. This trend foster the development of new applications and devices that can access cloud-based software .

Market Trends

- **Future of Organization:** Companies depend on their ability to recruit the right talent and empower employees, which can be accomplished through efficient human resource planning and technological enablement. Companies are striving to fix poor employee experiences by developing new processes from the principles of creating customer experiences .
- **Omnirelevant experiences:** Focusing on relevance and quality of user interaction over quantity of touch points is at the heart of an effective digital strategy for companies. This requires consumer-centric thinking from the outset. It means being aware of the moments that impact customers and taking action throughout their digital journey while, taking into consideration five key elements: harmony, familiar security, contextual content, sensory and surprise .

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- **Personalization of products, services and content:** Consumers are interested in having trusting relationships with brands, and these relationships require emotional intimacy at every step of the journey. Personalization of products, services and content substantially depends on accurately capturing and reading micro moments of users. User interface and design experimenters are introducing customized interface and persona-mapped user journeys that will shape the user's experience based on his or her mood and emotions by using brainwave biometrics, and other sensory receptions, such as gaze and hand gestures. These inputs will guide the user's interaction with dynamic content and navigate the journey of using an application.
 - **Automation:** Automation continues to surge as many industries create technology to handle repetitive tasks. This is affecting traditional production tasks as well as digital ones such as for marketing and analysis purposes. For example, the use of machine learning allows for anomalies to be detected without the need of human intervention. Companies will continue to find ways to improve efficiency by automating their processes.
 - **Consumerization of Information Technology:** This process increases as consumers continue to adopt emerging technologies into their personal lives, and come to expect the same experience, communication and features from business applications. Employees and enterprises are leveraging tools that originated in the consumer world to communicate, collaborate and share knowledge in the workplace, as well as with clients.
 - **Chat and business bots:** These software programs include AI components to interact with people over messaging apps. They have been used for practical purposes such as customer service or information acquisition, but businesses are beginning to see that they can be leveraged to incite conversations that deliver personalized and meaningful content to their customers at scale.

Our Approach

We create software designed to appeal to, and connect emotionally with, consumers. We focus on bringing engineering, innovation and design to scale. We assist our clients in transforming their businesses into digital.

We utilize an ecosystem designed to foster creative engineering and successful digital transformations, together with a drive to accompany our clients as they **Stay Relevant** within their industries through research and events.

The four key components of our ecosystem are: our **Studios**; our **Services over Platforms** division; our **Agile Pods Methodology**; and, our **Stay Relevant** approach.

Studios:

We believe that our Studio model is an effective way of organizing our company into smaller operating units, fostering creativity and innovation while allowing us to build, enhance and consolidate expertise around a variety of emerging technologies. Each of our Studios has specific domain knowledge and delivers tailored solutions focused on specific technology challenges. This method of delivery is the core of our services offering and our success. We group them in three different categories: Strategic (these studios are key to shaping our clients' business strategy; they help ensure that organizations are relevant and sustainable); Specialty (studios that power digital transformations and create quality digital products with innovative technologies and emerging trends); Foundation (the engine that allows us to meet scale and provides efficiency and quality to our clients' digital transformations).

Service Over Platforms:

Our experience building software products allows us to develop a set of platforms designed to help create Digital Journeys in an agile and innovative manner. These products have the flexibility to adapt to our clients' needs as we provide microservices to complement them.

Within our Services over Platforms, we provide specific platforms as a starting point, and then customize them to the specific need of the customers using our services force. We price this service in the same way SaaS companies do: cost per transaction, cost per user or cost per month according to each platform.

Agile Pods Methodology:

We have created a software product design and development model, known as Agile Pods. This model aligns business and technology teams and is driven by a culture of self-regulated teamwork and collaboration across skills, partners and country borders.

Leveraged across divisions, Agile Pods are dedicated to mature emerging technologies and market trends, and provide a constant influx of mature talent and solutions that create intellectual property for our clients. They are self-organized teams that work to meet creative and production goals, make technology decisions and reduce risk. These teams are fully responsible for creating solutions, building and sustaining features, products or platforms.

In addition, savings are delivered to clients due to sustained productivity boosts as the Agile Pods begin to operate at a higher maturity level. We ensure consistency, accountability and replicability by having Agile Pods follow a well defined set of maturity criteria. Maturity models describe levels of growth and development as follows: Maturity, Quality, Velocity, and Autonomy. Each level acts as a foundation for the next and lays out a path for learning and growth. As Agile Pods evolve from one level to the next, they are equipped with the understanding and tools to accomplish goals more effectively.

Associated metrics guide improvement efforts and generate quantitative and qualitative insights to inform iterative design and planning decisions.

Stay Relevant

We work to provide helpful information and initiatives to understand our customers' environment, competitors and user behavior. Our thought leaders help our customers stay relevant within their industries by creating and publishing research, organizing SME gatherings, and participating in webinars and conferences, among other initiatives. Our mission is to provide valuable insights to help organizations create their customers' journeys, experiences, and to foster emotional connections with the audience.

Culture

Our culture is the foundation that supports and facilitates our distinctive approach. It can be best described as entrepreneurial, flexible, sustainable and team-oriented, and is built on three main motivational pillars and six core values.

Our motivational pillars are: Autonomy, Mastery and Purpose. Through Autonomy, we empower Globers to take ownership of their client projects, professional development and careers. Mastery is about constant improvement, aiming for excellence and exceeding expectations. Finally, we believe that only by sharing a common Purpose we will build a company for the long-term that breaks from the status quo, is recognized as a leader in the delivery of innovative software solutions and creates value for our stakeholders.

Globant's core values are:

- **Act Ethically** - In our view, the achievement of professional excellence requires high ethical standards. We believe in doing business in an ethical manner and know our achievements go hand-in-hand with the responsibility to improve our society.

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- **Think Big** - We believe that we can build a world-class company that provides Globers with a global career path. Our work is based on constant challenges and growth.
 - **Constantly Innovate** - We seek to innovate in order to break paradigms.
 - **Aim for Excellence in Your Work** - We know that problems we face now will reappear in future projects so we try to solve the obstacles that affect us today.
 - **Be a Team Player** - We encourage Globers to get to know their colleagues and to support one another. Together, we are going to improve our profession, company and countries. We operate as one team whether it's solving a problem or celebrating excellent results. We also all have the right to be heard and respected.
 - **Have Fun** - As Globers, we believe in finding pleasure in our daily tasks, creating a pleasant work atmosphere and building friendships among colleagues.

Consistent with our motivational pillars and core values, we have designed our workspaces to be enjoyable and stimulating spaces that are conducive to social and professional interaction. Our delivery centers include, among others, brainstorming rooms, music rooms and "chill-out" rooms. We also organize activities throughout the year, such as sports tournaments, outings, celebrations, and other events that help foster our culture. We believe that our work environment fosters creativity, innovation and collaborative thinking, as well as enables Globers to tap into their intrinsic motivation for the benefit of our company and our clients.

Innovation

As fundamental values of our day-to-day, innovation and creativity are not managed from a specific area. Instead, these values are emphasized throughout our company.

In our view, it is critical that each and every one of our Globers be an innovator. In addition to offering a flexible and collaborative work environment, we also actively seek to build the capabilities required to sustain innovation through several ongoing processes and initiatives including: iFactor (our innovation program), design thinking workshops (internally and with customers), Think Big Sessions (open technology talks) and Globant Labs (a space where our Globers can ideate and develop their own projects).

Sustainability

We believe that sustainable development of our organization is critical in order to enhance our competitive position in building the new way of being digital. In other words, we look forward to social and environmental results, in addition to financial metrics.

For this reason, besides working internally with Globers, we focus on community involvement, interacting with society and committing ourselves to meet their needs. Three pillars drive our commitment: education for job placement, technology for the community and entrepreneurship promotion.

Entrepreneurship

Globant was created as a start up. It was built by entrepreneurs and, over the years, many Globers have made a difference by creating and dreaming big with us. Entrepreneurship is the inner force that moves us to build digital journeys that matter to millions of users. We encourage Globers to dream and create more meaningful and rewarding experiences for our customers. To empower that vision:

- We created the iFactor Program, which is an internal contest and a way of looking for new approaches and original ideas to add value for us and our customers through innovation, scalability and commercial viability.
- We support startups and entrepreneurs around the world mentoring and empowering them to scale.

Competitive Strengths

We believe the following strengths differentiate Globant and create the foundation for continued rapid growth in revenues and profitability:

Ability to build the new way of being digital

Over the past several years, new technologies have emerged to revolutionize the way end-users interact with technology and reshape businesses and competitive landscapes for organizations.

We create software designed to appeal to, and connect emotionally with, consumers. We focus on bringing engineering, innovation and design to scale. We assist our clients in transforming their businesses into digital.

We believe that we are at the forefront of one of the most radical and profound changes since we experienced the mobile and digital transformation that started with the smartphones 10 years ago: the AI revolution. AI and machine learning ("ML") capabilities have advanced exponentially in recent years, blurring the line between fantasy and reality, and creating an unparalleled market opportunity for whoever can deliver the technology to eager consumers.

Like many radical transformations in the past, AI is poised to be a disruptive force in the near future. Although AI has been available for decades, it has recently matured due to technological advancements that have driven innovation in many industries and accelerated investment in AI.

Today's users move quickly and are keen to interact with their digital ecosystem anywhere and anytime, in a fast, seamless and personalized way that will simplify their lives. We are experiencing an abundance of demand for more intelligent and human-like behavior and technology, and we believe that we have concrete ways to fill that demand.

Deep domain expertise in emerging technologies and related market trends

We have developed strong core competencies in emerging technologies and practices such as artificial intelligence, mobility, big data, wearables, internet of things, security, digital content and cloud computing. We have a deep understanding of market trends, including the focus on omnirelevant experiences, automation of processes, user experience, personalization, Cognitive Computing and open collaboration. Our areas of expertise are organized in Studios, which we believe provide us with a strong competitive advantage and allow us to leverage prior experiences to deliver superior software solutions to clients.

Long-term relationships with blue chip clients

We have built a roster of blue chip clients such as Google, Electronic Arts, Southwest Airlines Co. and Walt Disney Parks and Resorts Online, many of which themselves are at the forefront of emerging technologies. In particular, we have been working with Disney and Electronic Arts for more than eight and ten years, respectively. We believe that our success in developing these client relationships reflects the innovative and high value-added services that we provide along with our ability to positively impact our clients' business. Our relationships with these enterprises provides us with an opportunity to access large IT, research and development and marketing budgets. These relationships have driven our growth and have enabled us to engage with new clients.

Global delivery with access to deep talent pool

As of December 31, 2017, we provided our services through a network of 37 offices in 30 cities throughout twelve countries. Our delivery locations are in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid) and United Kingdom (London). We also have client management locations in the United States (San Francisco, New York, Boston and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The main administrative offices of our principal subsidiary (which also include a delivery center) are located in Buenos Aires. Our principal executive office is located in Luxembourg. All of our facilities (with the exceptions of Tucumán and Bahía Blanca) are leased. We also have two offices under construction in Buenos Aires and La Plata.

Latin America has an abundant talent pool of individuals skilled in IT. Over 315,000 engineering and technology students have graduated annually from 2011 - 2015 from universities in Latin America and the Caribbean region according to The Science and Technology Indicator Network (*Red de Indicadores de Ciencia y Tecnología*), a research organization that tracks science and technology indicators in the region. Latin America's talent pool (including Mexico, Brazil, Argentina, Colombia and Uruguay) is composed of approximately 1,000,000 professionals according to SmartPlanet and NearshoreAmericas. Our highly skilled Globers come from leading universities in the regions where our delivery centers are located. Among our surveyed Globers, approximately 95.0% have obtained a university degree or are enrolled in a university while they are employed by our company, approximately 3.2% have obtained a graduate level degree, and many have specialized industry credentials or licensing, including in Systems Engineering, Electronic Engineering, Computer Science, Information Systems Administration, Business Administration and Graphic and Web Design. Our time zone and cultural similarity have helped us build solid relationships with our clients in the United States and Europe and differentiate us on projects that require a high degree of client collaboration.

A key element of our strategy is to expand our delivery footprint, including increasing the number of employees that are deployed onsite at our clients or near client locations. In particular, we intend to focus our recruitment efforts on the United States. We will continue to focus on expanding our delivery footprint both within and outside Latin America to gain access to additional pools of talent to effectively meet the demands of our clients and to increase the number of Globers that are deployed onsite at our clients or near client locations.

Highly experienced management team

Our management team is comprised of seasoned industry professionals with global experience. Our management sets the vision and strategic direction for Globant and drives our growth and entrepreneurial culture. On average, the members of our senior management team have 19 years of experience in the technology industry giving them a comprehensive understanding of the industry as well as insight into emerging technologies and practices and opportunities for strategic expansion.

Strategy

We seek to be a leading provider of software that appeals and connects emotionally with millions of consumers. The key elements of our strategy for achieving this objective are as follows:

Grow revenue with existing and new clients

We will continue to focus on delivering innovative and high value-added solutions that drive revenues for our clients, thereby deepening our relationships and leading to additional revenue opportunities with them. We will continue to target new clients by leveraging our engineering, design and innovation capabilities and our deep understanding of emerging technologies. We will focus on building our brand in order to further penetrate our existing and target markets where there is a strong demand for our knowledge and services.

Remain at the forefront of innovation and emerging technologies

We believe our Studios have been highly effective in enabling us to deliver innovative software solutions that leverage our deep domain expertise in emerging technologies and related market trends. As new technologies emerge and as market trends change, we will continue to add Studios to remain at the forefront of innovation, to address new competencies that help us stay at the leading-edge of emerging technologies, and to enable us to enter new markets and capture additional business opportunities.

Attract, train and retain top quality talent

We place a high priority on recruiting, training, and retaining employees, which we believe is integral to our continued ability to meet the challenges of the most complex software development assignments. In doing so, we seek to decentralize our delivery centers by opening centers in locations that may not have developed IT services markets but can provide professionals with the caliber of technical training and experience that we seek. Globant offers highly attractive career opportunities to individuals who might otherwise have had to relocate to larger IT markets. We will continue to develop our scalable human capital platform by implementing resource planning and staffing systems and by attracting, training and developing high-quality professionals, strengthen our relationships with leading universities in different countries, and help universities better prepare graduates for work in our industry. We have agreements to teach, provide internships, and interact on various initiatives with the several universities in Argentina, Colombia, Uruguay, Mexico, Brazil and India.

Selectively pursue strategic acquisitions

Building on our track record of successfully acquiring and integrating complementary companies, we will continue to selectively pursue strategic acquisition opportunities that deepen our relationship with key clients, extend our technology capabilities, broaden our service offerings and expand the geographic footprint of our delivery centers, including beyond Latin America, in order to enhance our ability to serve our clients. Our acquisitions of Ratio and PointSource in the first and second quarter of 2017, respectively, illustrate our commitment to this strategy.

Our Services

We utilize an ecosystem designed to foster creative engineering and successful digital transformations, together with a drive to accompany our clients as they **Stay Relevant** within their industries through research and events.

The four key components of our ecosystem are: our **Studios**; our **Services over Platforms** division; our **Agile Pods Methodology**; and, our **Stay Relevant** approach.

Studios: Our Studios are deep pockets of expertise designed to foster creativity and innovation by focusing on a specific domain of knowledge.

Services Over Platforms: Our experience building software products allows to develop a set of platforms designed to help create Digital Journeys in an agile and innovative manner. These products have the flexibility to adapt to our clients' needs as we provide microservices to compliment them.

Agile Pods: Agile Pods are cross-functional and multidisciplinary teams that bring together design and engineering in order to deliver the right products. Agile Pods are measured according to four variables: innovation, velocity, quality, and autonomy. We encourage pods to mature over time to become more aligned with our customers' needs.

Stay Relevant: We work to provide helpful information and initiatives to understand our customers' environment, competitors and user behavior.

Studios

Our Studio model is an effective way of organizing our company into smaller operating units, fostering creativity and innovation while allowing us to build, enhance and consolidate expertise around a variety of emerging technologies. Each of the our Studios has specific domain knowledge and delivers tailored solutions focused on specific technology challenges.

Our Studios represent the core of our service offerings and our success. We group them in three different categories:

- **Strategic:** These studios are key to shaping our clients' business strategy. They help ensure that organizations are relevant and sustainable.
- **Specialty:** Studios that power digital transformations and create quality digital products with innovative technologies and emerging trends.
- **Foundation:** The engine that allows us to meet scale and provides efficiency and quality to our clients' digital transformations.

Our set of strategic studios includes the following:

Artificial Intelligence: Enabling the future today

We strive to enable the future today with state-of-the-art techniques, including deep learning, other neural networks and traditional ML approaches, coupled with the increased capacity of machines to understand complex patterns out of data.

The portfolio of services we provide through the Studio includes:

- **Machine Learning:** We build solutions powered by ML using traditional approaches (regressions, decision trees, HMM, SVM) and new deep learning methods. Our focus still relies on a human centric design and, therefore, we apply ML to adapt the Journey to create a seamless and emotionally-engaged experience. We utilize ML to provide an as-good-as-a-human decision process (contextual, adaptive) to delegate low-value-added decisions or alert when a critical decision is needed.
- **Pattern Recognition:** We leverage the power of signal processing (video, images, audio, text or any other type of data), to recognize and understand patterns. New opportunities are flourishing from the availability of volumes of new data in different forms; together with computer power and new algorithms.
- **Natural Language Understanding:** Natural Language Understanding ("NLU") enables a computer to understand and generate natural language (either typed or spoken). We develop software with NLU capabilities to explore new ways of emotional engagement. We enable users to address software, through different devices, as though the user was addressing another person. Our software applies computational techniques in order to understand the syntax and semantics of language.

Future of Organizations: Making organizations come alive

The Future of Organizations Studio focuses on helping companies with their internal digital transformation and digital corporate culture. The goal of this Studio is to ensure our customers' success by engaging employees and considering them to be one of the most important stakeholders of the organization.

Platforms and apps that integrate and act as the operating system for the organization of the future. We help organizations with their digital transformation, enabling them to manage their culture effectively, engaging their employees from day one to ensure success.

Consultancy: Humanizing Technology

Through our Consultancy Studio, we seek to enable our clients to move quickly and confidently from strategy to execution phases while enhancing their overall returns.

The portfolio of services we provide through our Consultancy Studio includes:

- **Customer Insight:** We use qualitative and quantitative studies into needs, wants, expectations and ideals to predict future customer states, allowing clients to make smarter strategic decisions. Services include co-insight sessions, lab based, ethnographic, surveys, forms, behavioral tracking and trend analysis and large scale quantitative studies.
- **Behavioral Change:** Understand and influence user behavior, through the science of collaboration, research and insight to drive process-oriented human, environmental and systems change. From channel shift for transport to crime reduction for civic services and smarter health care, our clients are changing the world for the better.
- **Product Innovation:** Customer-centered rapid evaluation and enhancement of new propositions and existing products through an agile design and iteration process: heuristic evaluation, concepting and story-boarding, low and high-fidelity prototyping, lab and guerilla testing. All run with customer and client collaboration sessions, on-site or off-site.
- **Design Thinking:** A way to enable stakeholders to 'think like a customer' and collaboratively develop a shared vision of the ideal future state for the business and customer: co-discovery and co-design, empathy mapping, experience/journey mapping, lego serious play, vision setting.

Product Acceleration: Delivering best-in-class digital products

Our Product Acceleration Studio utilizes modern product management techniques to ensure products solve the right problems, meet user expectations, and achieve business value.

The portfolio of services we provide through our Product Acceleration Studio includes:

- **Product Management Discovery:** We create a bridge between initial product briefs and actionable implementation plans. Product Managers help companies discover core user problems, define effective solutions, implement product development practices, establish product organizations, evolve product governance and define go-to-market strategies.
- **Product Management Delivery:** Fully engaged product owners who are able to create epics and stories, collaborate with designers and engineers, help teams prioritize work, and evaluate team performance against business value in an agile way.
- **Product Coaching:** Product management coaches help companies establish people-centric product development practices, including skills training, organizational consulting and team definition.

Process Automation: Efficiency driven by technology

Our Process Automation Studio delivers solutions that enable our clients to be more efficient, innovative and agile.

Companies strive to enhance their efficiency as they grow and competition increases. Our goal is to provide solutions that improve productivity, create competitive advantages, foster innovation and provide agility. We work to establish quick wins that are refined using an iterative approach to deliver more value on each cycle while optimizing throughput.

The portfolio of services we provide through our Process Automation Studio includes:

- **Process Appraisal:** An in-depth analysis of the processes is done so that they can be valued and prioritized to outline the best automation strategy. In order to have quick wins that deliver actual value to the business we do a joint work with our clients to define measurable criteria that support the decision on where to start and the set of technologies to use and be successful.

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- **Automated Solutions:** Process automation is not just selecting a single tool in the market and automate a flow but rather a conscious analysis of the set of technologies to be used understanding the context on which they will run. Our extensive knowledge of technologies allow us to define the appropriate architecture considering infrastructure and automation needs, while leveraging AI and data scraping techniques among more traditional solutions.
 - **Process Evolution:** Monitoring and governance of automated process is key to improving efficiency. Through the definition of the appropriate set of metrics and tools, we control the operation identifying bottleneck areas and optimize performance, as well as including new processes to automation strategy.

Agile Delivery: *Aligning stakeholders and methodologies to meet business goals.*

Digital Transformation programs require alignment from the strategic, tactic and support levels as a crucial factor to their success. As a backbone to these programs, leaders are expected to steer engagement, innovation, effectiveness and commitment from the teams while achieving predictability in terms of timeframe, budget and quality. We create sustainable operations designed to scale and guarantee the lowest cost of ownership.

The portfolio of services we provide through our Agile Delivery Studio includes:

- **Delivery Management:** We deliver high value solutions by steering teams into a continuous improvement approach to product development. We set clear and common goals to achieve outstanding results within budgets, with scalable and sustainable operations.
- **Agile Consultancy:** We educate, mentor and enable organizations to capitalize on the principles and competencies found in paradigms such as Agile, Systems Thinking, Lean and others. We support the transition and journey until it reaches a point of self-sustainability.
- **Management Consulting:** We provide consulting services related to processes, quality and performance indicators. We provide visibility for effective decision making process and PMO Development service for our clients. Our design process is intended to contribute to operational goals.

The specialty studios include the following:

UX Design: *Designing relevant experiences*

Our UX Design Studio focuses on delivering quality, design, strategy, and production to address worldwide digital challenges. Our designs are based on observations of consumer behavior and market trends. Our goal is to create concrete and relevant solutions that appeal to both users and businesses.

The portfolio of services we provide through our UX Design Studio includes:

- **User Experience:** By identifying verbal and non-verbal stumbling blocks, we refine and iterate to create an exceptional user experience. From user research and usability analysis to interactive design, we enhance interactions, information architecture, usability and persuasion. We help our clients inspire their communities, foster adoption and drive conversion results.
- **Visual Design:** We utilize an insightful and conceptual approach to create and execute designs. We develop visual elements of an interphase and implement a brand personality into the interaction design. We establish relationships with the users by creating emotional interfaces and brands based on deep analyses of end-users and market trends. In much the same way that a piece of art appeals to the human eye, we strive to visually and emotionally engage users.

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- **Service Design:** Service design involves the activity of mapping, prototyping and planning cutting-edge product-service systems and how the actors should interact to bring those omni-relevant experiences to market. From strategic and operations management to business design, we apply a holistic approach to understand, create and orchestrate strategic scenarios, working in collaboration with multidisciplinary teams. Our service designers co-design with clients and customers translating research insights into actionable plans and viable opportunities for growth.
 - **Industrial Design:** Modern style and design must go hand in hand with technology, particularly at a time when consumers have high standards in terms of the quality of functional and non functional features. Our practice is focused on creating beautiful and natural designs that feed all the senses. For many years screens have had all the design focus, but with the introduction of haptics and other feedback mechanisms, it's key to consider the rest of the senses in the product or experience design.

Mobile: Enabling mobility everywhere

Whether our clients need to build a new product, mobilize an existing product or maintain an existing solution, which can be native, hybrid or built through cross-compilers, our Mobile Studio is experienced on the latest tools and frameworks to help you reach your business goals. Leveraging on our experience from our Agile Pods Methodology, cross-industries knowledge, and a combination of state-of-the-art and traditional user interface tactics, we add value when creating or improving our clients' mobile strategy.

The portfolio of services we provide through our Mobile Studio includes:

- **Mobile Engineering:** We build mobile applications for the most common platforms. We develop through a native approach, utilizing the most recent operating system updates and device capabilities for iOS and Android or, we develop through a hybrid or cross-compiler approach maximizing code reuse. We are technology-agnostic and recommend the best approach for our clients' business needs. We've built over 300 mobile products for iPhone, iPad, Apple TV, Apple Watch, Android smartphones, Android tablets and Android wearable devices.
- **Fast Prototyping:** Our SWAT team can build a working prototype to quickly validate our clients' business ideas or jumpstart their projects to a scalable solution. We utilize proven base tech stack and platforms to minimizing coding.
- **Mobile & Product Strategy:** We assist our clients in a variety of situations to further mature their mobile strategy. Some of our clients have no experience in building mobile applications, while others have multiple products without development standards or need assistance scaling their teams. Based on our experience working with over 100 organizations, from startups to Fortune 500 companies, we developed our consultancy framework to assess each organization's maturity and provide solutions to deliver mobile solutions.

Gaming: Engaging through play

Our Gaming Studio specializes in the design and development of world-class games and digital platforms, which work across console, pc, web, social and mobile channels.

We enable our clients to leverage game mechanics by helping them develop a vision and execute an idea through production, launch and operation. We believe that our expertise and experience with some of the most recognized companies in the gaming industry enables us to add value to our customers' businesses. We utilize our experience, creative talent, well-established technology frameworks and processes to scale and foster innovation.

The portfolio of services we provide through our Gaming Studio includes:

- **Game Engineering:** We streamline the development process creating feature-rich products around the core intellectual property of our clients. We co-develop AAA games working directly for world-class video game developers.
- **Game Experience:** Our Gaming Studio is capable of creating all components of a gamified experience. For example, we can create a complete video-game or apply gamification techniques to a current product, combining game design with user experience to provide experiences across multiple platforms. We seek to engage users and achieve business goals through fun and play.
- **Digital Platform Services:** We create and expand centralized platforms for cross-platform development. A digital platform consists of a coherent technical offer to access a universe of distant, interactive or non-interactive services which can be broadcasted or supplied on-line.
- **Virtual & Augmented Reality:** Virtual reality extends beyond gaming and entertainment. In the near future, we expect it to become omnipresent and a critical component of IT. Augmented reality allows a user to expand his or her mind beyond reality, displaying information in the user's field of view where the real and virtual worlds are tightly coupled. Our Gaming Studio provides ideation sessions, customer engagements, market reach and content creation to bring the next generation of technology to our clients' businesses.
- **Graphics Engineering:** We provide services to develop products and tools to bring artists' designs to life. This includes animation, lighting, shading, visualization tools and rendering.
- **3D & 2D Art:** We focus on creating high-end game art for AAA productions. We monitor the latest technical and artistic pipelines as well as the latest art techniques in order to stay relevant to current industry standards. We provide character and environment art, from the conception stage to the final game ready asset.
- **e-Sports:** We provide an interactive and engaging experience for target audiences. Whether it's virtual reality, second screen or main screen, we combine our engineering, product design and community management solutions to help our clients increase spectators and connect observers and players.

BigData: *Turning data into insights*

In our Big Data Studio, our mission is to empower our clients with a competitive advantage by unlocking the true value of data to create meaningful, actionable and timely business insights.

We break down internal data silos that have different data structures, velocities and volumes, and enrich that data with external sources, creating a scalable Enterprise Data Platform, democratizing the data and fostering organizational changes towards a data-driven culture. Our Data Engineers combine data, business processes, and state-of-the-art IT tools and algorithms that enable businesses to engage in a deeper, interactive and more meaningful conversation with their data, using visual discovery techniques to reveal hidden patterns and trends and obtain relevant and useful business insights for decision-making purposes.

The portfolio of services we provide through our Big Data Studio includes:

- **Data Architecture:** With the widespread usage of devices and the virialization of social networks, massive volumes of digital data are available. Companies want to extract valuable conclusions about their businesses by cross-referencing data with traditional and innovative unstructured sources. We offer business-aware real-time analytics and enterprise information management services, which include traditional data warehousing using relational database management systems and next-generation non-relational and distributed database management technology.
- **Data Science:** We utilize mathematical and statistical tools of data science to help our clients "fill the gap" between what they know from their data, and what they would like to know if additional data were available. This includes predictions, optimizations and classifications.
- **Distributed Platforms:** We partner with our clients in successfully executing highly complex strategic software projects, optimizing their architecture design and identifying potential bottlenecks early in the process. We give special attention to factors such as adaptability when user base increases or information volume grows, maintainability along time, providing dynamically scalable software architectures, enforcing data security from the ground up, and ensuring transactions are processed within required timeframes to avoid revenue loss.

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- **Data Integration:** Creating a scalable Enterprise Data Refinery that can pull and consolidate massive amounts of data from heterogeneous systems is not an easy task. We provide development services over multiple tools, languages and platforms in order to create data pipelines and workflows with high standards of availability, performance and security that will pull, cleanse, enrich and consolidate your company's data.
 - **Data Visualization:** Well-designed data visualization and dashboards extend beyond current status and indicators, and synthesize complex sets of data into key views, charts and graphs, revealing results in ways that common tools and spreadsheets cannot. The functionality to drill data down and to integrate the view with statistics and business intelligence tools, further the end users' ability to glean insights from masses of numbers. We enable users to engage in an interactive and more relevant conversation with their data, allowing users to explore the unknown, navigate the data and discover hidden patterns and trends on their own.
 - **Blockchain:** With Blockchain technologies, we focus on helping our customers resolve trust related problems and inefficiencies. We provide research and development services over multiple blockchains (Ethereum, Bitcoin, Hyperledger, etc.) and also over several decentralized storage systems. We are focused on understanding the customer's business and finding how a blockchain can be leveraged to solve a problem.

Internet of Things: Connecting the physical world

Our Internet of Things Studio offers technology solutions for the current device ecosystem and additional applications for the internet of things.

We help our customers develop their new product ideas and gather information about behavior, activities and sensor-collected data, and then process all the information to develop new services.

The portfolio of services we provide through the Studio includes:

- **IOT Experiences:** Our experience in development and open source tools position us with the experience needed to handle new digital connected journeys based on current technology. Our engineers are ready to integrate the next generation of devices.
- **Platforms:** Our platforms provide interaction and feedback to and from devices and highly scalable platforms and real time analysis to respond to different scenarios. All of the data produced by wearables and IoT enabled devices can be collected, stored and processed on the appropriate data platform. This enables our customers to extract valuable knowledge and insights by applying the right Big Data strategy and enabling intelligent interactions.
- **Hardware integration:** We assist customers with the connection between sensors and backend services through devices or hardware. Our team can handle different approaches ranging from custom made hardware to integration with third party providers.
- **IoT Consultancy:** We help our clients by researching, consulting and advising based in our core expertise in product engineering and digital transformation.

Digital Content: Managing scalable content

Our Digital Content Studio focuses on developing digital online strategies through the creation of original and customized products and solutions.

We want to empower our clients' businesses by taking care of the complete life-cycle of a digital strategy, from development of user-friendly and appealing content management systems, to the complete go-to-market digital promotion. We also want to work with our clients to develop digital marketing campaigns, learning solutions, content strategies and engaging audiovisual content that supports their goals.

The portfolio of services we provide through the Studio includes:

- **Content Management Systems:** We help our clients deliver an excellent digital experience through the use of platforms. We understand that our clients' content must reach to the right people on the right devices at the right times.
- **E-Learning:** Through our expertise in innovation, state-of-the-art technology and educational content production we deliver engaging experiences to enhance the process of learning.
- **Digital Marketing:** We provide services to develop digital online strategies focusing on empowering our clients' businesses by creating and implementing original and customized online marketing solutions.
- **Video Content Production:** We are able to bring ideas to life by creating amazing videos for business and brands, combining agility and quality to help our clients achieve their goals.
- **OTT:** We are experts in helping customers monetize video through the design, development, launch, and management of video applications across a myriad of consumer devices and platforms. Billions of videos have been played through the experiences we've launched .

Lastly, our foundation studios include:

Cloud Ops: Delivering products faster

Our Cloud Ops Studio combines some of the leading cloud technologies, continuous integration and continuous delivery practices with our capabilities to facilitate new and more efficient ways of doing business.

Cloud and Dev Ops are independent but mutually reinforcing strategies for delivering business value. Cloud and Dev Ops evolved in response to three fundamental transformations. First, we are transitioning from a product economy to a service economy. Second, the business environment demands that companies shift their focus from stability and efficiency to agility and innovation. They need to increase delivery frequency and continue their service evolution. Third, the digital dimension is filling the physical dimension.

The portfolio of services we provide through our Cloud Ops Studio includes:

- **Cloud:** From roadmap definition to managed services, we can support our clients' cloud journey. Working with cloud platforms since 2009, we developed the expertise and framework to deliver consultancy services for cloud adoption strategy, application transformation, disaster recovery definition and ongoing support. Our main goal is enabling IT agility with pragmatism that is fully aligned with each client's core business leveraging Amazon Web Services, Microsoft Azure, Google Compute Platform and OpenStack (including, IaaS, Containers, Serverless technologies among others).
- **Devops:** We utilize Dev Ops in our clients' development cycles to enable continuous integration and continuous deployment of their products, allowing production updates several times a day rather than once every few months. This practice also allows improvements in the overall product cycle as it accelerates acceptance testing, and enables business owners to see what the teams are producing in real time, delivering new products and features with a faster time to market.
- **Cloud Native Patrol:** Our Cloud Native Patrol assists our clients to accelerate and support complex cloud native projects. The cloud ecosystem is becoming very complex, and cloud providers continue to innovate by adding new tools while enriching existing ones. The same is happening with the whole cloud native landscape (orchestration, service discovery, containers, automation, configuration management, observability, PaaS). Cloud Native Patrol addresses the challenges of supporting the complete ecosystem.

Quality Engineering: Enabling quality everywhere

The success of our clients' businesses is directly tied to the quality of complex and highly integrated software. Our clients' software drives opportunities, but it also exposes them to new risks. We believe that only a high quality product has a chance of succeeding in today's market.

Our Quality Engineering Studio focuses on reducing our clients' business risks. We provide a comprehensive suite of innovative and robust testing services that ensure high-quality products to meet the needs of demanding, technology-avid users. Cutting edge quality strategies increase test efficiency, decrease time to market and reduce the risks inherent in producing challenging digital journeys.

Our "round the clock" approach leverages the close-knit nature of quality assurance across geographies and time-zones to achieve continuous testing. This approach aligns with build schedules to utilize the onshore, nearshore and offshore teams to their maximum potential.

The portfolio of services we provide through our Quality Engineering Studio includes:

- **Functional Testing:** We offer comprehensive quality assurance services to ensure that the final system/service delivered to our clients meets and exceeds their business requirements. Our quality control analysts are involved in the software development process from the start of each project, helping clients identify the needs of their audience and prepare for accurate targeting suitability of the products we will be creating together.
- **Load & Performance Testing:** Measuring and assessing the performance of widely used global sites and applications is a technically challenging and multidisciplinary effort. A comprehensive test strategy needs to consider a broad, real life scenario and needs to analyze each product as it will ultimately run. Validations include responsiveness, throughput, scalability, reliability and resource usage. Our practice includes stress testing, load testing and performance testing.
- **Mobile Testing:** Supporting multiple devices and platforms, and planning for production monitoring approaches, is necessary to achieve end-to-end quality. We utilize compatibility testing, responsive design testing, test automation and acceptance testing among other practices.
- **Test Automation:** We have deep expertise in providing test automation services and developing test automation solutions and frameworks. We believe test automation is a key testing practice to increase test efficiency, reduce time to market and limit human error inherent with manual testing. Test automation is preparing to efficiently handle future requests through smoke testing, regression testing, integration testing, services testing and other automated processes.

UI Engineering: Building Digital products

We specialize in building the next generation of User Interface ("UI") digital products leveraging the latest technologies and architectures, multi-device techniques, big-scale applications, component based systems, intelligent user interfaces and the latest trends in user experience.

By providing a set of UI practices and technologies, we create engaging products through interactive interfaces across multiple channels and devices, independent of platforms and delivering the same experience in a frictionless way. Those interfaces are aware of users, from context to context, device to device and act proactively to make the experience simpler, leaner, faster and suggesting new behaviors based on interactions. We deliver leading digital products for users, making use of tools, frameworks and components, providing a single architecture and codebase with the right functionality in any platform.

The portfolio of services we provide through the Studio is focused on the integrated delivery of:

- **Large Scale Web Applications:** Omnichannel solutions are needed to power digital transformations. This is done by building responsive and scalable web applications following different approaches, from single page applications to server side rendered applications with a loosely coupled, modular, component based architecture, mobile-first and SEO friendly techniques among other best practices.
- **Hybrid & Cross-Compiled Development:** We create downloadable applications using cutting-edge technologies with access to hardware features that run in multiple native platforms using a combination of JavaScript frameworks. This allow companies to face omni-channel challenges by using hybrid strategies giving support to mobile devices, kiosks, POS, and others, through a single codebase.

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- **Accessibility:** Accessibility considerations need to be built into the everyday practices across the full web product life-cycle from conception and specification through development and delivery. We have the required expertise to develop an accessibility compliant application according to applicable regulations.

Scalable Platforms: Supporting reliable products

Scalable Platforms have become extremely important in today's digitally connected environment. We provide the architectural base to accelerate omni-channel strategies, improve internal processes and build consistent cross-channel customer experiences to support reliable products.

To enable digital products through a robust architecture, we apply our best practices and patterns on the design of a back-end ecosystem, which allows our clients to accelerate their businesses in an agile way. We have broad experience providing back-end solutions that support scalability, security, availability, performance, quality and high adaptability to internal and external integrations. We focus on complex architecture modeling, microservices and API management strategies to accelerate the digital transformation by providing capabilities that businesses need in order to bring systems together, secure integrations, deliver improved customer experiences and capitalize on new opportunities.

The portfolio of services we provide through the Studio is focused on the integrated delivery of:

- **API Management:** In a world where multiple channels are facing different solutions in terms of communications, APIs are powering digital transformations and orchestrating across these channels in terms of technologies and industries. We help enterprises embrace an API-centric approach to grow their digital businesses and seamless experiences.
- **Microservices:** We evolve monolithic architectures to a new architectural style that structures an application as a collection of loosely coupled services, organized around business capabilities. The microservices architecture enables the continuous delivery/deployment of large, complex applications. It also empowers organizations to evolve its technology stack fostering an evolutionary model to be ready for new innovative challenges in the future.
- **Complex Architecture Modeling:** To manage these complex product intricacies in an agile manner, we apply our extensive experience working with best practices, methodologies and techniques, such as domain driven design, hexagonal, onion, reactive architectures and continuous delivery to handle business complexity.

Continuous Evolution: Making evolution happen

The Continuous Evolution Studio focuses on evolving existing applications and helping our clients to improve the value of their software over time by aligning business needs with a mix of traditional techniques and new market trends.

Every piece of software built meets a business need for which it was intended, but those needs are not static. Software evolution is a key to improving value over time, and having the right partner will pave the way to achieving success. As new trends and technologies arise, customer behavior changes and market needs must quickly adapt. We retrofit innovation into existing products in order to create continuous engagement among users. We provide a new experience with multidisciplinary teams specialized in software evolution and world-class operations designed to support any kind of application after implementation is complete. Our teams ensure quality and efficiency while bringing innovation, optimization, performance improvement, and constant evolution to their products.

The portfolio of services we provide through the Studio includes:

- **Software Archaeology:** Taking over of a product that has had a long life cycle can be challenging without access to the appropriate documentation or team members. Software Archaeology is our way to take control of any software solution, in any condition, at any moment, without a long, hard or expensive process. By completing a systematic study of remaining material evidence, such as code, tests and documentation recovered, we can gain a clear understanding of the software, as well as the context with which it operates. This enables us to outline a proper plan and roadmap for the team that will work on it.

- **IT Service Management:** Our experience with Information Technology Infrastructure Library ("ITIL") helps us cover a full cycle of continuous improvement by carrying out an assessment of the organization, and subsequently delivering recommendations for implementation, as well as solutions that enable supporting areas to satisfy the company's demand. Managing an internal service desk might not be optimal for most companies, we provide a single point of contact service composed by multidisciplinary teams with specialized processes based on ITIL best practices and focused on ensuring the continuity of the ongoing operation.
- **Software Evolution:** Our takeover framework provides a robust set of tools and processes that our teams use in order to gain ownership of the product they will be working on. Through a detailed assessment, we are able to understand the current situation and define a roadmap to achieve a controlled execution phase. Then, we introduce new market trends, technologies and innovative solutions to existing products.

Our Studio model allows us to optimize our expertise in emerging technologies and related market trends for our clients across a variety of industries.

Services over Platforms

Our experience building software products allowed us to put together a set of platforms designed to help create Digital Journeys in an agile and innovative manner. These products have the flexibility to adapt to the client's needs as we provide microservices to complement them.

StarMeUp OS

StarMeUp OS is an operating system made up of smart applications that assist organizations with their digital transformations. The goal of this operating system is to help employees overcome inherently human limitations and create a space where they can have more meaningful interactions, generating a richer experience and empowering employees to make even more significant contributions. StarMeUp OS is comprised of five solutions:

StarMeUp: A peer-to-peer recognition platform that strengthens the corporate culture and reinforces organizational values, while providing valuable insights in real time, such as identifying positive influencers and a better view into organizational network dynamics.

BetterMe: Employees can share real-time feedback with anyone else in the organization. It provides an ongoing view of performance and continual opportunities for improvement.

BeThere: By sharing photos of significant moments and events, employees can stay connected and informed in an engaging way, no matter where they are in the world.

TakePart: More actively include employees in the organizational transformation by creating a space for them to suggest, and vote, on new ideas, that lead to more dynamic organizational changes.

BriefMe: A platform ideal for communications teams to get the most critical information to employees at the right time through strategically located screens.

Signal

It enables media companies to reach and engage customers across every screen. It allows them to manage and monetize Live and VOD content.

I AM AT

It combines social media, gaming strategies, mobile technologies, Big Data and more to augment the experiences before, during & after a touch point with the consumer. This product offers organizations the possibility to rapidly create a mobile experience for their users.

ACAMICA

In 2016, we invested in ACAMICA, an e-learning platform for global companies to run online and personalized academies and private training modules, with an emphasis on user experience and social interactions.

Our Delivery Model

As of December 31, 2017, we provided our services through a network of 37 delivery centers in 30 cities throughout twelve countries. Our delivery locations are in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid) and United Kingdom (London). We also have client management locations in the United States (San Francisco, New York, Boston and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The main administrative offices of our principal subsidiary (which also include a delivery center) are located in Buenos Aires. Our principal executive office is located in Luxembourg. All of our facilities (with the exceptions of Tucumán and Bahía Blanca) are leased. We also have two offices under construction in Buenos Aires and La Plata. Our cultural affinity with our clients enables increased interaction that creates close client relationships, increased responsiveness and more efficient delivery of our solutions. As we grow and expand our organization, we will continue diversifying our footprint by expanding into additional locations globally.

We believe our presence in many countries creates a key competitive advantage by allowing us to benefit from the abundance of high-quality talent in the region, cultural similarities and geographic proximity to our clients.

Availability of High-Quality Talent

We believe that Latin America has emerged as an attractive geographic region from which to deliver a combination of engineering, design, and innovation capabilities for enterprises seeking to leverage emerging technologies. Latin America has an abundant skilled IT talent pool. According to the Science and Technology Indicator Network (Red de Indicadores de Ciencia y Tecnología), over 315,000 engineering and technology students have graduated annually from 2011 - 2015 from universities in Latin America and the Caribbean region. Latin America's talent pool (including Mexico, Brazil, Argentina, Colombia and Uruguay) is composed of approximately 1,000,000 professionals according to different sources, such as SmartPlanet and Nearshore Americas. This labor pool remains relatively untapped compared to other regions such as the United States, Central and Eastern Europe and China. The region's professionals possess a breadth of skills that is optimally suited for providing technology services at competitive rates. Moreover, Argentina and Brazil have been in the top ten of the Gunn Report's Global Index of Creative Excellence in Advertising for the last 16 years. In addition, institutions of higher education in the region offer rigorous academic programs to develop professionals with technical expertise who are competitive on a global scale. Furthermore, Latin America has a significant number of individuals who speak multiple languages, including English, Spanish, Portuguese, Italian, German and French, providing a distinct advantage in delivering engineering, design and innovation services to key markets in the United States and Europe.

India offers significant graduate talent. According to the Strategic Review 2016 of The National Association of Software and Services Companies (NASSCOM), the Indian IT-BPM Industry currently employs about 3.7 million. In terms of students, more than 5 million students graduate every year, and almost 15% of these graduates are considered employable by Tier 1/Tier 2 companies.

Government Support and Incentives

Software companies with operations in Argentina benefit from the Software Promotion Law. Originally enacted in 2004 and extended in 2011 for another five years until 2019, the Software Promotion Law established a number of incentives to promote Argentine enterprises engaged in the design, development and production of software. These incentives include:

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- a ten-year fiscal stability benefit, pursuant to which a company's aggregate national tax liability will not be increased from the date it is accepted into the program until the expiration of that ten-year period;
 - a 60% reduction of a company's corporate income tax liability during each fiscal period (as applied to income from promoted software activities);
 - a non-transferable tax credit for up to 70% of certain employer-paid social security taxes made annually, which may be offset against value-added tax liabilities. In 2011, the Software Promotion Law was amended to permit the tax credit to be applied to reduce corporate income tax liability by a percentage not greater than the company's declared percentage of exports; and
 - an exclusion from any restriction on import payments related to hardware and IT components.

Since 2006, when they were notified by the Argentine government of their inclusion in the promotion regime, our Argentine operating subsidiaries, Sistemas Globales S.A. and IAFH Global S.A., have benefited from a 60% reduction in their corporate income tax rate and a tax credit against value-added tax liability of 70% of amounts paid annually for certain social security taxes under the Software Promotion Law as originally enacted in 2004. See "- Regulatory Overview - Argentine Taxation - Software Promotion Law", "Risk Factors - Risks Related to Our Business and Industry - If the current effective income tax rate payable by us in any country in which we operate is increased or if we lose any country-specific tax benefits, then our financial condition and results of operations may be adversely affected" and "Operating and Financial Review and Prospects - Operating Results - Certain Income Statement Line Items - Income Tax Expense."

Our subsidiary in Uruguay, Sistemas Globales Uruguay S.A., which is situated in a tax-free zone, benefits from a 0% income tax rate and an exemption from value-added tax.

Additionally, services provided by Difier are exempted from income tax in Uruguay. The exemption applies to software development services as long as they are exported and utilized abroad.

In India, under the Special Economic Zones Act of 2005, the services provided by export-oriented companies within Special Economic Zones (each, an "SEZ") are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the company commenced the provision of services and 50% of such profits or gains for the five years thereafter. Companies must meet the conditions under Section 10AA of Income Tax Act to be eligible for the benefit. Other tax benefits are also available for registered SEZ companies. Our Indian subsidiary is subject to corporate income tax at the rate of 34.61%, including surcharges. Our Indian subsidiary is located in an SEZ and has completed the SEZ registration process. Consequently, we expect to start applying the income tax benefit in the second half of 2018. If the Indian government changes its policies after our Indian subsidiary obtains registration in an SEZ, our business, results of operations and financial condition may be adversely affected. With the growth of our business in an SEZ, our Indian subsidiary may be required to compute its tax liability under Minimum Alternate Tax ("MAT") in future years at the current rate of approximately 21.34%, including surcharges, as its tax liability under the general tax provisions may be lower compared to the MAT liability.

Methodologies and Tools

Effectively delivering the innovative software solutions that we offer requires highly evolved methodologies and tools. Since inception, we have invested significant resources into developing a proprietary suite of internal applications and tools to assist us in developing solutions for our clients and manage all aspects of our delivery process. These applications and tools are designed to promote transparency, and knowledge-sharing, enhance coordination and cooperation, reduce risks such as security breaches and cost overruns, and provide control as well as visibility across all stages of the project lifecycle, for both our clients and us. Our key methodologies and tools are described below.

Agile Development Methodologies

We have created a software product design and development model, known as Agile Pods. This model aligns business and technology teams and is driven by a culture of self-regulated teamwork and collaboration across skills, partners and country borders.

Leveraged across divisions, Agile Pods are dedicated to mature emerging technologies and market trends, and provide a constant influx of mature talent and solutions that create intellectual property for our clients. They are self-organized teams that work to meet creative and production goals, make technology decisions and reduce risk. These teams are fully responsible for creating solutions, building and sustaining features, products or platforms.

In addition, savings are delivered to clients due to sustained productivity boosts as the Agile Pods begin to operate at a higher maturity level. We ensure consistency, accountability and replicability by having Agile Pods follow a well defined set of maturity criteria. Maturity models describe levels of growth and development as follows: Maturity, Quality, Velocity, and Autonomy. Each level acts as a foundation for the next and lays out a path for learning and growth. As Agile Pods evolve from one level to the next, they are equipped with the understanding and tools to accomplish goals more effectively.

Associated metrics guide improvement efforts and generate quantitative and qualitative insights to inform iterative design and planning decisions.

Quality Management System

We have developed and implemented a quality management system in order to document our best business practices, satisfy the requirements and expectations of our clients and improve the management of our projects. We believe that continuous process improvement produces better software solutions, which enhances our clients' satisfaction and adds value to their business.

Our quality management system is certified under the requirements of the international standard ISO 9001:2015, the CMMI Maturity Level 3 process areas (which indicates that processes are well characterized and understood, and are described in company standards, procedures, tools and methods) and PMI by implementing the following practices:

- Assuring that quality objectives of the organization are fulfilled;
- Defining standard processes, assets and guidelines to be followed by our project teams from the earliest stages of the project life cycle;
- Continuously evaluating the status of processes in order to identify process improvements or define new processes if needed;
- Objectively verifying adherence of services and activities to organizational processes, standards and requirements;
- Providing support and training regarding the quality management system to all employees to achieve a culture that embraces quality standards;
- Informing related groups and individuals about tasks and results related to quality control improvement;
- Raising issues not resolvable within the project to upper management for resolution; and
- Periodically gathering and analyzing feedback from our clients regarding our services to learn when we have met expectations and where there is room for improvement.

Since 2013, Globant certified ISO 27001, a standard that provides a model for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving an information security management system (ISMS). The process of certifying ISO 27001 ensures that ISMS is under explicit management control. In 2016, we migrated successfully to the ISO 27001:2013.

Glow

In order to manage our talent base, we have developed a proprietary software application called Glow. Glow is the central repository for all information relating to our Globers, including academic credentials, industry and technology expertise, work experience, past and pending project assignments, career aspirations, and performance assessments, among others. Every Globber can access Glow and regularly update his or her technical skills.

We use Glow as a management tool to match open positions on Studio projects with available Globers, which allows us to staff project teams rapidly and with the optimal blend of industry, technology and project experience, while also achieving efficient utilization of our resources. We believe, based on management's experience in the industry, that we are one of few companies in our industry to employ such a tool for this purpose. Accordingly, we believe Glow provides us with a significant competitive advantage.

Clients

At Globant, we focus on delivering innovative and high value-added solutions that drive revenues and brand awareness for our clients. We believe that our approach deepens our relationships and leads to additional revenue opportunities. We also target new clients by showcasing our engineering, design and innovation capabilities along with our deep understanding of digital journeys, emerging technologies and related market trends.

Our clients include primarily medium- to large-sized companies based in the United States, Europe, Asia and Latin America operating in a broad range of industries including Media and Entertainment, Professional Services, Technology and Telecommunications, Travel and Hospitality, Banks, Financial Services and Insurance, and Consumer, Retail and Manufacturing. We believe clients choose us based on our ability to understand their business and help them drive revenues, as well as our innovative and high value-added business proposals, tailored Studio-based solutions, and our reputation for high quality execution. We have been able to grow with and retain our clients by merging their industry knowledge with our expertise in the latest market trends to deliver tangible business value.

We typically enter into a master services agreement (or MSA) with our clients, which provides a framework for services and a statement of work to define the scope, timing, pricing terms and performance criteria of each individual engagement under the MSA. We generate 45% of our revenue from long-term contracts with terms greater than 24 months.

During 2017, 2016 and 2015, our ten largest clients based on revenues accounted for 41.9%, 46.5% and 46.7% of our revenues, respectively. Our top client for the years ended December 31, 2017, 2016 and 2015, Walt Disney Parks and Resorts Online in 2017 and 2015, and Southwest Airlines Co. in 2016, accounted for 10.2%, 12.3% and 9.7% of our revenues, respectively. Some of our major clients in 2017 included Google, Electronic Arts, Southwest Airlines Co. and Walt Disney Parks and Resorts Online, each of which was among our top ten clients by revenues for at least one Studio.

The following table sets forth the amount and percentage of our revenues for the years presented by client location:

	Year ended December 31,					
	2017		2016		2015	
	(in thousands, except percentages)					
By Geography						
North America	\$ 325,614	78.8%	\$ 260,923	80.8%	\$ 212,412	83.7%
Europe	38,484	9.3%	29,306	9.1%	13,508	5.3%
Asia	700	0.2%	1,265	0.4%	1,434	0.6%
Latin America and other	48,641	11.8%	31,362	9.7%	26,442	10.4%
Revenues	\$ 413,439	100.0%	\$ 322,856	100.0%	\$ 253,796	100.0%

The following table shows the distribution of our clients by revenues for the years presented:

	Year ended December 31,		
	2017	2016	2015
Over \$5 Million	18	11	10
\$1 - \$5 Million	64	49	41
\$0.5 - \$1 Million	45	41	30
\$0.1 - \$0.5 Million	82	88	100
Less than \$0.1 Million	147	151	163
Total Clients	356	340	344

Sales and Marketing

Our growth strategy is based on four pillars: (i) leveraging our broad expertise; (ii) growing within existing clients; (iii) acquiring new clients; and (iv) pursuing strategic acquisitions. Our expertise and Studio approach help us expand the portfolio and practices we offer to our clients. Our acquisitions are pursued with the aim of fulfilling strategic goals, such as growing into a new geography (e.g., Nextive, TerraForum, BlueStar Peru, Clarice) or the expansion of specializations (e.g. Accendra, Openware, Huddle, Dynaflows, WAE, L4, Difier, Ratio, PointSource).

Under our multi-pronged, integrated sales and marketing strategy, our senior management, sales executives, sales managers, account managers and engagement managers work collaboratively to target, acquire and retain new clients and expand our work for existing clients. Our sales and marketing team, currently comprised of 77 sales personnel and 13 marketing personnel, has broad geographic coverage with commercial offices located in Buenos Aires, Bogotá, Montevideo, São Paulo, London, Madrid, Boston, New York, Miami and San Francisco.

Beyond leveraging our broad expertise, our sales strategy is driven by three fundamentals: retain, develop and acquire ("RDA"). The retention ("R") component is focused on maintaining our wallet share with existing accounts through flawless execution on our engagements. The development ("D") component emphasizes developing existing client relationships by significantly expanding our wallet share and capturing business from our competitors. The acquisition ("A") component targets new client accounts. Through our RDA strategy, as well as marketing and branding events, we are able to acquire new or expand existing engagements in our large and growing addressable market.

New Clients

We seek to create relationships with strategic clients through existing client referrals or through our multi-tiered approach. Our approach begins by identifying industries and geographic locations with solid growth potential. Once potential clients are identified, we seek to engage the market-facing management personnel of those companies instead of their IT divisions, which allows us to get a better understanding of the prospect's business model before engaging with its IT personnel. The focus on an enterprise's revenue drivers allows us to highlight the value of our services in meeting our client's business needs, thereby differentiating us.

Our account sales teams are made up of sales executives and sales managers, and follow specific guidelines for managing opportunities when contacting potential new clients. Before a sales team approaches a prospective client, we gather significant intelligence and insight into the client's potential needs, creating a specific value proposition for discussion during the engagement process. Additional opportunities resulting from the planned targeted engagement are gathered and tracked. Once an appropriate opportunity has been identified and confirmed with the client, our sales team performs account and competition mapping and enlists internal industry and subject matter experts as well as pre-sales engineers from all of the participating Studios. We then generate proposals to present to and negotiate with the client. Once we have secured the engagement, our sales executives work closely with the Globant leadership team, partners and subject matter experts from our Studios to ensure that we exceed our new client's expectations.

From time to time, we use ideation sessions and discovery engagements in our pre-sales process. During the discovery engagements we meet with clients to discuss their goals and develop creative solutions. The discovery engagement sessions help us discover our clients' main objectives, even if those objectives are not explicitly stated. These sessions are critical in helping us to offer solutions that will adapt to our clients' needs and wishes. This allows us to showcase our expertise in emerging technologies to the prospective client while also allowing us to generate a significant number of possible future client opportunities.

Existing Clients

Once we have established the client relationship, we are focused on driving future growth through increased client loyalty and retention. We leverage our historical successes with existing clients and our relationships with our clients' key decision-makers to cross-sell additional services, thereby expanding the scope of our engagements to other departments within our clients' organizations. We seek to increase our revenues from existing clients through our account managers, technical directors, program managers, leadership team, Studio partners, and subject matter experts.

Since 2016, we introduced a new model that intends to reshape our go-to-market strategy to scale our company in the coming years, called 50 Squared. The main goal of this approach is to focus our team on the top 50 high potential accounts that have the capacity to grow exponentially over time. To do so, we have appointed our most senior people from Sales, Technology and Operations to lead these teams. This account focus has become the most important pillar of our go-to-market strategy and every account within Globant now has the goal to become part of this program.

We undertake periodic reviews to identify existing clients that we believe are of strategic importance based on, among other things, the amount of revenue we generate from the client, as well as the growth potential and brand recognition that the client provides.

Marketing

We believe that our reputation as a premium provider of digital journeys generates additional business for us from inbound requests, referrals and requests for proposals. In addition, we engage in a number of initiatives that foster our brand and promote our expertise. We work to develop initiatives to help our customers stay relevant within their industries by creating and publishing research, organizing SME gatherings, and participating in webinars and conferences, among other initiatives.

As of December 31, 2017, our marketing department, Stay Relevant, is based in Argentina and the United States. This team promotes our brand through a variety of channels, including the following:

- **Relevant content:** Our Stay Relevant team produces client and industry research with the intention of sharing information on business drivers from trusted sources, highlighting upcoming industry trends, and enabling strategic thinking.
- **Thought Leadership and events:** Our Stay Relevant team organizes and participates in technology- and innovation-focused events in the United States, the United Kingdom and Latin America to enhance our position with respect to vanguard technologies and trends. Participation includes webinars, mobile road shows and breakfast discussions with our "gurus." Every year, we organize Con.Verge, our main conference centered around the future of design and technology. In addition, members of our management team have been featured as speakers at events such as South by Southwest, Latam Tech Forum, WPP DAB, Ecommerce Day, IoT Emerge, Adobe Summit, Acquia Engage, EY Strategic Growth Forum, Council of the Americas, Wharton Latin America Conference, Agile Business Conference, CSO Summit, Innotribe, and at universities such as the Massachusetts Institute of Technology, Stanford University, New York University and the University of California, Los Angeles.

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- **Playground:** Our "Playground" is an innovative space where our digital journeys are showcased in real time. Guests can explore, touch, play and discover insights about each journey. It also delivers an atmosphere to build ideas, transforming them into prototypes that can be explored.
 - **Awareness:** Our marketing strategy includes brand positioning through targeted news coverage in print media and trade publications in the United States and Latin America, such as Bloomberg, Dow Jones, the New York Times, TechCrunch, and Nearshore Americas. We also benefit from coverage of our company in reports prepared by industry analysts, such as Gartner, IDC and HFS Research, McKinsey & Company and other third-party industry observers. Finally, our company has been the subject of case studies on entrepreneurship by business schools at universities such as Stanford University, Massachusetts Institute of Technology and Harvard University.

Competition

The markets in which we compete are changing rapidly. We face competition from both global IT services providers as well as those based in the United States. We believe that the principal competitive factors in our business include: the ability to innovate; technical expertise and industry knowledge; end-to-end solution offerings; reputation and track record for high-quality and on-time delivery of work; effective employee recruiting; training and retention; responsiveness to clients' business needs; scale; financial stability; and price.

We face competition primarily from:

- large global consulting and outsourcing firms, such as Accenture, Sapient, Thoughtworks and Epam;
- digital agencies and design firms such as Sapient, Razorfish, RGA and Ideo;
- traditional technology outsourcing IT services providers, such as Cognizant Technology Solutions, EPAM Systems, GlobalLogic, Aricent, Infosys Technologies, Mindtree HCL, Tata, Wipro and Luxoft; and
- in-house product development departments of our clients and potential clients.

We believe that our focus on creating software that appeals and connect emotionally with millions of consumers positions us well to compete effectively in the future. However, some of our present and potential competitors may have substantially greater financial, marketing or technical resources; may be able to respond more quickly to emerging technologies or processes and changes in client demands; may be able to devote greater resources towards the development, promotion and sale of their services than we can; and may make strategic acquisitions or establish cooperative relationships among themselves or with third parties that increase their ability to address the needs of our clients.

Sustainability

We believe that sustainable development of our organization is critical in order to enhance our competitive position in building the new way of being digital. In other words, we look forward to social and environmental results, in addition to financial metrics.

For this reason, besides working internally with Globers, we focus on community involvement, interacting with society and committing ourselves to meet their needs. Three pillars drive our commitment: education for job placement, technology for the community and entrepreneurship promotion.

Intellectual Property

Our intellectual property rights are important to our business. We rely on a combination of intellectual property laws, trade secrets, confidentiality procedures and contractual provisions to protect the investment we make in research and development. We require our employees, independent contractors, vendors and clients to enter into written confidentiality agreements upon the commencement of their relationships with us.

We customarily enter into nondisclosure agreements with our clients with respect to the use of their software systems and platforms. Our clients usually own the intellectual property in the software solutions we deliver. Furthermore, we usually grant a perpetual, worldwide, royalty-free, nonexclusive, transferable and non-revocable license to our clients to use our preexisting intellectual property, but only to the extent necessary in order to use the software solutions we deliver.

We have developed a number of proprietary internal tools that we use to manage our projects, build applications in specific software technologies, and assess software vulnerability. These tools include Glow, Nails, and our Service Over Platforms (SoP).

Our registered intellectual property consists of the trademark "Globant" (which is registered in twelve jurisdictions, including the United States and Argentina), certain other trademarks related to our service offerings and products, and three software patents granted in the United States in favor of our United States subsidiary Globant, LLC. We do not believe that any individual registered intellectual property right, other than our rights in our name and logo, is material to our business.

Facilities and Infrastructure

As of December 31, 2017, we provided our services through a network of 37 offices in 30 cities throughout twelve countries. Our delivery locations are in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid) and United Kingdom (London). We also have client management locations in the United States (San Francisco, New York, Boston and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The main administrative offices of our principal subsidiary (which also include a delivery center) are located in Buenos Aires. Our principal executive office is located in Luxembourg. All of our facilities (with the exceptions of Tucumán and Bahía Blanca) are leased. We also have two offices under construction in Buenos Aires and La Plata.

The table below breaks down our locations by country and city and provides the aggregate square footage of our locations in each city as of December 31, 2017.

Country	City	Number of Offices	Square Feet
Argentina	Bahía Blanca	1	6,986
Argentina	Buenos Aires	3	111,191
Argentina	Córdoba	2	37,200
Argentina	La Plata	1	12,637
Argentina	Mar del Plata	1	20,451
Argentina	Mendoza	1	3,229
Argentina	Resistencia	1	9,688
Argentina	Rosario	2	20,678
Argentina	Tandil	2	11,765
Argentina	Tucumán	1	21,689
Brazil	Sao Paulo	1	2,601
Chile	Santiago	1	8,245
Colombia	Bogotá	2	85,810
Colombia	Medellín	1	39,794
India	Bangalore	1	4,844
India	Pune	2	99,448
UK	London	1	2,756
Mexico	Mexico City	1	44,444
Peru	Lima	1	7,535
Spain	Madrid	1	6,986
United States	Boston	1	124
United States	New York	1	7,707
United States	San Francisco	1	4,844
United States	Seattle	1	26,651
United States	Miami	1	151
United States	Dallas	1	6,771
United States	Chicago	1	2,691
United States	Raleigh	1	27,480
Luxembourg	Luxembourg	1	150
Uruguay	Montevideo	1	26,974
Total		37	661,520

Regulatory Overview

Due to the industry and geographic diversity of our operations and services, our operations are subject to a variety of rules and regulations, and several Latin America countries, the United States, Europe and India federal and state agencies regulate various aspects of our business. See "Risk Factors - Risks Relating to Our Business and Industry - Our business results of operations and financial condition may be adversely affected by the various conflicting and/or onerous legal and regulatory requirements imposed on us by the countries where we operate". If we are not in compliance with applicable legal requirements, we may be subject to civil or criminal penalties and other remedial measures, which could adversely affect our business, financial condition and results of operations."

We benefit from certain tax incentives promulgated by the Argentine, Uruguayan and Indian governments. See "- Our Delivery Model - Government Support and Incentives."

Argentine Taxation

The following is a summary of the material Argentine tax considerations relating to our operations in Argentina and it is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect as of the date of this annual report. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect the tax consequences to us, possibly on a retroactive basis, and could alter or modify the statements and conclusions set forth herein. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to our operations in Argentina.

Software Promotion Law

The Software Promotion Law sets forth a promotion regime for the software industry that remains in effect until December 31, 2019. On September 16, 2013, the Argentine government published Regulatory Decree No. 1315/2013, which governs the implementation of the Software Promotion Law.

Additionally, Resolution No 177/2010 established that audits, verifications, inspections, controls and evaluations related to the regime of Law No. 25,922, will be supported by the beneficiaries by paying a monthly and annual fee of 7% calculated on the amount of tax benefits.

Pursuant to Section 2 of the Software Promotion Law, Argentine-incorporated companies whose activities are the creation, design, development, production, implementation or adjustment (upgrade) of developed software systems and their associated documents (in accordance with Section 4 of the Software Promotion Law) may participate in the benefits contemplated by this regime provided they meet at least two of the following requirements: (i) proven expenses in software research and development activities; (ii) proven existence of a known quality standard applicable to the products or software processes, or the performance of activities in order to obtain such known standard recognition; or (iii) export of software (as defined in Section 5 of the Software Promotion Law).

As per Section 3 of the Software Promotion Law, Argentine-incorporated companies will be considered beneficiaries of the regime as from the effective date of their registration in the National Registry of Software Producers. Beneficiaries of the promotion regime will benefit from:

- Fiscal stability throughout the period that the promotion regime is in force (i.e., through December 31, 2019 as per Section 1 of the Software Promotion Law). In accordance with Section 7 of the Software Promotion Law, fiscal stability means the right to maintain the aggregate federal tax rate in effect at the time of the beneficiary's registration in the National Registry of Software Producers through December 31, 2019. Such stability does not comprise import or export duties nor export refunds (Section 7 of Regulatory Decree No. 1315/2013). The aggregate federal tax burden included under the fiscal stability benefit is that burden existing on the date of the beneficiary's registration before the applicable registry, in accordance with laws and regulations in force by that time.
- Conversion of up to 70% of certain monthly social security tax (contribution) payments into a tax credit (Section 8 of the Software Promotion Law) during the first year following the beneficiary's registration in the National Registry of Software Producers. After the first year, such percentage will be determined annually by the competent authorities for each beneficiary, depending on the beneficiary's degree of compliance with the regime's requirements (Section 9 of Regulatory Decree No. 1315/2013). This tax credit may not be transferred to third parties. The tax credit can be used to offset the beneficiary's income tax liability only up to certain percentage, determined by the ratio of annual software and computer services exports and the aggregate annual sales resulting from promoted activities declared by the beneficiary (Section 8 of the Software Promotion Law).
- Non applicability of any value-added tax withholding or collection regimes (Section 8 bis of the Software Promotion Law).

- A 60% reduction in the total amount of corporate income tax as applied to income from the activities of creation, design, development, production, implementation or adjustment (upgrade) of developed software systems and their associated documents pursuant to Section 4 of the Software Promotion Law) due in each fiscal year beginning after the date of the beneficiary's registration in the National Registry of Software Producers (Section 9 of the Software Promotion Law, Regulatory Decree No. 1315/2013 and General Resolution No. 3,597). This benefit will be applicable both to Argentine-source and non-Argentine-source income, in the terms set forth by the application authority, but it would not be applicable to foreign source income obtained by permanent establishments held abroad by Argentine residents (Section 13 of Regulatory Decree No. 1315/2013).
- Imports of software products by the beneficiaries are excluded from any kind of present or future restriction on the currency transfers matching the payments for such imports, provided the imported goods are necessary for the software production activities (Section 12 of the Software Promotion Law).

In the event the company does not have a known quality standard applicable to the products or software processes, as per Section 10 of the Software Promotion Law, it will have a three-year period as from its accreditation, to obtain the known standard recognition. Failure to obtain such recognition within such period will subject the company to the sanctions set forth in Section 20 of the Software Promotion Law, which range from temporary suspension to exclusion from the promotion regime and the obligation to return all benefits obtained, as well as permanent prohibition to apply for registration in the National Registry of Software Producers.

Argentine Ministry of Economy approved our subsidiaries as beneficiaries of the Software Promotion Law as following: (i) on October 10, 2006: IAFH Global S.A.; (ii) in January 2006: Huddle Group S.A. and (iii) on April 13, 2007: Sistemas Globales S.A.. As a result, these subsidiaries have enjoyed fiscal stability in their federal tax burden as in effect at the time they were notified of their inclusion in the promotion regime.

The Software Promotion Law was modified during 2011 through Law No. 26,692. Even though all benefits awarded under the Software Promotion Law as originally enacted in 2004 remained in effect, pursuant to Section 10 bis of the Software Promotion Law, IAFH Global S.A., Sistemas Globales and Huddle Group S.A. were obliged to reapply for registration in the National Registry of Software Producers by July 8, 2014 in order to obtain the benefits established in the Software Promotion Law as described above.

Regulatory Decree No. 1315/2013 introduced additional implementing rules, including, among other matters, further clarifications to qualify for the promotion regime and specific requirements to be met in order to remain registered in the National Registry of Software Producers during the years after such registration has taken place. These requirements include, among others, minimum annual revenue, minimum percentage of employees involved in the promoted activities, minimum aggregate amount spent in salaries paid to employees involved in the promoted activities, minimum research and development expenses and the filing of evidence of software-related services exports. In addition, Regulatory Decree No. 1315/2013 states that the 60% reduction in corporate income tax provided under the Software Promotion Law shall only become effective as of the beginning of the fiscal year after the date on which the applicant is accepted for registration in the National Registry of Software Producers. The implementing regulation also provides that upon the formal approval of an applicant's registration in the National Registry of Software Producers, any promotional benefits previously granted to such person under the Software Promotion Law as originally enacted in 2004 shall be extinguished. Finally, Regulatory Decree No. 1315/2013 delegates authority to the Secretary of Industry and AFIP to adopt "complementary and clarifying" regulations in furtherance of the implementation of the Software Promotion Law.

On March 11, 2014, AFIP issued General Resolution No. 3,597, which provides that, as a further prerequisite to participation in the Software Promotion Law, exporters of software and related services must register in a newly established Special Registry of Exporters of Services (*Registro Especial de Exportadores de Servicios*).

According to the abovementioned regulations, on March 14, May 21 and May 28, 2014, our Argentine subsidiaries Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A., respectively, were accepted for registration in the Special Registry of Exporters of Services.

On June 25, 2014, our Argentine subsidiaries Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A. applied for registration in the National Registry of Software Producers. The Secretary and Subsecretary of Industry issued rulings approving registration in the National Registry of Software Producers of certain of our subsidiaries as follows: (i) Sistemas Globales S.A. on March 18, 2016 and (ii) Huddle Group S.A. and IAFH Global S.A. on April 13, 2015. In each case, the ruling made the effective date of registration retroactive to September 18, 2014 and provided that the benefits enjoyed under the Software Promotion Law as originally enacted were not extinguished until the ruling goes into effect (which have occurred upon its date of publication in the Argentine government's official gazette on before mentioned dates).

On May 7, 2015, Huddle Group S.A. deregistered from the National Registry of Software Producers because it had discontinued activities on January 1, 2015. As a result of the deregistration, Huddle Group S.A. became subject to the general corporate income tax rate, which was 35% for fiscal periods beginning prior to January 1, 2018. For fiscal years beginning on or after January 1, 2018, the general corporate income tax rate is 30%. For fiscal years beginning on or after January 1, 2020, the general corporate income tax rate will be 25%.

Income Tax

The Argentine Income Tax Law No. 20,628, as amended ("ITL"), establishes a federal tax on the worldwide income of Argentine resident individuals, legal entities incorporated in Argentina and Argentine branches of foreign entities. Up to December 31, 2017 the income tax is levied at 35% of taxable net income obtained in Argentina or abroad. As per the ITL, income taxes paid abroad for the conduct of foreign activities may be recognized as a tax credit up to the limit of the increase in the income tax liability derived from the recognition of income obtained abroad. The amount of income subject to tax is calculated according to the regulations of the ITL. Losses incurred during any fiscal year may be carried forward and set off against taxable income obtained during the following five fiscal years. Foreign resident individuals and foreign resident legal entities without a permanent establishment are taxed exclusively on their Argentine source income.

For individuals, income derived from the sale, exchange or other disposition of shares of Argentine corporations by non-Argentine residents would be subject to income tax. Non-Argentine residents will have the option of choosing between applying a 13.5% effective income tax rate over the gross amount or a 15% effective income tax rate over the net amount derived from the transaction.

Individual Argentine residents would be exempt on the income derived from the sale of shares to the extent such participations are publicly traded and/or are authorized for its public offer.

On December 29, 2017, the Argentine government enacted Law No. 27,430, a comprehensive tax reform that became effective on January 1, 2018. Specifically, Law No. 27,430 introduced amendments to income tax (both at corporate and individual levels), value added tax ("VAT"), tax procedural law, criminal tax law, social security contributions, excise tax, tax on fuels and tax on the transfer of real estate.

At a corporate level, the law decreases the corporate income tax rate from 35% to 30% for fiscal years starting January 1, 2018 to December 31, 2019, and to 25% for fiscal years starting January 1, 2020 and onwards.

In the case of individuals, the Law extended the exemption also for foreign beneficiaries on the sale of shares that are publicly traded in stock exchanges under the supervision of the Argentine Securities and Exchange Commission (CNV). It also establishes an exemption for interest income and capital gains on the sale of public bonds (i.e., Government bonds), negotiable obligations (corporate debt bonds) and share certificates issued abroad that represent shares issued by Argentine companies (i.e., ADRs). The exemptions will only apply if the foreign beneficiaries do not reside in and the funds do not arise from "non-cooperating" jurisdictions.

In the case of ADRs, the Law defines their "source" by the location of the original issuer of the shares. However, the tax will not be due if the exemption described in the previous paragraph applies.

The Law establishes an income tax on the indirect transfer of assets located in Argentina. In particular, the tax will be triggered on the sale or transfer by nonresidents of shares or other participations in foreign entities when the following two conditions are met: (i) at least 30% of the value of the foreign entity is derived from assets located in Argentina (at the moment of the sale or during the 12 prior months); and (ii) the participation being transferred represents (at the moment of the sale or during the 12 prior months) at least 10% of the equity of the foreign entity.

The applicable rate will generally be 15% (calculated on the actual net gain or a presumed net gain equal to 90% of the sale price) of the proportional value that corresponds to the Argentine assets. Additional guidance about the calculation mechanisms has not been issued.

The tax on indirect transfers will only apply to participations in foreign entities acquired after the entry into force of the tax reform. In addition, the Law indicates that indirect transfers will not be taxable to the extent it can be proved that the transfer took place within the same economic group, in accordance with requirements to be established by additional regulations.

Payments from Argentina to foreign residents representing an Argentine source of income (i.e., royalties, interest, etc.) are generally subject to income tax withholding levied at different rates depending on the type of payment. Pursuant to the ITL, cross-border royalty payments are generally subject to withholding at a rate of 28%, or 21% if technology not available in Argentina is involved; in both cases the relevant agreement must be registered before INPI. Payments related to software licenses are in general subject to a 31.5% tax withholding rate. In addition, interest payments are generally subject to withholding at a rate of 15.05% if the lender is a bank or financial institution controlled by the respective central bank or similar authority, located in jurisdictions (i) other than those considered as tax havens by Argentine law, or (ii) that have executed exchange information agreements with Argentina, and do not allow, among others, banking or stock market secrecy pursuant to their domestic law, and 35% in all other cases. These rates may be reduced by application of a tax treaty for the avoidance of double taxation between Argentina and the receiving country, including the following:

Argentina and Spain executed a Double Tax Treaty that entered into force on December 23, 2013. Such treaty replaces the previous double taxation treaty between Argentina and Spain that was terminated on July 16, 2012 and applies retroactively from January 1, 2013.

Thus, interest payments, royalty payments and the distribution of dividends from Argentina to Spain will be subject to the withholding rates set forth in the corresponding double taxation treaty.

On May 15, 2015, Argentina and Chile signed a new treaty to avoid double taxation. On September 7, 2016, the Argentine Congress approved the aforementioned treaty, which was published in the Argentine government's official gazette on September 30, 2016 and became effective on January 1, 2017. This treaty replaces the previous double taxation treaty between Argentina and Chile that was terminated on July 13, 2012.

On July 21, 2017, Argentina and Brazil signed an Amendment Protocol to the Double Tax Treaty and its Protocol, which were both signed in Buenos Aires on May 17, 1980. The Amendment Protocol introduces withholding tax rates for interest and royalties and also introduces withholding tax rates on dividends.

On August 23, 2017 entered in force the Double Tax Treaty between Argentina and Mexico. The Agreement was signed on November 4, 2015 in Mexico City, and ratified by Argentina on December 21, 2016 by Law 27,334.

The treaty provides benefits to certain taxpayers by reducing domestic law income tax withholding rates on payments of interest, royalties, technical assistance and capital gains.

On December 27, 2016 the Argentine government's official gazette published Law No. 27,346 that introduce important amendments to the Income Tax Law. The Law creates a new tax levied on "USD Futures Market Trades" to be applied one-time only on the profits obtained by any person. Thus, gross income derived from "positive price differences" arising from the buying or selling of USD Futures Market Trades will be taxed at a 15% tax rate.

Tax on Presumed Minimum Income

This tax applies to assets of Argentine companies. The tax is only applicable if the total value of the assets is above 200,000 Argentine pesos at the end of the company's fiscal year, and is levied at a rate of 1% on the total value of such assets. The amount of the tax paid on presumed minimum income is allowed as a credit toward income tax. Furthermore, to the extent that this tax cannot be credited against normal corporate income tax, it may be carried forward as a credit for the following ten years. Shares and other capital participations in the stock capital of entities subject to the minimum presumed income tax are exempted from the tax on presumed income.

Law No 27,260, published in the Argentine government's official gazette on July 22, 2016, eliminates the Minimum Assumed Income Tax for fiscal years beginning on January 1, 2019.

Value-Added Tax

The value-added tax applies to the sale of goods, the provision of services and importation of goods. Under certain circumstances, services rendered outside of Argentina, which are effectively used or exploited in Argentina, are deemed to be rendered in Argentina and, therefore, subject to value-added tax. The current value-added tax general rate is 21%. Certain sales and imports of goods, such as computers and other hardware, are, however, subject to value-added tax at a lower tax rate of 10.5%. The sale of the shares held in Argentine or foreign companies is not subject to value-added tax.

Law No. 27,346 published in the Argentine government's official gazette on December 27, 2016, modifies the value-added tax law and creates the figure of substitute taxpayer for the payment of the tax corresponding to foreign residents who render services in Argentina.

Substitute taxpayers will assess and pay for value-added tax corresponding to the act, even in the cases in which it is impossible to withhold that tax from the foreign resident. Also, the tax paid will be considered as a tax credit if in favor of the substitute taxpayer.

Tax on Debits and Credits in Bank Accounts

This tax applies to debits and credits from and to Argentine bank accounts and to other transactions that, due to their special nature and characteristics, are similar or could be used in lieu of a bank account. There are certain limited exceptions to the application of this tax. The general tax rate is 0.6% applicable on each debit and/or credit; however there are increased rates of 1.2% and reduced rates of 0.075%. Taxpayers subject to this tax at the 0.6% and 1.2% rates are authorized to a tax credit of the tax paid (a 34% credit of the tax paid on credits levied at the 0.6% tax rate, and a 17% credit of the tax paid on transactions levied at the 1.2% tax rate) against the income tax and minimum presumed income tax. The remaining amount is deductible for income tax purposes.

Personal Assets Tax

Argentine companies are required to pay the personal assets tax corresponding to Argentine resident individuals, foreign individuals and foreign entities for holding shares and other capital participations in such company as of December 31 of each year. The applicable tax rate until December 31, 2015 was 0.5% and, from January 1, 2016, the applicable rate is 0.25% (modification introduced by Law No 27,260). The tax is levied on the equity value (valor patrimonial proporcional) stated in the latest financial statements. Pursuant to the Argentine Personal Assets Tax Law, an Argentine company is entitled to seek reimbursement of such tax paid from the applicable foreign shareholders, including by withholding and/or foreclosing on the shares, or by withholding dividends.

As a result of the terminations of the double taxation treaties in force with Spain and the Republic of Chile, as well as the decision to end the provisional application of the double taxation treaty in force with Switzerland, the exemption from the personal assets tax that was available pursuant to those treaties for shares and other equity interests in local companies owned by Chilean, Spanish or Swiss residents will no longer be applicable after each of the corresponding dates of termination. New double taxation treaties with these countries do not include such an exemption.

Law No. 27,260 introduced benefits for compliant taxpayers that include the exemption of personal assets tax until 2019. Our Argentine subsidiaries Huddle Group S.A., IAFH Global S.A., Sistemas Globales S.A., Dynaflows S.A. and Globers Travel S.A., applied to and were accepted by the AFIP to be eligible of the exemption of personal assets tax in December, 2016 and January, 2017.

Tax on Dividends

Law No. 27,430 introduced the following changes to the taxation of distribution of dividends from Argentine companies, for fiscal years beginning on or after January 1, 2018:

- Dividends from profits obtained before fiscal year 2018 are not subject to any income tax withholding except for the "Equalization Tax". The Equalization Tax is applicable when the dividends distributed are higher than the "net accumulated taxable income" of the immediate previous fiscal period from when the distribution is made. The Law repeals the Equalization Tax for distributions made with income accrued from January 1, 2018.
- Dividends from profits obtained during fiscal years 2018 and 2019 on Argentine shares paid to Argentine resident individuals and/or non-residents, or Foreign Beneficiaries, are subject to a 7% income tax withholding on the amount of such dividends, or the Dividend Tax.
- The Tax Rate on dividends from profits obtained during fiscal year 2020 and onward increased to 13%.

Turnover Tax

Turnover tax is a local tax levied on gross income. Each of the provinces and the City of Buenos Aires apply different tax rates. The tax is levied on the amount of gross income resulting from business activities carried on within the respective provincial jurisdictions. The provinces have signed an agreement to avoid the double taxation of activities performed in more than one province (*Convenio Multilateral del 18 de agosto de 1977*). Under this agreement, gross income is allocated between the different provinces applying a formula based on income obtained and expenses incurred in each province. In the Province of Buenos Aires, we have received an exemption from the payment of the turnover tax for the period from 2011 through April 13, 2017 for Sistemas Globales S.A. and through December 31, 2019 for IAFH Global S.A.. Sistemas Globales S.A. is renewing the exemption.

Provincial Tax Advance Payment Regimes Applicable to Local Bank Accounts

Certain provincial tax authorities have established advance payment regimes regarding the turnover tax that are, in general, applicable to credits generated in bank accounts opened with financial institutions governed by the Argentine Financial Institutions Law. These regimes apply to local tax payers which are included in a list distributed - usually on a monthly basis - by the provincial tax authorities to the financial institutions aforementioned.

Tax rates applicable depend on the regulations issued by each provincial tax authority, in a range that, currently, could amount up to 5%. For tax payers subject to these advance payment regimes, any payment applicable qualifies as an advance payment of the turnover tax.

Stamp Tax

Stamp tax is a local tax that is levied based on the formal execution of public or private instruments. Documents subject to stamp tax include, among others, all types of contracts, notarial deeds and promissory notes. Each province and the City of Buenos Aires has its own stamp tax legislation. Stamp tax rates vary according to the jurisdiction and agreement involved. In general, stamp tax rates vary from 1% to 4% and are applied based on the economic value of the instrument. In the Province of Buenos Aires, we have received an exemption from the stamp tax for one of our subsidiaries, IAFH Global S.A., since 2011.

Free Good Transmission Tax

The Province of Buenos Aires established this tax in 2009. According to Law 14,200, all debts accrued up to December 31, 2010 have been exempted from this tax. This tax is levied on any wealth increases resulting from free good or asset transmission (i.e. a donation, inheritance, etc.), provided the beneficiary (individual or company) is domiciled in the Province of Buenos Aires or the goods or assets are located in the Province of Buenos Aires. Moreover, according to this tax, shares and other securities representing capital stock, an equity interest or the equivalent which, at the time of transmission, are located in another jurisdiction (i.e., not in the Province of Buenos Aires) or were issued by entities or companies domiciled in another jurisdiction, are deemed to be situated in the Province of Buenos Aires in proportion to the assets that such entities or companies have in the Province of Buenos Aires. This tax will only be applicable if the benefit obtained by the individual or the company exceeds 78,000 Argentine pesos. In the case of parents, children and spouses, the threshold amount is increased up to 325,000 Argentine pesos. The tax rates are progressive and vary from 4% to 21.925%. The Province of Entre Ríos has enacted a tax that is similar to Law 14,200 described above.

The tax may become applicable in the event that our Argentine subsidiaries, Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A., receive any free transmission of goods or assets located within the Province of Buenos Aires or the Province of Entre Ríos. If either of the subsidiaries changes its domicile to the Province of Buenos Aires or to the Province of Entre Ríos, the tax will be levied upon any free transmission of goods or assets received by that subsidiary, wherever the goods or assets are located.

Municipal Taxes

Municipalities may establish certain municipal taxes, provided they are not analogous with the national taxes, and they match an effective and individualized service provisioned by the local government. It should be noted that in many cases, the taxable income considered for the municipal tax will be the same as that for the turnover tax, though limited to the amount that belongs to the province where the municipality is located as per the agreement to avoid double taxation (*Convenio Multilateral del 18 de agosto de 1977*).

Information Regime

General Resolution 3293/2012 of the Argentine Federal Tax Authority sets forth the obligation to report (through the website of the Argentine Federal Tax Authority) the total or partial (gratuitous or onerous) transfer and/or assignment of:

- securities, shares, participations or equivalents in the capital of non-publicly traded Argentine companies (and certain other non-publicly traded Argentine entities) whether the buyer and/or the purchaser is a foreign or an Argentine resident;
- securities, shares, participations or equivalents in the capital of non-publicly traded foreign companies if the transaction is performed by Argentine individuals or Argentine undivided estates; and
- listed securities issued by Argentine or foreign residents in case the transaction results in the change of control of the company.

This obligation must be complied with concurrently by seller, purchaser and by the target company whose assets are being transferred. Also, the obligation applies to the notary public (if a notary public participates in the transaction). If the transaction is between a foreign seller and a foreign buyer, then according to guidance provided by AFIP, they are not obliged to comply with this information regime. The obligation remains for the local company and notary public.

The transaction must generally be reported within ten business days after the date of the transaction.

Related Parties' Registry

Pursuant to General Resolution No. 3,572, AFIP created: (i) a related parties' registry (*Registro de Sujetos Vinculados*) and (ii) an information regime concerning transactions in the domestic market among related parties (*Régimen informativo de operaciones en el mercado interno - Sujetos Vinculados*).

Unlike the related parties' registry (which applies to transactions among related parties located in Argentina and abroad), the transactions' information regime is applicable to transactions between related parties located in Argentina.

Incoming Funds from Low or No Tax Jurisdictions

According to the legal presumption under Article 18.1 of Law No.11,683 and its amendments, incoming funds from jurisdictions with low or no taxation are deemed an unjustified increase in net worth for the Argentine party, regardless of the nature of the operation involved. Unjustified increases in net worth are subject to the following taxes:

- (a) income tax at a 35% rate on 110% of the amount of the transfer; and
- (b) value added tax at a 21% rate on 110% of the amount of the transfer.

The Argentine tax resident may rebut such legal presumption by proving before the Argentine Tax Authority that the funds arise from activities effectively performed by the Argentine taxpayer or a third party in such jurisdictions, or that such funds have been previously declared.

The Amendment Law modified the definition of Low or No Tax Jurisdiction to mean any country, jurisdiction dominium, territory, associated state or special tax regime in which the maximum corporate income tax rate is lower than 60% of the income tax rate established in section 69 a) of the ITL. Therefore, to avoid being regarded as a low tax jurisdiction, the maximum corporate income tax rate of a given jurisdiction must be equal or higher than 18% during 2018 and 2019; and 15% starting in the year 2020. Regulations are pending on the mechanism to calculate the foreign tax rate for purposes of this concept.

As of the date of this annual report, we are not liable for this tax.

Foreign Exchange Controls

The following is a summary of the material foreign exchange control considerations relating to our operations in Argentina, Colombia and India, and it is based upon laws, regulations, decrees, rulings, administrative practice and judicial decisions in effect as of the date of this annual report. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect us and could alter or modify the statements and conclusions set forth herein. This summary does not purport to be a legal opinion or to address all foreign exchange controls aspects that may be relevant to our operations in such jurisdictions.

Argentina

On January 6, 2002, the Argentine Congress enacted Law No. 25,561 (as amended and supplemented, the "Argentine Public Emergency Law"), formally ending the regime of the Convertibility Law, abandoning over ten years of U.S. dollar-peso parity. With the enactment of the Argentine Public Emergency Law, Argentina declared a state of public emergency in terms of social, economic, administrative, financial and exchange rate conditions, and the Argentine executive branch was vested with the power to establish a system to determine the exchange rate between the peso and foreign currencies and to enact foreign exchange regulations. In February 2002, the Argentine executive branch issued Decree No. 260/2002 which established (i) a single free foreign exchange market FX Market in which all foreign exchange transactions were to be settled, and (ii) that foreign exchange transactions are to be consummated at an exchange rate that is freely settled, subject to the requirements and regulations imposed by the Argentine Central Bank. Even when the Argentine peso was allowed to float freely against other currencies, the Argentine Central Bank has the power to intervene in the exchange rate market by buying and selling foreign currency for its own account, a practice in which it engaged in, and in which it may continue to engage in, on a regular basis.

In June 2005, through the issuance of Decree No. 616/2005, the Argentine government established a number of foreign exchange restrictions and regulations on inflows and outflows of funds to be settled through the local FX Market. With the tightening of exchange controls beginning in late 2011, in particular with the introduction of measures that allowed limited access to foreign currency by private companies and individuals (such as requiring an authorization of tax authorities to access the foreign currency exchange market), the implied exchange rate, as reflected in the quotations for Argentine securities in foreign markets, compared to the corresponding quotations in the local market, increased significantly over the official exchange rate. Within such measures, the Argentine government restricted certain local companies from obtaining access to the FX Market for the purpose of making payments abroad, such as dividends (including capital reductions) and payment for importation of services and goods. In particular, during the last few years, the Argentine Central Bank exercised a *de facto* prior approval power for certain foreign exchange transactions otherwise authorized to be carried out under the applicable regulations by means of regulating the amount of foreign currency available to financial institutions to conduct such transactions.

Most foreign exchange restrictions and restrictions on transfer of funds into and out of Argentina that had been enacted since 2011, were lifted by the Macri administration by December 2015, reestablishing Argentine residents' rights to purchase and remit outside of Argentina foreign currency with no maximum amount and without specific allocation or prior approval.

In December 2015, in line with the economic reforms implemented by the new administration, the Argentine Ministry of Treasury issued Resolution No. 3/2015 which eliminated the requirement to maintain a registered, non-transferable and non-interest bearing deposit by reducing the amount of the deposit from 30% to 0%. Consequently, such deposit is no longer applicable to, among other transactions, foreign financial debts, inflows of funds of non-residents and repatriations by residents. In addition, pursuant to Resolution No. 1-E/2017 dated January 5, 2017, the minimum period of 120 calendar days, imposed by Resolution No. 3/2015, for the proceeds received from any new financial indebtedness (incurred by residents and granted by foreign creditors) as well as portfolio investments of non-residents had to be kept in Argentina, was reduced to zero. The Argentine Ministry of Treasury is entitled to modify the percentage of and period that funds must be kept in Argentina when a change in the macroeconomic situation so requires.

In addition, on August 8, 2016, the Argentine Central Bank issued Communication "A" 6037, which repealed most of the restrictions to purchase currency and those relating to the inflow and outflow of funds into and from Argentina (except for the obligation of Argentine exporters of goods and services to repatriate to the FX Market foreign currency proceeds from exportation transactions, such as receivables relating to the exportation of goods, which shall also be settled through the FX Market).

Furthermore, on May 19, 2017, the Central Bank issued Communication "A" 6244, which entered into effect on July 1, 2017 and was amended by Communication "A" 6312 dated August 30, 2017, and pursuant to which new regulations regarding access to the foreign exchange market were established, essentially abrogating all prior regulations on the matter. Pursuant to these regulations:

- The principle of a free foreign exchange market is established.
- The obligation to carry out any exchange operation through an authorized entity is maintained.
- The restrictions regarding hours to operate in the MULC are eliminated.
- The obligation of Argentine residents to comply with the "Survey of foreign assets and liabilities" (Communication "A" 6401) is maintained and in force, even if there had been no inflow of funds to the MULC and/or no future access to it for the operations to be declared.

On November 1, 2017, the Argentine executive branch issued Decree No. 893/2017 (complemented by Communication "A" 6363 of the Central Bank dated November 10, 2017) pursuant to which foreign exchange restrictions related to exports of goods and services that continued to be in place (Mercado Único y Libre de Cambios) were eliminated, including the obligation of Argentine residents to transfer to Argentina and sell in the FX Market the proceeds of their exports of goods within the applicable deadline.

Pursuant to Resolution No. 1-E/2017, the minimum period of 120 calendar days, imposed by Resolution No. 3/2015, that proceeds received from foreign financial debt had to be kept in Argentina was reduced to zero.

For additional information regarding all current foreign exchange restrictions and exchange control regulations in Argentina, investors should consult their legal advisors and read the applicable rules mentioned herein, as well as any amendments and complementary regulations, which are available at the Argentine Ministry of Treasury's website: www.economia.gob.ar , or the Argentine Central Bank's website: www.bcra.gob.ar .

Colombia

Under Colombian foreign exchange regulations, payments in foreign currency related to certain foreign exchange transactions must be conducted through the commercial exchange market, by means of an authorized financial intermediary, and declaring the payment to the Colombian Central Bank. This mechanism applies to payments in connection with, among others, imports and exports of goods, foreign loans and related financing costs, investment of foreign capital and the remittances of profits thereon, investment in foreign securities and assets and endorsements and guarantees in foreign currency. Transactions through the commercial exchange market are made at market rates freely negotiated with the authorized intermediaries.

In addition, the Colombian Central Bank may intervene in the foreign exchange market at its own discretion at any time and may, under certain circumstances, take actions that limit the availability of foreign currency to private sector companies. Notwithstanding the foregoing, the Colombian Central Bank has never taken such action since the present foreign exchange regime was implemented in 1991.

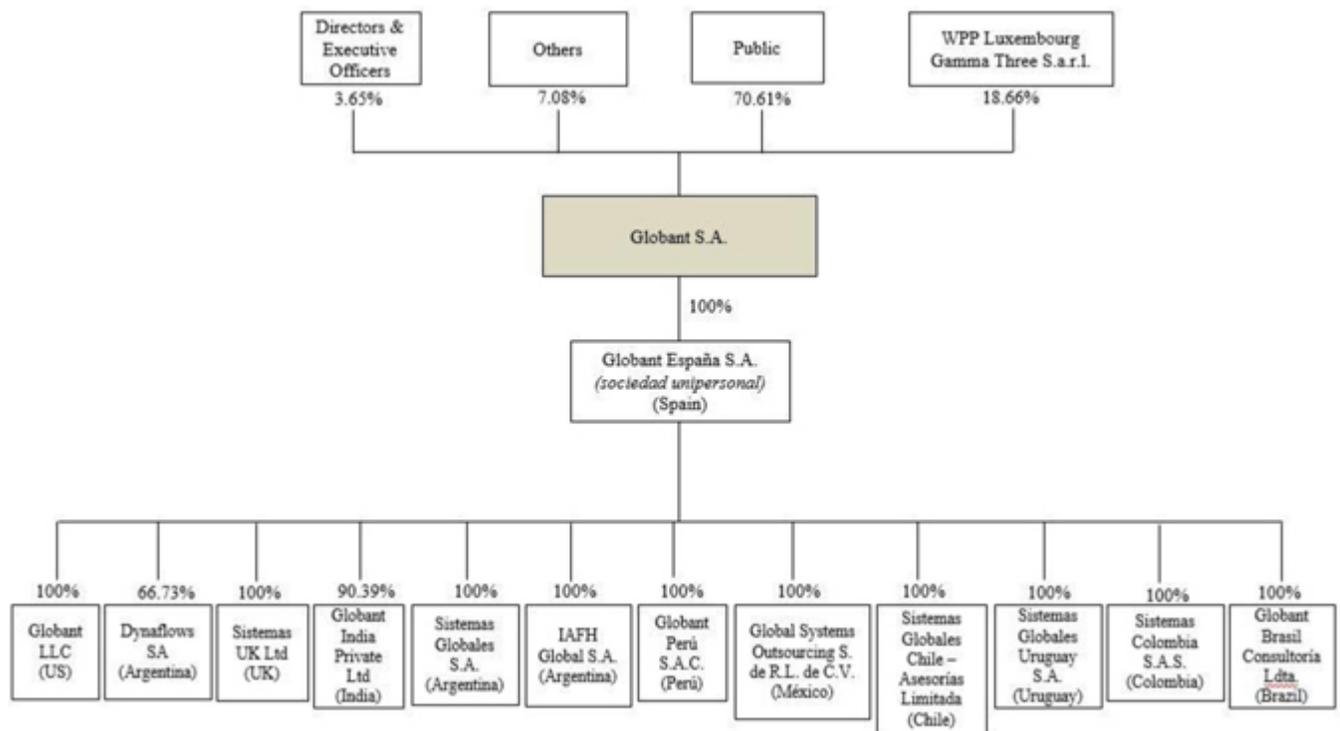
India

The prevailing foreign exchange laws in India require Indian residents to repatriate all foreign currency earnings to India to control the exchange of foreign currency. More specifically, Section 8 of the Foreign Exchange Management Act, 1999, requires an Indian company to take all reasonable steps to realize and repatriate into India all foreign currency earned by the company outside India, within such time periods and in the manner specified by the Reserve Bank of India (the "RBI"). The RBI has promulgated guidelines that require Indian companies to realize and repatriate such foreign currency back to India, including by way of remittance into a foreign currency account such as an Exchange Earners Foreign Currency ("EEFC") account maintained with an authorized dealer in India. Remittance into an EEFC account is subject to the condition that the sum total of the accruals in the account during a calendar month should be converted into rupees on or before the last day of the succeeding calendar month, after adjusting for utilization of the balances for approved purposes or forward commitments.

C. Organizational Structure

On December 10, 2012, we incorporated our company, Globant S.A., as a *société anonyme* under the laws of the Grand Duchy of Luxembourg, as the holding company for our business. Prior to the incorporation in Luxembourg, our company was incorporated in Spain as a *sociedad anónima* , which we refer to as "Globant Spain" or "Spain Holdco". As a result of the incorporation of our company in Luxembourg and certain related share transfers and other transactions, Globant Spain became a wholly-owned subsidiary of our company.

The following chart reflects our organization structure, including our principal shareholders and our principal subsidiaries, as of March 26, 2018. See "Major Shareholders and Related Party Transactions - Major Shareholders" for more information about our principal shareholders and note 2.2 to our audited consolidated financial statements for more information about our consolidated subsidiaries.



Seasonality

See “Operating and Financial Review and Prospects - Operating Results - Factors Affecting Our Results of Operations.”

D. Property, Plant and Equipment

See “-Business Overview.”

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this annual report. Our consolidated financial statements have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Key Information-Risk Factors" and elsewhere in this annual report.

Overview

We are a digitally native technology services company. We are passionate about building the new way of being digital. We want to help our clients emotionally connect with consumers and employees, leveraging the power of artificial intelligence ("AI") for business optimization. We are the place where engineering, design, and innovation meet scale. Our principal operating subsidiary is based in Buenos Aires, Argentina. For the year ended December 31, 2017, 78.8% of our revenues were generated by clients in North America, 11.8% in Latin America, 0.2% in Asia and 9.3% in Europe, including many leading global companies.

Over the past several years, new technologies have emerged to revolutionize the way end-users interact with technology and reshape businesses and competitive landscapes for organizations.

We believe that we are at the forefront of one of the most radical and profound changes since we experienced the mobile and digital transformation that started with the smartphones 10 years ago: the AI revolution. AI and machine learning ("ML") capabilities have advanced exponentially in recent years, blurring the line between fantasy and reality, and creating an unparalleled market opportunity for whoever can deliver the technology to eager consumers.

Like many radical transformations in the past, AI is poised to be a disruptive force in the near future. Although AI has been available for decades, it has recently matured due to technological advancements that have driven innovation in many industries and accelerated investment in AI.

Today's users move quickly and are keen to interact with their digital ecosystem anywhere and anytime, in a fast, seamless and personalized way that will simplify their lives. We are experiencing an abundance of demand for more intelligent and human-like behavior and technology, and we believe that we have concrete ways to fill that demand.

Our Globers are our most valuable asset. As of December 31, 2017, we had 6,753 Globers and 37 locations across 30 cities in Latin America, Asia, Europe and North America, throughout 12 countries, supported by four client management locations in the United States, and one client management location in each of United Kingdom, Colombia, Uruguay, Argentina and Brazil. Our reputation for cutting-edge work for global blue chip clients and our footprint across the world provide us with the ability to attract and retain well-educated and talented professionals. We are culturally similar to our clients and we function in multiple time zones. We believe that these characteristics have helped us build solid relationships with our clients in the United States and Europe and facilitate a high degree of client collaboration.

For the year ended December 31, 2017, 78.8%, 11.8%, 9.3% and 0.2% of our revenues were generated by clients in North America, Latin America, Europe and Asia, respectively. Our clients include companies such as Google, Electronic Arts, Southwest Airlines Co. and Walt Disney Parks and Resorts Online, each of which was among our top ten clients by revenues for at least one Studio in the year ended December 31, 2017. 88.3% of our revenues for 2017 were attributable to repeat clients who had used our services in the prior year. We believe our success in building our attractive client base in the most sophisticated and competitive markets for IT services demonstrates the superior value proposition of our offering and the quality of our execution as well as our culture of innovation and entrepreneurial spirit.

Our revenues increased from \$253.8 million for 2015 to \$413.4 million for 2017, representing a Compound Annual Growth Rate ("CAGR") of 27.6% over the two-year period. Our revenues for 2017 increased by 28.1% to \$413.4 million, from \$322.9 million for 2016. Our net income for 2017 was \$30.5 million, compared to a net income of \$35.9 million for 2016. The \$5.4 million decrease in net income from 2016 to 2017 was primarily driven by lower gross margin, partially offset by a decrease in selling, general and administrative expenses and efficiencies in the effective income tax rate. In 2015, 2016 and 2017, we made several acquisitions to enhance our strategic capabilities, none of which contributed a material amount to our revenues in the year the acquisition was made. See "Information on the Company - History and Development of the Company."

We were founded in 2003 and since our inception, we have benefited from strong organic growth and have built a blue chip client base comprised of leading global companies. Over that same period, we have expanded our network of offices from one to 37. We benefited from the support of Riverwood Capital and FTV Capital, which have provided equity capital to support our strategic expansion and growth. In January 2012, Endeavor Global, Inc., an organization devoted to selecting, mentoring and accelerating high-impact entrepreneurs around the world, invested in our company. And, more recently, in December 2012, one of the largest marketing communications networks in the advertising industry, WPP plc, through its wholly owned subsidiary, WPP, became a shareholder of our company.

In 2006, we started working with Google. We were chosen due to our cultural affinity and innovation. While our growth has primarily been organic, since 2008 we have made fourteen complementary acquisitions. Our acquisition strategy is focused on deepening our relationship with key clients, extending our technology capabilities, broadening our service offering and expanding the geographic footprint of our delivery centers, including beyond Latin America.

In 2008, we acquired Accendra, a Buenos Aires-based provider of software development services, in order to deepen our relationship with Microsoft and broaden our technology expertise to include Sharepoint and other Microsoft technologies. That same year we also acquired Openware, a company specializing in security management based in Rosario, Argentina.

In 2011, we acquired Nextive. The Nextive acquisition expanded our geographic presence in the United States and enhanced our U.S. engagement and delivery management team as well as our ability to provide comprehensive solutions in mobile technologies.

In 2012, we acquired TerraForum, an innovation consulting and software development firm in Brazil. The acquisition of TerraForum allowed us to expand into one of the largest economies in the world and to broaden our services to our clients, strengthening our position as a leader in the creation of innovative software products.

In August 2013, we acquired 22.75% of Dynaflows S.A. In October 2015, we obtained the control over Dynaflows through acquiring an additional number of shares. This additional acquisition allowed us to broaden our Services over Platforms strategy.

In October 2013, we acquired a majority stake in the Huddle Group, a company specializing in the media and entertainment industries, with operations in Argentina, Chile and the United States. We acquired the remaining 13.75% minority stake in Huddle Investment in October 2014.

In July 2014, we closed the initial public offering of our common shares in the United States.

In October 2014, we acquired BlueStar Holdings. Through this acquisition, we commenced our operations in Perú.

In April 2015, we closed a follow-on secondary offering of our common shares in the United States through which certain selling shareholders sold 3,994,390 common shares previously held by them. In July 2015, we closed another follow-on secondary offering in the United States through which certain selling shareholders sold 4,025,000 common shares previously held by them.

In May 2015, we acquired Clarice which allowed us to establish our presence in India.

Also, in 2015, we launched new Studios to complement our offerings, including one focused on Cognitive Computing, and we incorporated a complementary approach to build digital journeys fast and in an innovative manner through our service-over-platform offering.

During 2016, we introduced a new model that intends to reshape our go-to-market strategy to scale our company in the coming years, called 50 Squared. The main goal of this new approach is to focus our team in the top 50 high potential accounts that have the capacity to grow exponentially over time. To do so, we have appointed our most senior people from Sales, Technology and Operations to lead these teams and take our company to the next level. This account focus has become the most important pillar of our go-to-market strategy and every account within Globant now has the goal to become part of this program.

In May 2016, we acquired WAE. The purpose of these acquisitions was related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of WAE.

In August 2016, we applied to the Luxembourg Stock Exchange for listing on the Official List of the Lux SE and for the admission to trading on its regulated market of our common shares. Our shares began trading on the Lux SE on August 11, 2016.

In November 2016, we entered into a stock purchase agreement with 3C to purchase the 100% of the capital stock of Difier. At the same time, we signed a consulting services agreement to provide software development services to 3C for a term of four years.

During the same month, we acquired L4 Mobile, LLC. The purpose of this acquisition was related to strengthening our leading position in the digital services space and expanding our capabilities in the United States.

In February 2017, we acquired Ratio Cypress, LLC, a limited liability company organized and existing under the laws of the State of Washington in the United States. Ratio offers design, development and quality assurance services necessary to build and manage robust digital products and video streaming solutions for major media companies.

In June 2017, we acquired PointSource, LLC, a design and development technology agency, based in Raleigh, North Carolina, and Chicago. The purpose of this acquisition was related to the benefit of expected synergies, revenue growth and expanding our capabilities in the United States.

A. Operating Results

Factors Affecting Our Results of Operations

In the last few years, the technology industry has undergone a significant transformation due to the proliferation and accelerated adoption of several emerging technologies, including social media, mobility, cloud computing and big & fast data, and related market trends, including enhanced user experience, personalization technology, gamification, consumerization of IT, wearables, internet of things and open collaboration. These technologies are empowering end users and are compelling enterprises to engage and collaborate with end-users in new and powerful ways. We believe that these changes are resulting in a paradigm shift in the technology services industry and are creating demand for service providers that possess a deep understanding of these emerging technologies and related market trends.

We believe that the most significant factors affecting our results of operations include:

- market demand for integrated engineering, design and innovation technology services relating to emerging technologies and related market trends;
- economic conditions in the industries and countries in which our clients operate and their impact on our clients' spending on technology services;
- our ability to continue to innovate and remain at the forefront of emerging technologies and related market trends;
- expansion of our service offerings and success in cross-selling new services to our clients;
- our ability to obtain new clients, increase penetration levels with our existing clients and continue to add value for our existing clients so as to create long-term relationships;
- the availability of, and our ability to attract, retain and efficiently utilize, skilled IT professionals in Latin America and the United States;
- operating costs in countries where we operate, particularly in Argentina where most of our employees are based;
- capital expenditures related to the opening of new delivery centers and client management locations and improvement of existing offices;
- our ability to increase our presence onsite at client locations;
- the effect of wage inflation in countries where we operate and the variability in foreign exchange rates, especially relative changes in exchange rates between the U.S. dollar and the Argentine peso, Uruguayan peso, Mexican peso, Colombian peso and Indian rupees; and
- our ability to identify, integrate and effectively manage businesses that we may acquire.

Our results of operations in any given period are directly affected by the following additional company-specific factors:

- Pricing of and margin on our services and revenue mix. For time-and-materials contracts, the hourly rates we charge for our Globers are a key factor impacting our gross profit margins and profitability. Hourly rates vary by complexity of the project and the mix of staffing. The margin on our services is impacted by the increase in our costs in providing those services, which is influenced by wage inflation and other factors. As a client relationship matures and deepens, we seek to maximize our revenues and profitability by expanding the scope of services offered to that client and winning higher profit margin assignments. During the three-year period ended December 31, 2017, we increased our revenues attributable to sales of technology solutions (primarily through our Mobile, Enterprise Consumerization, UX Design and Gaming Studios), however, our adjusted gross profit margin percentage of 38.8%, 42.3% and 38.9% for the years ended December 31, 2017, 2016 and 2015, respectively, was affected by foreign exchange headwinds combined with some wage inflation in certain of the countries in which we operate.
- Our ability to deepen and expand the portfolio of services we offer through our Studios while maintaining our high standard of quality. The breadth and depth of the services we offer through our Studios impacts our ability to grow revenues from new and existing clients. Through research and development, targeted hiring and strategic acquisitions, we have invested in broadening and deepening the domains of expertise of our Studios. Our future growth and success depend significantly on our ability to maintain the expertise of each of our Studios and to continue to innovate and to anticipate the needs of our clients and rapidly develop and maintain the expertise of each of our Studios, including relevant domain knowledge and technological capabilities required to meet those client needs, while maintaining our high standard of quality.
- Recruitment, retention and management of IT professionals. Our ability to recruit, retain and manage our IT professionals may have an effect on our gross profit margin and our results of operations. Our IT professional headcount was 6,279 as of December 31, 2017, 5,219 as of December 31, 2016 and 4,613 as of December 31, 2015. We manage employee headcount and utilization based on ongoing assessments of our project pipeline and requirements for professional capabilities. An unanticipated termination of a significant project could cause us to experience lower employee utilization resulting from a higher than expected number of idle IT professionals. Our ability to effectively utilize our employees is typically improved by longer-term client relationships due to increased predictability of client needs over the course of the relationships.
- Evolution of client base. In recent years, as we have expanded significantly in the technology services industry; we have diversified our client base and reduced client concentration. Revenues attributable to our top ten clients increased by 26.8% from 2015 to 2016 and 15.4% from 2016 to 2017. Over the same period, we have increased our revenues from existing clients by expanding the scope and size of our engagements. The number of clients that each accounted for over \$5.0 million of our annual revenues amounted to eighteen in 2017, eleven in 2016 and ten in 2015, and the number of clients that each accounted for at least \$1.0 million of our annual revenues increased to 82 in 2017, from 60 in 2016 and 51 in 2015.
- Investments in our delivery platform. We have grown our network of locations to 37 at December 31, 2017, located in 30 cities throughout twelve countries (United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid) and United Kingdom (London)). We also have client management locations in the United States (San Francisco, New York, Boston and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London) that are close to the main offices of key clients. Our integrated global delivery platform allows us to deliver our services through a blend of onsite and offsite methods. We have pursued a decentralization strategy in building our network of delivery centers, recognizing the benefits of expanding into other cities in Argentina and other countries in Latin America, including the ability to attract and retain highly skilled IT professionals in increasing scale. Our ability to effectively utilize our robust delivery platform could significantly affect our results of operations in the future.

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- **Seasonality.** Our business is seasonal and as a result, our revenues and profitability fluctuate from quarter to quarter. Our revenues tend to be higher in the third and fourth quarters of each year compared to the first and second quarters of each year due to seasonal factors. During the first quarter of each year, which includes summer months in the southern hemisphere, there is a general slowdown in business activities and a reduced number of working days for our IT professionals based in Argentina, Uruguay, Brazil, Peru, Chile and Colombia, which results in fewer hours being billed on client projects and therefore lower revenues being recognized on those projects. In addition, some of the reduction in the number of working days for our IT professionals in the first or second quarter of the year is due to the Easter holiday. Depending on whether the Easter holiday falls in March or April of a given year, the effect on our revenues and profitability due to the Easter holiday can appear either in the first or second quarter of that year. Finally, we implement annual salary increases in the second and fourth quarters of each year. Our revenues are traditionally higher, and our margins tend to increase, in the third and fourth quarters of each year, when utilization of our IT professionals is at its highest levels.
 - **Net effect of inflation in Argentina and variability in the U.S. dollar and Argentine peso exchange rate.** Because a substantial portion of our operations is conducted from Argentina, our results of operations are subject to the net effect of inflation in Argentina and the variability in exchange rate between the U.S. dollar and the Argentine peso. The impact of inflation on our salary costs, or wage inflation, and thus on our statement of profit or loss and other comprehensive income varies depending on the fluctuation in exchange rates between the Argentine peso and the U.S. dollar. In an environment where the Argentine peso is weakening against the U.S. dollar, our functional currency in which a substantial portion of our revenues are denominated, the impact of wage inflation on our results of operations will decrease, whereas in an environment where the Argentine peso is strengthening against the U.S. dollar, the impact of wage inflation will increase. During the year ended December 31, 2017, the Argentine peso experienced a 17% devaluation from 15.84 Argentine pesos per U.S. dollar to 18.60 Argentine pesos per U.S. dollar and INDEC reported in 2017 an inflation rate of 24.8%. The combination of this devaluation and the inflation rate is not expected to have a significant impact on our revenues because a substantial portion of our sales are denominated in U.S. dollars. The devaluation, net of the impact of the inflation rate in the same period, has resulted in an increase in our operating costs, as a substantial portion of our operating costs are primarily denominated in Argentine pesos. See "Quantitative and Qualitative Disclosures about Market Risk - Foreign Exchange Risk" and "Quantitative and Qualitative Disclosures about Market Risk - Wage Inflation Risk."

Our results of operations are expected to benefit from government policies and regulations designed to foster the software industry in Argentina, primarily under the Software Promotion Law. For further discussion of the Software Promotion Law, see "Business Overview - Our Delivery Model - Government Support and Incentives."

Certain Income Statement Line Items

Revenues

Revenues are derived primarily from providing technology services to our clients, which are medium- to large-sized companies based in the United States, Europe and Latin America. For the year ended December 31, 2017, revenues increased by 28.1% to \$413.4 million from \$322.9 million for the year ended December 31, 2016. For the year ended December 31, 2016, revenues increased by 27.2% to \$322.9 million from \$253.8 million for the year ended December 31, 2015. Between 2015 and 2017, we experienced rapid growth in demand for our services and significantly expanded our business.

We perform our services primarily under time-and-material contracts and, to a lesser extent, fixed-price contracts. Revenues from our time-and-material contracts represented 91.1%, 92.1% and 96.2% of total revenues for the years ended December 31, 2017, 2016 and 2015, respectively. Revenues from our fixed-price contracts represented 8.9%, 7.9% and 3.7% of total revenues for the years ended December 31, 2017, 2016 and 2015, respectively. The remaining portion of our revenues in each year was derived from other types of contracts.

We discuss below the breakdown of our revenues by client location, industry vertical and client concentration. Revenues consist of technology services revenues net of reimbursable expenses, which primarily include travel and out-of-pocket costs that are billable to clients.

Revenues by Client Location

Our revenues are sourced from three main geographic markets: North America (primarily the United States), Europe (primarily Spain and the United Kingdom) and Latin America (primarily Argentina, Chile and Mexico). We present our revenues by client location based on the location of the specific client site that we serve, irrespective of the location of the headquarters of the client or the location of the delivery center where the work is performed. For the year ended December 31, 2017, we had 356 clients.

The following table sets forth revenues by client location by amount and as a percentage of our revenues for the years indicated:

	Year ended December 31,					
	2017		2016		2015	
	(in thousands, except percentages)					
By Geography						
North America	\$ 325,614	78.8%	\$ 260,923	80.8%	\$ 212,412	83.7%
Europe	38,484	9.3%	29,306	9.1%	13,508	5.3%
Asia	700	0.2%	1,265	0.4%	1,434	0.6%
Latin America and other	48,641	11.8%	31,362	9.7%	26,442	10.4%
Revenues	\$ 413,439	100.0%	\$ 322,856	100.0%	\$ 253,796	100.0%

Revenues by Industry Vertical

We are a provider of technology services to enterprises in a range of industry verticals including media and entertainment, professional services, technology and telecommunications, travel and hospitality, banks, financial services and insurance and consumer, retail and manufacturing, among others. The following table sets forth our revenues by industry vertical by amount and as a percentage of our revenues for the periods indicated:

	Year ended December 31,					
	2017		2016		2015	
	(in thousands, except percentages)					
By Industry Vertical						
Media and Entertainment	\$ 99,640	24.1%	\$ 67,912	21.0%	\$ 61,767	24.3%
Travel & Hospitality	68,400	16.5%	63,414	19.6%	38,926	15.3%
Banks, Financial Services and Insurance	94,994	23.0%	59,786	18.5%	31,981	12.6%
Technology & Telecommunications	60,648	14.7%	51,378	15.9%	51,816	20.4%
Professional Services	40,660	9.8%	42,286	13.1%	36,546	14.4%
Consumer, Retail & Manufacturing	36,025	8.7%	28,710	8.9%	28,840	11.4%
Other Verticals	13,072	3.2%	9,370	3.0%	3,920	1.6%
Total	\$ 413,439	100.0%	\$ 322,856	100.0%	\$ 253,796	100.0%

Revenues by Client Concentration

We have increased our revenues by expanding the scope and size of our engagements, and we have grown our key client base primarily through our business development efforts and referrals from our existing clients.

The following table sets forth revenues contributed by our largest client, top five clients, top ten clients and top twenty clients by amount and as a percentage of our revenues for the years indicated:

	Year ended December 31,					
	2017		2016		2015	
	(in thousands, except percentages)					
Client concentration						
Top client	\$ 42,049	10.2%	\$ 31,249	9.7%	\$ 31,095	12.3%
Top five clients	119,431	28.9%	108,831	33.7%	83,633	33.0%
Top ten clients	173,333	41.9%	150,217	46.5%	118,509	46.7%
Top twenty clients	228,922	55.4%	193,057	59.8%	154,737	61.0%

Our top ten customers for the year ended December 31, 2017 have been working with us for, on average, seven years.

Our focus on delivering quality to our clients is reflected in the fact that existing clients from 2016 and 2015 contributed 88.3% and 71.6% of our revenues in 2017, respectively. Our existing clients from 2015 contributed 91.7% of our revenues in 2016. As evidence of the increase in scope of engagement within our client base, the number of clients that each accounted for over \$5.0 million of our annual revenues increased (eighteen in 2017, eleven in 2016 and ten in 2015) and the number of clients that each accounted for at least \$1.0 million of our annual revenues increased to eighty-two in 2017, sixty in 2016 and fifty-one in 2015. The following table shows the distribution of our clients by revenues for the year presented:

	Year ended December 31,		
	2017	2016	2015
Over \$5 Million	18	11	10
\$1 - \$5 Million	64	49	41
\$0.5 - \$1 Million	45	41	30
\$0.1 - \$0.5 Million	82	88	100
Less than \$0.1 Million	147	151	163
Total Clients	356	340	344

The volume of work we perform for specific clients is likely to vary from year to year, as we are typically not any client's exclusive external technology services provider, and a major client in one year may not contribute the same amount or percentage of our revenues in any subsequent year.

Operating Expenses

Cost of Revenues

The principal components of our cost of revenues are salaries and non-reimbursable travel costs related to the provision of services. Included in salaries are base salary, incentive-based compensation, employee benefits costs and social security taxes. Salaries of our IT professionals are allocated to cost of revenues regardless of whether they are actually performing services during a given period. Up to 70% of the amounts paid by our Argentine subsidiaries for certain social security taxes in respect of base and incentive compensation of our IT professionals is credited back to those subsidiaries under the Software Promotion Law, reducing the effective cost of social security taxes from approximately 19.0% to approximately 10.0% of the base and incentive compensation on which those contributions are calculated. For further discussion of the Software Promotion Law, see "- Income Tax Expense" below and note 3.7.1.1 to our audited consolidated financial statements for the year ended December 31, 2017.

Also included in cost of revenues is the portion of depreciation and amortization expense attributable to the portion of our property and equipment and intangible assets utilized in the delivery of services to our clients.

Our cost of revenues has increased since 2013 in line with the growth in our revenues and reflects the expansion of our operations in Argentina, Uruguay, Colombia, Peru, Mexico, India and the United States primarily due to increases in salary costs, an increase in the number of our IT professionals and the opening of new delivery centers. We expect that as our revenues grow, our cost of revenues will increase. Our goal is to increase revenue per head and thereby increase our gross profit margin.

Selling, General and Administrative Expenses

Selling, general and administrative expenses represent expenses associated with promoting and selling our services and include such items as salary of our senior management, administrative personnel and sales and marketing personnel, infrastructure costs, legal and other professional services expenses, travel costs and other taxes. Included in salaries are base salary, incentive-based compensation, employee benefits costs and social security taxes. The credit of up to 70% for certain social security taxes paid by our Argentine subsidiaries that is provided under the Software Promotion Law as described under "- Cost of Revenues" above also extends to payments of such social security taxes in respect of salaries of personnel included in our selling, general and administrative expenses, reducing the effective cost of social security taxes as described above.

Also included in selling, general, and administrative expenses is the portion of depreciation and amortization expense attributable to the portion of our property and equipment and intangible assets utilized in our sales and administration functions.

Our selling, general and administrative expenses have increased primarily as a result of our expanding operations and the build-out of our senior and mid-level management teams to support our growth. We expect our selling, general and administrative expenses to continue to increase in absolute terms as our business expands. However, as a result of our management and infrastructure investments, we believe our platform is capable of supporting the expansion of our business without a proportionate increase in our selling, general and administrative expenses, resulting in gains in operating leverage.

Depreciation and Amortization Expense (included in "Cost of Revenues" and "Selling, General and Administrative Expenses")

Depreciation and amortization expense consists primarily of depreciation of our property and equipment (primarily leasehold improvements, servers and other equipment) and, to a lesser extent, amortization of our intangible assets, (mainly software licenses, acquired intangible assets and internal developments). We expect that depreciation and amortization expense will continue to increase as we open more delivery centers and client management locations.

Other operating (expenses) income, net

Other operating (expenses) income, net includes impairment of tax credits, net of recoveries, and impairment of intangible assets. For the year ended December 31, 2017, we recorded a loss of \$1.6 million for impairment of tax credits, which represented an allowance for estimated losses resulting from substantial doubt about the recoverability of some value-added tax credits determined by estimating future uses of such credits. For the year ended December 31, 2016, no impairment of tax credits was recorded. For the year ended December 31, 2015, we recorded a gain of \$1.8 million related to the recovery of an impairment of tax credits, which represented the partial reversal of the allowance recognized in prior years after consideration of new facts and circumstances that occurred in that year.

For the year ended December 31, 2017, we recognized an impairment loss of \$4.7 million related to the intangible assets acquired in business combinations based on our evaluation of projected lower future cash flows from the related customer relationships. In 2016 and 2015, no impairment losses were recorded.

Gain on Transaction with Bonds

Proceeds Received from Capital Contributions

During the year ended December 31, 2015, our Argentine subsidiaries, with cash proceeds from capital contributions, acquired U.S. dollar-denominated BODEN and BONAR in the U.S. debt markets (in U.S. dollars). BONAR are a form of Argentine sovereign bond with characteristics identical to BODEN. The capital contributions during the year ended December 31, 2015 were related to capital expenditures incurred by our Argentine subsidiaries to establish delivery centers in Bahía Blanca, Mar del Plata and Tucumán, open a new recruiting center in Buenos Aires, make initial payments for a new building agreed with *Inversiones y Representaciones S.A.* (IRSA) and finance working capital requirements. The BODEN and BONAR trade both in the U.S. and Argentine markets. We consider the Argentine market to be the principal market for these bonds.

After holding the BODEN and BONAR for a certain period of time, our Argentine subsidiaries sold the BODEN and BONAR in the Argentine market. Because the fair value of the BODEN and BONAR in the Argentine markets, converted at the U.S. dollar official exchange rate prevailing in Argentina (which is the rate used to convert transactions in foreign currencies into our Argentine subsidiaries' functional currency, which is the U.S. dollar), during the year ended December 31, 2015 was higher than the quoted U.S. dollar price for the BODEN and BONAR in the U.S. markets, we recognized a gain when remeasuring the fair value of the BODEN and BONAR (expressed in Argentine pesos) into U.S. dollars at the official exchange rate prevailing in Argentina.

The rate of exchange between the Argentine peso and the U.S. dollar may increase or decrease in the future. We cannot predict future fluctuations in the exchange rate of the Argentine peso against the U.S. dollar. In addition, legislative, judicial or administrative changes or interpretations may be forthcoming, which could also affect the exchange rate. Accordingly, our gain reported on transactions with BODEN and BONAR during the year ended December 31, 2015 is not necessarily indicative of the results that may be expected for any future period. If in the future there is a gap between the quoted price of BODEN and BONAR in the Argentine markets (in Argentine pesos) and their quoted price in U.S. markets (in U.S. dollars) as converted at the official exchange rate prevailing in Argentina, our Argentine subsidiaries may acquire, with cash proceeds from capital contributions, U.S. dollar-denominated BODEN and BONAR in the U.S. debt markets (in U.S. dollars).

Finance Income

Finance income consists of foreign exchange gain on monetary assets, liabilities denominated in currencies other than the U.S. dollar and interest gains on time deposits, short-term securities issued by the Argentine Central Bank (*Letras del Banco Central*), foreign exchange forward contracts and mutual funds.

Finance Expense

Finance expense consists of interest expense on borrowings, loss arising for foreign exchange forward contracts and other investments, foreign exchange loss, other interest and other finance expenses.

Income Tax Expense

As a global company, we are required to provide for corporate income taxes in each of the jurisdictions in which we operate. We have secured special tax benefits in Argentina and Uruguay, as described below. As a result, our income tax expense is low in comparison to profit before income tax expense due to the benefit related to profit before income tax expense earned in those lower tax jurisdictions. Changes in the geographic mix, income tax regulations or estimated level of annual pre-tax income can also affect our overall effective income tax rate. As our operations outside of Argentina and Uruguay grow, it is likely that our effective tax rate will increase.

Under the Software Promotion Law, Argentine companies that are engaged in the design, development and production of software benefit from a 60% reduction in the corporate income tax rate and a tax credit of up to 70% of amounts paid for certain social security taxes that can be applied to offset certain national tax liabilities. When originally enacted in 2004, the Software Promotion Law only permitted this tax credit to be offset against liability for value-added taxes. In 2011, the Software Promotion Law was amended to permit the tax credit to be offset as well against corporate income tax liabilities up to a percentage not higher than the taxpayer's declared percentage of exports (subject to the issuance of implementing regulations), and to extend the reduction in corporate income tax rate and the tax credit regime through 2019. On September 16, 2013, the Argentine government published Regulatory Decree No. 1315/2013, which governs the implementation of the Software Promotion Law. Regulatory Decree No. 1315/2013 introduced specific requirements to qualify for the tax benefits contemplated by the Software Promotion Law. In particular, Regulatory Decree No. 1315/2013 provides that from September 17, 2014 through December 31, 2019 only those companies that are accepted for registration in the National Registry of Software Producers maintained by the Secretary of Industry will be entitled to participate in the benefits of the Software Promotion Law. On June 25, 2014, our Argentine subsidiaries Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A. applied for registration in the National Registry of Software Producers.

On March 26, 2015, the Secretary and Subsecretary of Industry issued rulings approving the registration in the National Registry of Software Producers of Sistemas Globales S.A. and IAFH Global S.A. On April 17, 2015, the Secretary and Subsecretary of Industry issued rulings approving the registration in the National Registry of Software Producers of Huddle Group S.A. In each case, the ruling made the effective date of registration retroactive to September 18, 2014 and provided that the benefits enjoyed under the Software Promotion Law as originally enacted were not extinguished until the ruling goes into effect (which have occurred upon its date of publication in the Argentine government's official gazette on before mentioned dates).

On May 7, 2015, we applied to the Subsecretary of Industry for deregistration of Huddle Group S.A. from the National Registry of Software Producers, as the subsidiary had discontinued activities since January 1, 2015. Consequently, Huddle Group S.A. has been subject to a 35% corporate income tax rate from January 1, 2015 until December 31, 2017.

On December 29, 2017, the Argentine government enacted Law No. 27.430, a comprehensive tax reform that became effective on January 1, 2018. Specifically, Law No. 27.430 introduced amendments to income tax (both at corporate and individual levels), value added tax ("VAT"), tax procedural law, criminal tax law, social security contributions, excise tax, tax on fuels and tax on the transfer of real estate.

The law decreases the corporate income tax rate from 35% to 30% for fiscal years starting January 1, 2018 to December 31, 2019, and to 25% for fiscal years starting January 1, 2020 and onwards.

The operations of the Argentine subsidiaries are our most significant source of profit before income tax.

Our subsidiary in Uruguay, which is domiciled in a tax-free zone, benefits from a 0% income tax rate and an exemption from value-added tax. The subsidiary located outside the tax-free zone has an exemption from income tax and value-added tax applicable to the exports of software development services.

Until December 31, 2017, our subsidiary in Colombia was subject to federal corporate income tax of 34% and a surcharge of 6% calculated on net income before income tax. For fiscal year 2018, the income tax rate will be 33% and surcharge rate will be 4%. For fiscal year 2019 and going forward, the surcharge will be eliminated and the corporate tax rate will remain at 33%.

Until December 31, 2017, our U.S. subsidiary, Globant LLC, is subject to U.S. federal income tax at the rate of 34%. On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act ("2017 Tax Act") that instituted fundamental changes to the taxation of multinational corporations. The 2017 Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, changes regarding net operating loss carryforwards, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. Furthermore, as part of the transition to the new tax system, a one-time transition tax is imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates. For certain eligible pass-through entities, the 2017 Tax Act provides for a qualified business income deduction. The 2017 Tax Act introduces various changes to the Internal Revenue Code. We are currently evaluating the effect of the changes introduced by the 2017 Tax Act on our business. It is anticipated that meaningful guidance explaining the application of certain provisions of the 2017 Tax Act will be released in the upcoming year.

The reform also introduces base erosion provisions for U.S. corporations that are part of a multinational group. For fiscal years beginning after December 31, 2017, a U.S. corporation is potentially subject to tax under the Base Erosion Anti-Abuse Tax provision ("BEAT"), if the controlled group of which it is a part has sufficient gross receipts and derives a sufficient level of "base erosion tax benefits." The provisions introducing the BEAT are complex and there are currently uncertainties surrounding their practical and technical application.

Our subsidiaries in England are subject to corporate income tax at the rate of 19%, which will be reduced to 18% beginning on April 1, 2018.

On September 29, 2014, Law No. 20,780 was published in the Chilean government's official gazette. This law introduced significant changes to the Chilean taxation system and strengthened the powers of the Chilean tax authority to control and prevent tax avoidance. Effective January 1, 2017, Law No. 20,780 created two different corporate tax regimes: the Attributed Income Regime (*Sistema de Renta Atribuida*) and the Semi-Integrated Regime (*Sistema Parcialmente Integrado*). Under the Attributed Income Regime, shareholders are taxed on an accrual basis, with a rate of 25% imposed at the operating entity level, plus an additional withholding income tax of 35% for nonresident shareholders. Under this regime, profits are attributed to the shareholders, irrespective of whether a distribution is actually made. Under the Semi-Integrated Regime, shareholders are taxed on a cash basis (when profits are distributed), at a rate of 25.5% for 2017 and 27% for 2018, imposed at the operating entity level, plus an additional withholding income tax of 35% when profits are actually distributed. Under this regime, the corporate rate is creditable against the 35% withholding income tax, but 35% of such credit is required to be paid to the Chilean Treasury, so, in practice, only 65% of the corporate rate is creditable. However, investors from countries with which Chile has signed the Double Tax Treaty as of January 1, 2017 would be entitled to use the 100% of the foreign tax credit, even if at that time the agreement was not yet in force. Under such circumstances, the full tax credit would be applicable until December 31, 2019 if at that time the relevant tax treaty had not yet entered into force. The Semi-Integrated Regime applies to Sistemas Globales Chile. Due to its shareholders being domiciled in Spain, 100% of the income tax will be creditable by them. Sistemas Globales Chile was subject to a corporate income tax rate of 24% during the year ended December 31, 2016. Beginning on January 1, 2017, the corporate income tax rate applicable to Sistemas Globales Chile will increase to 25.5%

Our subsidiary in Brazil is subject to a corporate income tax rate of 24% plus an additional 10% if its pre-tax income is higher than 240,000 reais. As of December 31, 2017, our Brazilian subsidiary had a tax loss carryforward of 1.2 million. The tax loss carryforward will not expire, and our Brazilian subsidiary may utilize it to offset up to 30% of its taxable income in each carryforward year.

On December 31, 2014, Peru enacted Law No 30,296, which made several changes to the Peruvian tax regime. Among other changes, the law decreases corporate income tax rates, effective January 1, 2015, as follows: fiscal year 2015 and 2016, 28%, fiscal year 2017 and 2018, 27%, fiscal year 2019, 26%. The Peruvian Congress on October 6, 2016, issued Law No. 30,506, which provides the Peruvian government the power to legislate regarding matters affecting economic growth, formal compliance, and national security for a 90-day period. Pursuant to the power granted, the Peruvian government issued Legislative Decree No. 1261 on December 10, 2016, which increases the corporate income tax rate, effective January 1, 2017, for fiscal year 2017 onward to 29.5%.

Our subsidiary in Mexico is subject to corporate income tax at the rate of 30%.

Our Indian subsidiary, Globant India Private Limited, is primarily export-oriented and is eligible for certain income tax holiday benefits granted by the government of India for export activities conducted within Special Economic Zones, or SEZs. The services provided by our Pune development center are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the center commenced the provision of services and 50% of such profits or gains for the five years thereafter. Certain tax benefits are also available for a further five years subject to the center meeting defined conditions. Indian profits ineligible for SEZ benefits are subject to corporate income tax at the rate of 34.61%. In addition, all Indian profits, including those generated within SEZs, are subject to the Minimum Alternative Tax (MAT), at the current rate of approximately 21.34%, including surcharges.

Results of Operations

The following table sets forth a summary of our consolidated results of operations by amount and as a percentage of our revenues for the periods indicated. This information should be read together with our audited consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2017		2016		2015	
	(in thousands, except percentages)					
Consolidated Statements of profit or loss and other comprehensive income:						
Revenues ⁽¹⁾	\$ 413,439	100.0%	\$ 322,856	100.0%	\$ 253,796	100.0%
Cost of revenues ⁽²⁾	(263,171)	(63.7)%	(191,395)	(59.3)%	(160,292)	(63.2)%
Gross profit	150,268	36.3%	131,461	40.7%	93,504	36.8%
Selling, general and administrative expenses ⁽³⁾	(110,808)	(26.8)%	(81,889)	(25.4)%	(71,594)	(28.2)%
Other operating (expenses) income, net ⁽⁴⁾	(6,294)	(1.5)%	-	-%	1,820	0.7%
Profit from operations	33,166	8.0%	49,572	15.3%	23,730	9.3%
Gain on transactions with bonds ⁽⁵⁾	-	-%	-	-%	19,102	7.5%
Finance income	7,956	1.9%	16,215	5.0%	27,555	10.9%
Finance expense	(11,036)	(2.7)%	(19,227)	(6.0)%	(20,952)	(8.3)%
Finance (expense) income, net⁽⁶⁾	(3,080)	(0.7)%	(3,012)	(1.0)%	6,603	2.6%
Other income and expenses, net ⁽⁷⁾	8,458	2.0%	3,629	1.1%	605	0.2%
Profit before income tax	38,544	9.3%	50,189	15.4%	50,040	19.6%
Income tax ⁽⁸⁾	(8,081)	(2.0)%	(14,327)	(4.4)%	(18,420)	(7.3)%
Net income for the year	<u>\$ 30,463</u>	7.4%	<u>\$ 35,862</u>	11.0%	<u>\$ 31,620</u>	12.3%

(1) Includes transactions with related parties of \$5,590, \$6,462 and \$6,655 for the years ended December 31, 2017, 2016 and 2015, respectively.

(2) Includes depreciation and amortization expense of \$4,339, \$4,281 and \$4,441 for the years ended December 31, 2017, 2016 and 2015, respectively. Also includes share based compensation for \$5,666, \$917 and \$735 for the years ended December 31, 2017, 2016 and 2015, respectively.

(3) Includes depreciation and amortization expense of \$11,789, \$6,637 and \$4,860 for the years ended December 31, 2017, 2016 and 2015, respectively. Also includes share based compensation of \$8,798, \$2,703 and \$1,647 for the years ended December 31, 2017, 2016 and 2015, respectively.

(4) Includes an impairment of tax credits of \$1,586 for the year ended December 31, 2017 (see note 4.11 to our audited consolidated financial statements) and a recovery of \$1,820 for the year ended December 31, 2015 related to a reversal of the allowance of impairment of tax credits. As of December 31, 2017 includes an impairment of intangibles assets of \$4,708 (see note 4.12 to our audited consolidated financial statements).

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- (5) Includes a gain on transactions with bonds of \$19,102 acquired with funds from capitalizations received by our Argentine subsidiaries for the year ended December 31, 2015. See note 3.17 to our audited consolidated financial statements.
- (6) Includes foreign exchange loss, net, of \$2,729, \$8,620 and \$10,136 for the years ended December 31, 2017, 2016 and 2015, respectively.
- (7) Includes a gain of \$6,735 and \$418 on the remeasurement of contingent consideration related to the acquisition of Clarice, L4 and WAE, and a gain of \$1,727 and \$2,981 related to the remeasurement of the fair value of the call and put option over our non-controlling interest in Dynaflo for the years ended December 31, 2017 and 2016, respectively. Also includes a gain of \$225 related to the bargain business combination of Difier for the year ended December 31, 2016. See notes 23, 27.10.1 and 27.10.2 to our audit consolidated financial statements. Includes a gain related to the valuation at fair value of our 22.7% share interest held in Dynaflo of \$625 for the year ended December 31, 2015. See note 23 to our audited consolidated financial statements.
- (8) Includes deferred tax gains of \$5,972, \$730 and \$1,102 for the years ended December 31, 2017, 2016 and 2015, respectively.

2017 Compared to 2016

Revenues

Revenues were \$413.4 million for 2017, representing an increase of \$90.5 million, or 28.1%, from \$322.9 million for 2016.

Revenues from North America increased by \$64.7 million, or 24.8%, to \$325.6 million for 2017 from \$260.9 million for 2016. Revenues from Latin America and other countries increased by \$17.2 million, or 54.8%, to \$48.6 million for 2017 from \$31.4 million for 2016. Revenues from Europe increased by \$9.2 million, or 31.4%, to \$38.5 million for 2017 from \$29.3 million for 2016. Revenues from Asia decreased by \$0.6 million, or 46.2%, to \$0.7 million for 2017 from \$1.3 million for 2016.

Revenues from technology and telecommunications clients increased by \$9.2 million, or 17.9%, to \$60.6 million for 2017 from \$51.4 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand in gaming, consumer experience services and the cross-selling capabilities of our Studios. Revenues from media and entertainment clients increased by \$ 31.7 million, or 46.7%, to \$99.6 million for 2017 from \$67.9 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to a higher demand for our gaming solutions, mobile applications, and consumer experience practices. Revenues from professional services clients decreased by \$1.6 million, or 3.8%, to \$40.7 million for 2017 from \$42.3 million for 2016. The decrease in revenues from clients in this industry vertical was primarily attributable to lower demand for services related to enterprise consumerization, digital content and consumer experience solutions. Revenues from consumer, retail and manufacturing clients increased by \$ 7.3 million, or 25.4%, to \$36.0 million for 2017 from \$28.7 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to gaming, mobile applications, user experience and social practices, supported by the cross-selling capabilities of our Studios. Revenues from banks, financial services and insurance clients increased by \$ 35.2 million, or 58.9%, to \$95.0 million for 2017 from \$59.8 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to high performance, analytics, cloud and mobile. Revenues from travel and hospitality clients increased by \$5.0 million, or 7.9%, to \$68.4 million for 2017 from \$63.4 million for 2016. This increase is primarily attributable to large increase in demand for consumer experience and automated testing services. Revenues from clients in other verticals increased by \$ 3.7 million, or 39.4%, to \$13.1 million for 2017 from \$9.4 million for 2016.

Revenues from our top ten clients in 2017 increased by \$23.1 million, or 15.4%, to \$173.3 million for 2017 from \$150.2 million for 2016, reflecting our ability to increase the scope of our engagement with our main customers. Revenues from our largest client for 2017, Walt Disney Parks and Resorts Online, increased by \$11.0 million, or 35.5%, to \$42.0 million for 2017 from \$31.0 million for 2016. Revenues from our largest client for 2016, Southwest Airlines Co., decreased by \$4.3 million, or 13.8%, to \$26.9 million from \$31.2 million for 2016.

Cost of Revenues

Cost of revenues was \$263.2 million for 2017, representing an increase of \$71.8 million, or 37.5%, from \$191.4 million for 2016. The increase was primarily attributable to the net addition of 1,060 IT professionals since December 31, 2016, an increase of 20.3%, to satisfy growing demand for our services, which translated into an increase in salaries. Cost of revenues as a percentage of revenues increased to 63.7% for 2017 from 59.3% for 2016. The increase was primarily attributable to the higher variation in exchange rate lag with respect to actual salary increases in nominal Argentine pesos, and to an expansion of our delivery footprint in United States during 2017.

Salaries, employee benefits, social security taxes and share based compensation, the main component of cost of revenues, increased by \$67.6 million, or 38.1% to \$245.0 million for 2017 from \$177.4 million for 2016. Salaries, employee benefits and social security taxes include a \$5.7 million share-based compensation expense in 2017 and \$0.9 million share-based compensation expense in 2016.

Depreciation and amortization expense was \$4.3 million for 2017 and 2016.

Travel and housing was \$6.6 million for 2017 and 2016.

Selling, General and Administrative Expenses

Selling, general and administrative expense was \$110.8 million for 2017, representing an increase of \$28.9 million from \$81.9 million for 2016. The increase was primarily attributable to \$18.4 million increase in salaries, employee benefits, social security taxes and share based compensation related to the addition of a number of senior sales executives in our main market, the United States; a \$5.2 million increase in depreciation and amortization expense; and \$3.3 million increase in office expenses, rental expenses related to the opening of our new delivery centers. In addition, there was a \$2.3 million increase in professional fees including audit and other professional services. Allowances for doubtful accounts decreased by \$1.0 million. Selling, general and administrative expenses as a percentage of revenues increased to 26.8% for 2017 from 25.4% for 2016. Share-based compensation expense within selling, general and administrative expenses accounted for \$8.8 million, or 2.1%, as a percentage of revenues for 2017, and \$2.7 million, or 0.8%, as a percentage of revenues for 2016.

Other operating expenses, net

Other operating expenses was \$6.3 million for 2017. The loss was due to the recognition of an impairment of tax credits of \$1.6 million and an impairment of intangibles assets of \$4.7 million.

Finance Income

Finance income for 2017 was \$8.0 million compared to \$16.2 million for 2016, resulting primarily from foreign exchange gains of \$6.3 million as compared to \$6.2 million in 2016, and gains from short-term investments of \$1.2 million as compared to \$9.9 million in 2016.

Finance Expense

Finance expense decreased to \$11.0 million for 2017 from \$19.2 million for 2016, primarily reflecting a foreign exchange loss of \$9.0 million mainly related to the impact of the weakening of some Latin American currencies against the U.S. dollar on our monetary assets denominated in such currencies, a loss of \$0.6 million arising from held-for-trading investments and interest expense of \$0.9 million. Other financial expenses totaled \$0.5 million.

Other Income and Expenses, Net

Other income and expenses, net increased to a gain of \$8.5 million for 2017 from a gain of \$3.6 million for 2016. Our 2017 gain includes a gain of \$6.7 million on the remeasurement of contingent consideration related to the acquisition of Clarice, L4 and WAE (see notes 23, 27.10.1 and 27.10.2 of our consolidated financial statements), and a gain of \$1.7 million related to the remeasurement at fair value of the call and put option over our non-controlling interest in Dynaflo.

Income Tax

Income tax expense amounted to \$8.1 million for 2017, a decrease of \$6.2 million from a \$14.3 million income tax expense for 2016. The decrease in income tax expense was attributable to lower gain related to Argentine forward contracts and the reduced impact of the devaluation of the Argentine peso. Our effective tax rate (calculated as income tax gain or expense divided by the profit before income tax) decreased to 21.0% for 2017 from 28.5% for 2016, principally driven by a more balanced distribution of gains and costs across the company.

Net Income for the Year

As a result of the foregoing, we had a net income of \$30.5 million for 2017, compared to \$35.9 million for 2016.

2016 Compared to 2015

Revenues

Revenues were \$322.9 million for 2016, representing an increase of \$69.1 million, or 27.2%, from \$253.8 million for 2015.

Revenues from North America increased by \$48.5 million, or 22.8%, to \$260.9 million for 2016 from \$212.4 million for 2015. Revenues from Latin America and other countries increased by \$4.9 million, or 18.5%, to \$31.4 million for 2016 from \$26.5 million for 2015. Revenues from Europe increased by \$15.8 million, or 117.0%, to \$29.3 million for 2016 from \$13.5 million for 2015. Revenues from Asia decreased by \$0.1 million, or 7.1%, to \$1.3 million for 2016 from \$1.4 million for 2015.

Revenues from technology and telecommunications clients decreased by \$0.4 million, or 0.8%, to \$51.4 million for 2016 from \$51.8 million for 2015. The decrease in revenues from clients in this industry vertical was primarily attributable to lower demand in gaming, consumer experience services and the cross-selling capabilities of our Studios. Revenues from media and entertainment clients increased by \$6.1 million, or 9.9%, to \$67.9 million for 2016 from \$61.8 million for 2015. The increase in revenues from clients in this industry vertical was primarily attributable to a higher demand for our gaming solutions, mobile applications, and consumer experience practices. Revenues from professional services clients increased by \$ 5.8 million, or 15.9%, to \$42.3 million for 2016 from \$36.5 million for 2015. The increase in revenues from clients in this industry vertical was primarily attributable to growth in demand for services related to enterprise consumerization, digital content and consumer experience solutions. Revenues from consumer, retail and manufacturing clients decreased by \$0.1 million, or 0.3%, to \$28.7 million for 2016 from \$28.8 million for 2015. The decrease in revenues from clients in this industry vertical was primarily attributable to lower demand for services related to mobile applications, testing services, user experience and social practices, supported by the cross-selling capabilities of our Studios. Revenues from banks, financial services and insurance clients increased by \$ 27.8 million, or 86.9%, to \$59.8 million for 2016 from \$32.0 million for 2015. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to high performance, analytics, cloud and mobile. Revenues from travel and hospitality clients increased by \$ 24.5 million, or 63.0% to \$63.4 million for 2016 from \$38.9 million for 2015. This increase is primarily attributable to large increase in demand for consumer experience and automated testing services. Revenues from clients in other verticals increased by \$ 5.4 million, or 135.0%, to \$9.4 million for 2016 from \$4.0 million for 2015.

Revenues from our top ten clients in 2016 increased by \$31.7 million, or 26.8%, to \$150.2 million from revenues of \$118.5 million in 2015, reflecting our ability to increase the scope of our engagement with our main customers. Revenues from our largest client for 2015, Walt Disney Parks and Resorts Online, decreased by \$0.1 million, or 0.3%, to \$31.0 million for 2016 from \$31.1 million for 2015. Revenues from our largest client for 2016, Southwest Airlines Co., increased by \$16.6 million, or 113.7%, to \$31.2 million from \$14.6 million for 2015.

Cost of Revenues

Cost of revenues was \$191.4 million for 2016, representing an increase of \$31.1 million, or 19.4%, from \$160.3 million for 2015. The increase was primarily attributable to the net addition of 606 IT professionals since December 31, 2015, an increase of 13.3%, to satisfy growing demand for our services, which translated into an increase in salaries. Cost of revenues as a percentage of revenues decreased to 59.3% for 2016 from 63.2% for 2015. The decrease was primarily attributable to the lower variation in exchange rate lag with respect to actual salary increases in nominal Argentine pesos during 2016.

Salaries, employee benefits, social security taxes and share based compensation, the main component of cost of revenues, increased by \$30.4 million, or 20.7% to \$177.4 million for 2016 from \$147.0 million for 2015. Salaries, employee benefits and social security taxes include a \$0.9 million share-based compensation expense in 2016 and \$0.7 million share-based compensation expense in 2015.

Depreciation and amortization expense included in the cost of revenues decreased by \$0.1 million, or 2.3%, to \$4.3 million for 2016 from \$4.4 million for 2015.

Travel and housing decreased by \$0.1 million, or 1.5%, to \$6.6 million for 2016 from \$6.7 million for 2015. The decrease was primarily attributable to efficiencies in the allocation of employees to projects.

Selling, General and Administrative Expenses

Selling, general and administrative expense was \$81.9 million for 2016, representing an increase of \$10.3 million from \$71.6 million for 2015. The increase was primarily attributable to a \$3.7 million increase in salaries, employee benefits, social security taxes and share based compensation related to the addition of a number of senior sales executives in our main market, the United States; a \$1.7 million increase in depreciation and amortization expense; a \$2.9 million increase in office and rental expenses; and a \$1.7 million increase in Travel and housing. The increases in office expenses, rental expenses and depreciation and amortization expense were related to the opening of the new delivery centers. In addition, there was a \$0.1 million increase in professional fees including audit and other professional services. Allowances for doubtful accounts increased by \$0.7 million. Selling, general and administrative expenses as a percentage of revenues decreased to 25.4% for 2016 from 28.2% for 2015. Share-based compensation expense within selling, general and administrative expenses accounted for \$2.7 million, or 0.8%, as a percentage of revenues for 2016, and \$1.6 million, or 0.6%, as a percentage of revenues for 2015.

Other operating income

During 2016, we did not record any impairment of tax credits compared to a gain of \$1.8 million for 2015. As of December 31, 2015, the remaining allowance for impairment of tax credits was offset against the carrying value of related Software Promotion Law tax credits.

Gain on Transactions with Bonds

Gain on transactions with bonds was zero for 2016 compared to \$19.1 million for 2015 due to the fact that we did not engage in these types of transactions during 2016.

Finance Income

Finance income for 2016 was \$16.2 million compared to \$27.6 million for 2015, resulting primarily from foreign exchange gains of \$6.2 million as compared to \$9.2 million in 2015 and gains from short-term investments, primarily related to forward contracts, of \$9.9 million as compared to \$18.4 million in 2015.

Finance Expense

Finance expense decreased to \$19.2 million for 2016 from \$21.0 million for 2015, primarily reflecting a foreign exchange loss of \$14.8 million mainly related to the impact of the weakening of the Argentine peso against the U.S. dollar on our Argentine peso-denominated monetary assets, a loss of \$3.0 million arising from held-for-trading investments and interest expense of \$0.8 million. Other financial expenses totaled \$0.6 million.

Other Income and Expenses, Net

Other income and expenses, net increased to a gain of \$3.6 million for 2016 from a gain of \$0.6 million for 2015. Our 2016 gain includes a gain of \$0.4 million on the remeasurement of contingent consideration related to the acquisition of Clarice (see note 27.10.1 of our consolidated financial statements), a gain of \$3.0 million related to the remeasurement at the fair value of the call and put option over our non-controlling interest in Dynaflores and a gain of \$0.2 million related to the bargain business combination of Difier (see note 27.10.2, of our consolidated financial statements).

Income Tax

Income tax expense amounted to \$14.3 million for 2016, a decrease of \$4.1 million from a \$18.4 million income tax expense for 2015. The decrease in income tax expense was attributable to lower gain related to Argentine forward contracts and the reduced impact of the devaluation of the Argentine peso. Our effective tax rate (calculated as income tax gain or expense divided by the profit before income tax) decreased to 28.5% for 2016 from 36.8% for 2015, principally driven by the decrease in the taxable foreign exchange gain from the devaluation of the Argentine peso.

Net Income for the Year

As a result of the foregoing, we had a net income of \$35.9 million for 2016, compared to \$31.6 million for 2015.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

Capital Resources

Our primary sources of liquidity are cash flows from operating activities. For the year 2017, we derived 88.1% of our revenues from clients in North America and Europe pursuant to contracts that are entered into by our subsidiaries located in the United States, Spain and the United Kingdom.

Our primary cash needs are for capital expenditures (consisting of additions to property and equipment and to intangible assets) and working capital. From time to time we also require cash to fund acquisitions of businesses.

Our primary working capital requirements are to finance our payroll-related liabilities during the period from delivery of our services through invoicing and collection of trade receivables from clients.

We incur capital expenditures to open new delivery centers, for improvements to existing delivery centers, for infrastructure-related investments and to acquire software licenses.

We will continue to invest in our subsidiaries. In the event of any repatriation of funds or declaration of dividends from our subsidiaries, there will be a tax effect because dividends from certain foreign subsidiaries are subject to taxes.

The following table sets forth our historical capital expenditures for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,		
	2017(***)	2016(**)	2015(*)

(In thousands)

Capital expenditures	\$ 26,314	\$ 21,856	\$ 16,859
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*Excludes impact of Clarice and Dynaflows acquisitions for the year ended December 31, 2015.

**Excludes impact of WAE, Difier and L4 acquisitions for the year ended December 31, 2016.

***Excludes impact of Ratio and PointSource acquisitions for the year ended December 31, 2017.

Investments

During 2015, we invested \$16.9 million in capital expenditures, primarily in setting up our delivery centers in México City, México, Pune, India, Buenos Aires, Argentina and Medellín, Colombia. We also invested in the acquisition of land in Tandil, Argentina, where we plan to build a new facility to consolidate our regional delivery centers.

During 2016, we invested \$21.9 million in capital expenditures, primarily to establish our delivery centers in Mexico City, Mexico, Pune, India and Bogota, Colombia.

During 2017, we invested \$26.3 million in capital expenditures, primarily to establish our delivery centers in La Plata and Tandil, Argentina, Madrid, Spain, Bogotá and Medellín, Colombia and New York, U.S.

Acquisitions

On May 14, 2015, we acquired Clarice, an innovation consulting and software development firm in India, for an aggregate purchase price of up to \$20.2 million, \$10.9 million of which is payable on a deferred basis and subject to reduction upon the occurrence of certain events relating to Clarice's billable hours growth during the three years following our acquisition of it.

On May 23, 2016 we acquired WAE, a a service design consultancy, specializing in three distinct but complementary service offerings (Research, Strategy and Creative) for an aggregate purchase price of \$19.9 million, of which \$11.4 million is payable on a deferred basis and subject to reduction upon the occurrence of certain events relating to, among other things, WAE's gross revenue and gross profit during the two years following our acquisition of it.

On November 14, 2016, we entered into a stock purchase agreement with 3C to purchase 100% of the capital stock of Difier for an aggregate purchase price of \$0.025 million. Difier is engaged in the business of providing information technology support services to 3C, which has been and remains the only customer of Difier.

On November 14, 2016, we acquired 100% of shares of L4. L4 offers the digital product consulting, design, development and quality assurance services necessary to build and manage robust digital products. The aggregate purchase price amounted to \$20.4 million, of which \$9.4 million is payable on a deferred basis and subject to reduction upon the occurrence of certain events relating, among other things, to L4's gross revenue and gross profit during the two years following our acquisition of it.

On February 28, 2017, we acquired 100% of shares of Ratio Cypress, LLC. Ratio offers design, development and quality assurance services necessary to build and manage robust digital products and video streaming solutions for major media companies. The aggregate purchase price amounted to \$9.5 million, of which \$3.7 million is payable on a deferred basis and subject to reduction upon the occurrence of certain events relating, among other things, to Ratio's gross revenue and gross profit during the three years following our acquisition of it.

On June 1, 2017, we acquired 100% of shares of PointSource, LLC. PointSource offers digital solutions to its customers which include design, digital strategy, development and marketing services. The aggregate purchase price amounted to \$28.6 million, of which \$13.1 million is payable on a deferred basis and subject to reduction upon the occurrence of certain events relating to, among other things, to PointSource's gross revenue and gross profit during the two years following our acquisition of it.

As of December 31, 2017, we had cash and cash equivalents and investments of \$60.7 million.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated:

	For the year ended December 31,		
	2017	2016	2015
Net cash provided by (used in) operating activities	42,989	31,480	(5,315)
Net cash (used in) provided by investing activities	(57,534)	(27,999)	5,531
Net cash provided by financing activities	16,598	7,699	1,998
Effect of exchange rate changes on cash and cash equivalents	(60)	2,632	311
Cash and cash equivalents at beginning of the year	50,532	36,720	34,195
Cash and cash equivalents at end of the year	<u>52,525</u>	<u>50,532</u>	<u>36,720</u>
Net increase in Cash and cash equivalents at end of year	1,993	13,812	2,525

Operating Activities

Net cash provided by operating activities consists primarily of profits before taxes adjusted for non-cash items, including depreciation and amortization expense, and the effect of working capital changes.

Net cash provided by operating activities was \$43.0 million for the year ended December 31, 2017 as compared to net cash provided in operating activities of \$31.5 million for the year ended December 31, 2016. This increase of \$11.5 million in net cash provided by operating activities was primarily attributable to a \$5.7 million increase in profit before income tax expense adjusted for non-cash-items, a \$8.5 million increase in working capital and a \$2.7 million increase in income tax payments, net of reimbursements.

Changes in working capital in the year ended December 31, 2017 consisted primarily of a \$25.6 million increase in trade receivables, a \$1.2 million decrease in other receivables, a \$4.3 million increase in trade payables, and increase in utilization of provision for contingencies of \$0.9 million, a \$0.7 million decrease in tax liabilities, and \$7.6 million increase in payroll and social security taxes payable. The \$25.6 million increase in trade receivables reflects our revenue growth. The \$1.2 million decrease in other receivables was mainly related to the decrease in Software Promotion Regime credit. Payroll and social security taxes payable increased to \$40.5 million as of December 31, 2017 from \$30.3 million as of December 31, 2016, primarily as a result of the growth in our headcount in line with our expansion.

Net cash provided in operating activities was \$31.5 million for the year ended December 31, 2016, as compared to net cash used in operating activities of \$5.3 million for the year ended December 31, 2015. This increase of \$36.8 million in net cash provided by operating activities was primarily attributable to a \$29.6 million increase in profit before income tax expenses adjusted for non-cash items, a \$4.9 million increase in working capital and a \$2.3 million decrease in income taxes paid.

Changes in working capital in the year ended December 31, 2016 consisted primarily of a \$5.8 million increase in trade receivables, a \$17.1 million increase in other receivables, a \$1.2 million decrease in trade payables, and a \$1.8 million decrease in tax liabilities, partially offset by a \$3.3 million increase in payroll and social security taxes payable. The \$5.8 million increase in trade receivables reflects our revenue growth. The \$17.1 million increase in other receivables was mainly related to the increase in Software Promotion Regime credit. Payroll and social security taxes payable increased to \$30.3 million as of December 31, 2016 from \$25.6 million as of December 31, 2015, primarily as a result of the growth in our headcount in line with our expansion.

Investing Activities

Net cash of \$57.5 million was used in investing activities for the year ended December 31, 2017 as compared to \$28.0 million of net cash used in investing activities during the year ended December 31, 2016. During the year ended December 31, 2017, we invested in mutual funds and sovereign bonds, which generated a cash flow of \$1.7 million, we invested \$27.5 million in fixed and intangible assets and \$31.1 million in acquisition-related transactions, and we lost proceeds of \$0.6 million from forward contracts.

Net cash of \$28.0 million was used in investing activities for the year ended December 31, 2016, as compared to \$5.5 million of net cash provided by investing activities during the year ended December 31, 2015. During the year ended December 31, 2016, we invested in mutual funds and sovereign bonds, which generated a cash flow of \$20.4 million, \$24.0 million in fixed and intangible assets and \$23.3 million in acquisition-related transactions, and we lost proceeds of \$1.1 million from forward contracts.

Financing Activities

Net cash of \$16.6 million was provided by financing activities for the year ended December 31, 2017, as compared to \$7.7 million of net cash provided by financing activities for the year ended December 31, 2016. During the year ended December 31, 2017, we received \$5.3 million for the issuance of shares under our share-based compensation plan, \$5.7 million proceeds from subscription agreements and proceeds from borrowing for \$5.8 million.

Net cash of \$7.7 million was provided by financing activities for the year ended December 31, 2016 as compared to \$2.0 million of net cash provided by financing activities for the year ended December 31, 2015. During the year ended December 31, 2016, we received \$1.9 million for the issuance of shares under our share-based compensation plan, \$6.4 proceeds from subscription agreement and paid borrowing for \$0.5 million.

Future Capital Requirements

We believe that our existing cash and cash equivalents and cash flows from operations will be sufficient to meet our anticipated cash needs for at least the next 12 months. In addition, as of December 31, 2017, IAFH Global S.A. had recognized an aggregate of \$1.5 million in value-added tax credits. We expect to monetize the value of those value-added tax credits by way of cash reimbursement from AFIP during 2017.

Our ability to generate cash is subject to our performance, general economic conditions, industry trends and other factors. If our cash and cash equivalents and operating cash flow are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. If we issue equity securities in order to raise additional funds, substantial dilution to existing shareholders may occur. If we raise cash through the issuance of indebtedness, we may be subject to additional contractual restrictions on our business. We cannot assure you that we would be able to raise additional funds on favorable terms or at all.

On August 3, 2017, Globant LLC, our U.S. subsidiary, entered into a secured revolving credit facility with HSBC Bank USA, N.A. and Citibank N.A., with HSBC Bank USA, N.A. acting as administrative agent. Under this credit facility, Globant LLC may borrow up to \$40.0 million in advances accruing interest at LIBOR plus 1.75%. This credit facility is guaranteed by Globant S.A. and Globant España S.A. and is secured by Globant LLC's now owned and after-acquired assets. This facility matures on August 2, 2022 and includes the following covenants: delivery of certain financial information; reports on any legal actions, complying with tax payments; maintain an asset coverage ratio of no less than 1.10; limiting Globant LLC's capital expenditures to 5% of our consolidated annual revenue per year; restricted payments must not to exceed \$10.0 million per year; Globant LLC's annual revenue must remain at no less than 60% of our consolidated annual revenue and Globant LLC's net intercompany payable outstanding with Argentine affiliates must be no more than five months of billings from Argentina.

As of December 31, 2017, \$6.0 million in principal was outstanding this credit facility.

Restrictions on Distribution of Dividends by Certain Subsidiaries

The ability of certain of our subsidiaries to pay dividends to us is subject to their having satisfied requirements under local law to set aside a portion of their net income in each year to legal reserves, as described below.

In accordance with Argentine and Uruguayan companies law, our subsidiaries incorporated in Argentina and in Uruguay must set aside at least 5% of their net income (determined on the basis of their statutory accounts) in each year to legal reserves, until such reserves equal 20% of their respective issued share capital. As of December 31, 2017, required legal reserves at our Argentine subsidiaries amounted to \$0.8 million and had been set aside as of that date. As of that date, our Uruguayan subsidiary had set aside a legal reserve of \$0.04 million, which was fully constituted.

On December 29, 2017, Argentine Law No. 27,430 amending the income tax law was enacted. According to the amendments, for fiscal years beginning on or after January 1, 2018 the distribution of dividends is now subject to a 7% withholding for 2018 and 2019 and 13% withholding for 2020 onwards. The Equalization Tax, which levied distributions made out of previously untaxed income, was eliminated.

On December 23, 2013, the Argentine government adopted a new double taxation treaty with Spain, which applied retroactively from January 1, 2013. According this treaty, the tax applicable on dividends distributed by our Argentine Subsidiaries to the Spain Holdco, is limited to 10% on the gross amount of dividends distributed.

In accordance with Brazilian law, 5% of the net profit of our Brazilian subsidiary must be allocated to form a legal reserve, which may not exceed 20% of its capital. Our Brazilian subsidiary may refrain from allocating resources to the legal reserve during any fiscal year in which the balance of such reserve exceeds 30% of its capital. Our Brazilian subsidiary did not have a legal reserve as of December 31, 2017.

In accordance with Colombian companies law, our Colombian subsidiary must set aside at least 10% of its net income (determined on the basis of its statutory accounts) in each year to legal reserves, until such reserves equal 50% of its issued share capital. As of December 31, 2017, its legal reserves amounted to \$0.0004 million and were fully set aside.

Colombia Law No 1,819, published on December 29, 2016, introduced a withholding tax of 5% on dividend distributions to non-resident. This new fiscal obligation is not applicable to our shareholder due to the tax treaty agreement between Colombia and Spain, entered in force on October 28, 2008.

In accordance with Spanish companies law, our Spanish subsidiaries, must set aside at least 10% of its net income (determined on the basis of its statutory accounts) in each year to legal reserves, until such reserves equal 20% of its issued share capital. As of December 31, 2017, the legal reserve amounted to \$7.9 million for all Spanish subsidiaries.

In accordance with Mexican law, our Mexican subsidiary must set aside at least 5% of its net income for each year to a legal reserve, until such reserve equals 20% of its issued share capital. As of December 31, 2017, the legal reserve amounted to \$0.0 million for our Mexican subsidiary.

In accordance with Peruvian law, our Peruvian subsidiary must set aside at least 10% of its net income for each year to a legal reserve, until such reserve equals 20% of its issued share capital. As of December 31, 2017, no reserves had been set aside.

In accordance with Chilean law, our Chilean subsidiary is not obliged to appropriate any fixed amount of profit to a legal reserve. As of December 31, 2017, there is no legal reserve constituted.

In accordance with Indian law, our Indian subsidiary must set off all losses incurred by it (including carried over losses from the previous financial year) and make a provision for depreciation (including depreciation for the previous year if it was not already provided for) against the profits earned by it prior to declaring any dividends. Since the declaration of dividends under Indian law is discretionary, our Indian subsidiary is not required to allocate a specific portion of its annual profits to a designated legal reserve for purposes of declaring dividends. As of December 31, 2017, the legal reserve amounted to 0.02 million for our Indian subsidiary.

In addition, with respect to our Argentine subsidiaries, although the transfer of funds abroad by local companies in order to pay annual dividends to foreign shareholders does not require formal approval by the Argentine Central Bank, in the past, the decrease in availability of U.S. Dollars in Argentina had led the Argentine government to impose informal restrictions on local companies and individuals for purchasing foreign currency for the purpose of making payments abroad, such as dividends. Even when the current Argentine administration has lifted most of the foreign exchange restrictions providing greater flexibility and access to the foreign exchange market, the imposition of future exchange restrictions could impair or prevent the conversion of anticipated dividends or distributions payable to us by those subsidiaries from Argentine pesos into U.S. dollars. For further information on these exchange controls, see "Risk Factors - Risks Related to Operating in Latin America and Argentina - Argentina - The imposition in the future of restrictions on transfers of foreign currency and the repatriation of capital from Argentina may impair our ability to receive dividends and distributions from, and the proceeds of any sale of, our assets in Argentina." and "Information on the Company - Business Overview - Regulatory Overview - Foreign Exchange Controls."

Equity Compensation Arrangements

On July 3, 2014, our board of directors and shareholders approved and adopted the 2014 Equity Incentive Plan, which was amended by our board of directors on May 9, 2016 to increase the number of common shares that may be issued as stock awards from 1,666,667 to 3,666,667.

Under the terms of our 2014 Equity Incentive Plan, from its adoption until the date of this annual report, we have granted to members of our senior management and certain other employees 30,000 stock awards, options to purchase 2,103,456 common shares and 344,523 restricted stock units. Most of the options and the restricted stock units under the plan were granted with a vesting period of four years, 25% of the options becoming exercisable on each anniversary of the grant date. Share-based compensation expense for awards of equity instruments is determined based on the fair value of the awards at the grant date. Each of our employee share options is exercisable for one of our common shares, and each of our restricted stock units will be settled, automatically upon its vesting, with one of our common shares. No amounts are paid or payable by the recipient on receipt of an option or a restricted stock units. Neither the options nor the restricted stock units carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiration (ten years after the grant date).

Share-based compensation expense for awards of equity instruments to employees is determined based on the grant-date fair value of the awards. Fair value is calculated using the Black-Scholes option pricing model.

There were 1,933,239 outstanding stock options as of December 31, 2015, 2,658,595 outstanding stock options as of December 31, 2016 and 2,320,710 outstanding stock options and restricted stock units as of December 31, 2017. For 2017, 2016 and 2015, we recorded \$14.5 million, \$3.6 million and \$2.4 million of share-based compensation expense related to these share option and restricted stock unit agreements, respectively.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with IFRS, which require us to make judgments, estimates and assumptions about (i) the reported amounts of assets and liabilities, (ii) disclosure of contingent assets and liabilities at the end of each reporting period and (iii) the reported amounts of revenues and expenses during each reporting period. We evaluate these estimates and assumptions based on historical experience, knowledge and assessment of current business and other conditions, and expectations regarding the future based on available information and reasonable assumptions, which together form a basis for making judgments about matters not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates.

Some of our accounting policies require higher degrees of judgment than others in their application. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places significant demands on the judgment of our management.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements. We believe that the following critical accounting policies are the most sensitive and require more significant estimates and assumptions used in the preparation of our consolidated financial statements. You should read the following descriptions of critical accounting policies, judgments and estimates in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Revenue Recognition

We use the percentage-of-completion method in accounting for fixed-price contracts. Use of the percentage-of-completion method requires that we estimate each contract's total labor cost to date as a proportion of the total expected labor cost.

This method is followed where reasonably dependable estimates of revenues and costs can be made. Fixed-price contracts generally correspond for services over a period of 12 months or less. Some fixed-price contracts are recurring contracts that establish a fixed amount per month and do not require to apply significant judgment in accounting for those types of contracts. In consequence, the use of estimates is only applicable for those contracts that are on-going at the year end and that are not recurring.

Reviews to these estimates may result in increases or decreases to revenues and income and are reflected in the consolidated financial statements in the periods in which they are first identified. If the estimates indicate that a contract loss will be incurred, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated costs of the contract exceed the estimated total revenues that will be generated by the contract and are included in cost of revenues in the consolidated statement of income and other comprehensive income. Contract losses for the periods presented in these consolidated financial statements were immaterial.

Goodwill impairment analysis

Goodwill is measured as the excess of the cost of an acquisition over the sum of the amounts assigned to tangible and intangible assets acquired less liabilities assumed. The determination of the fair value of tangible and intangible assets involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

We evaluate goodwill for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. When determining the fair value of our cash generating unit, we utilize the income approach using discounted cash flow. The income approach considers various assumptions including increase in headcount, headcount utilization rate income from each country and revenue per employee, income tax rates and discount rates. The assumptions we considered as of December 31, 2017 are the following: projected cash flows for the following five years, the average growth rate considered was 21.5% and the rate used to discount cash flows was 10.58%. The long-term rate used to extrapolate cash flows beyond the projected period was 3%.

Any adverse changes in key assumptions about the businesses and its prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge. Based upon our evaluation of goodwill, no impairments were recognized during 2017, 2016 and 2015.

Income Taxes

Determining the consolidated provision for income tax expense, deferred income tax assets and liabilities, requires significant judgment. The provision for income taxes includes federal, state, local and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences in each of the jurisdictions where we operate of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be reversed. Changes to enacted tax rates would result in either increases or decreases in the provision for income taxes in the period of changes.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. This assessment requires judgments, estimates, and assumptions by our management. In evaluating our ability to utilize deferred tax assets, we consider all available positive and negative evidence, including the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are recoverable. Our judgments regarding future taxable income are based on expectations of market conditions and other facts and circumstances. Any adverse change to the underlying facts or our estimates and assumptions could require that we reduce the carrying amount of its net deferred tax assets.

Share-based compensation plan

Under our share-based compensation plan for employees is measured based on fair value of our shares at the grant date and recognized as compensation expense on a straight-line basis over the requisite service period, with a corresponding impact reflected in additional paid-in capital.

Determining the fair value of the share-based awards at the grant date requires judgments. We calculated the fair value of each option award on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the fair value of our shares, expected volatility, expected term, risk-free interest rate and dividend yield.

Fair value of the shares: For 2014 Equity Incentive Plan, the fair value of the shares is based on the quoted market price of our shares at the grant date. For 2012 Equity Incentive Plan, as our shares were not publicly traded the fair value was determined using the market approach technique based on the value per share of private placements. We had gone in the past through a series of private placements in which new shares have been issued. We understood that the price paid for those new shares was a fair value of those shares at the time of the placement. In January 2012, Globant España S.A. had a capital contribution from a new shareholder, which included cash plus share options granted to the new shareholder, therefore, we considered that amount to reflect the fair value of their shares. The fair value of the shares related to this private placement resulted from the following formula: cash minus fair value of share options granted to new shareholder divided by number of newly issued shares. The fair value of the share options granted to the new shareholder was determined using the same variables and methodologies as the share options granted to the employees. After our reorganization in December 2012, shares of Globant S.A (Luxembourg) were sold by existing shareholders in a private placement to WPP. The fair value of the shares related to this private placement results from the total amount paid by WPP to the existing shareholders.

Expected volatility: As we do not have sufficient trading history for the purpose of valuing our share options, the expected volatility of our shares was estimated by using the average historic price volatility of the NASDAQ 100 Telecommunication Index.

Expected term: The expected life of options represents the period of time the granted options are expected to be outstanding.

Risk free rate: The risk-free rate for periods within the contractual life of the option is based on the U.S. Federal Treasury yield curve with maturities similar to the expected term of the options.

Dividend yield: We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

Call option over non-controlling interest

As of December 31, 2017 and 2016, we held a call option to acquire 33.27% of the remaining interest in Dynaflo S.A., which could be exercised from October 22, 2020 until October 21, 2021. We calculated the fair value of this option using the Black-Scholes option model. The Black-Scholes model requires the input of highly subjective assumptions, including the expected volatility, maturity, risk-free interest rate, value of the underlying asset and dividend yield.

Expected volatility: We have considered annualized volatility as multiples of EBITDA and revenue of publicly traded companies in the technology business in the U.S., Europe and Asia since 2008.

Maturity: The combination between the call and put options (explained in note 23 to the Consolidated Financial Statements included in this annual report) implied that, assuming no liquidity restrictions at the moment that the option was exercisable and considering that both parties wanted to maximize their benefits, we would acquire the minority shareholders shares at the date that this option was exercisable. Therefore, we have assumed that the maturity date of call option is October 22, 2020.

Risk free rate: The risk-free rate for periods within the contractual life of the option was based on the Argentinean bonds (“BONAR”) with a quote in the U.S. market with maturities similar to the expected term of the option.

Value of the underlying assets: We considered a multiple of EBITDA and revenue resulting from the implied multiple in Dynaflo adjusted by the lack of control.

Dividend yield: We did not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

Recoverability of internally generated intangible assets

During the year, we considered the recoverability of the internally generated intangible asset that is included in our consolidated financial statements as of December 31, 2017 and 2016 with a carrying amount of \$6,395 and \$3,904, respectively.

We conducted a detailed recoverability analysis, considering both revenue from customers in the case of assets sold to third parties and internal usage for those assets that are used internally. As a result of this analysis, we believe that the carrying amount of the internally generated intangible assets will be recovered in full. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Fair value measurement and valuation processes

Certain assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, we use market-observable data to the extent it is available. Where Level 1 inputs are not available, if necessary we engage third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 27.9 to the Consolidated Financial Statements included in this annual report.

Useful lives of property, equipment and intangible assets

We review the estimated useful lives of property, equipment and intangible assets at the end of each reporting period. We determined that the useful lives of the assets included as property, equipment and intangible assets are in accordance with their expected lives.

Provision for contingencies

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, it is probable that we will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our clients to make required payments. The allowance for doubtful accounts is determined by evaluating the relative credit-worthiness of each client, historical collections experience and other information, including the aging of the receivables. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The allowance for impairment of tax credits

As of December 31, 2017, we recorded an allowance for impairment of tax credits for an amount of \$1.5 million for estimated losses resulting from substantial doubt about the recoverability of some tax credits. This allowance for impairment of tax credits was determined by estimating future uses of tax credits against value-added tax positions.

The tax credits included in the allowance for impairment are mainly related to Argentine taxation. We estimated the future VAT credit and VAT debit that comes from domestic purchases and sales, respectively. Since exports are zero-rated, any excess portion of the credit not used against any VAT debit is reimbursable to us, through a special VAT recovery regime. However, according to VAT recovery rules, there are certain limitations on the amount that may be reimbursed, and we consider any VAT credit that cannot be reimbursed to be an impairment.

Recoverability of intangible assets acquired in business combinations

We evaluate intangible assets acquired in business combinations for impairment at least annually or more frequently when there is an indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. The determination of the fair value of intangible assets acquired in business combinations involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. When determining the fair value, we utilize the income approach using discounted cash flow.

A total amount of \$4.7 million of impairment loss related to the intangible assets acquired in business combinations was recognized as of December 31, 2017 and is included as other operating expenses. The impairment was recognized as a result of our evaluation of such intangible assets, upon which we projected lower future cash flows from the related customer relationships. In 2016 and 2015 no impairment losses were recorded.

Application of New and Revised International Financial Reporting Standards

New accounting pronouncements

We have not applied the following new and revised IFRSs that have been issued but are not yet mandatorily effective:

IFRS 9	<i>Financial Instruments¹</i>
IFRS 15	<i>Revenue from contracts with customer¹</i>
IFRS 16	<i>Leases²</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments⁴</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IFRS 2	<i>Share-based payments¹</i>
Clarifications to IFRS 15	<i>Revenue from contracts with customer¹</i>
Amendments to IAS 28	<i>Annual improvements 2014 -2016 Cycle¹</i>
Amendment to IAS 28	<i>Long-term Interests in Associates and Joint Ventures⁴</i>
Amendment to IFRS 9	<i>Prepayment Features with Negative Compensation⁴</i>
Amendments to IFRS 3 and 11 and IAS 12 and 23	<i>Annual improvements 2015-2017 Cycle⁵</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement⁴</i>
Amendments to References to the Conceptual Framework in IFRS Standards ⁵	

¹ Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

² Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied.

³ Effective date deferred indefinitely.

⁴ Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.

⁵ Effective for annual periods beginning on or after January 1, 2019.

- In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9, which introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. On July 24, 2014, the IASB published the final version of IFRS 9 'Financial Instruments'. IFRS 9, as revised in July 2014, introduces a new expected credit loss impairment model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Also limited changes to the classification and measurement requirements for financial assets by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Based on our analysis of financial assets and financial liabilities as of December 31, 2017 on the basis of the facts and circumstances that exists at that date, the directors have performed an assessment of the impact of IFRS 9 to our consolidated financial statements as follows:

- Classification and measurement: all financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.
- Impairment: our management does not anticipate that the application of the IFRS 9 Impairment requirements will have a material impact on our consolidated financial statements.
- Hedge accounting: our management does not anticipate that the application of the IFRS 9 Hedge accounting requirements will have a material impact on our consolidated financial statements.

It should be noted that the above assessment was made based on our analysis of the financial assets and financial liabilities as of December 31, 2017 on the basis of the facts and circumstances that existed at that date. This new standard is effective for periods beginning on or after January 1, 2018.

- On May 28, 2014 the IASB published its new revenue Standard, IFRS 15 "Revenue from Contracts with Customers". IFRS 15 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer or promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition:
 - Step 1: Identify the contract with the customer
 - Step 2: Identify the performance obligations in the contract
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price to the performance obligations in the contracts
 - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

On April 12, 2016 the IASB published amendments with clarifications to IFRS 15 'Revenue from Contracts with Customers'. The amendments address the following topics: identifying performance obligations, principal versus agent considerations, and licensing, and provide some transition relief for modified contracts and completed contracts.

Under IFRS 15, an entity recognises revenue when or as performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2018. The standard permits a modified retrospective approach for the adoption. We will apply the standard retrospectively with the cumulative effect recognized at the date of initial application.

We performed an assessment on the five-step approach introduced by IFRS 15 considering its revenue streams. We have written contracts with each customer where a service is provided. Each contract specified a detail of the performance obligation, the transaction price per each performance obligation identified and how this performance obligation is transferred to the customer.

Our services are performed under both time-and-material and fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognized as services are performed with the corresponding cost of providing those services reflected as cost of revenues when incurred. The majority of such revenues are billed on an hourly, daily or monthly basis whereby actual time is charged directly to the client. We have assessed that these performance obligations are satisfied over time and that the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

We recognize revenues from fixed-price contracts based on the percentage of completion method. Under this method, revenue is recognized in the accounting periods in which services are rendered. We have assessed that these performance obligations are satisfied over time, applying the input method by recognizing revenue on the basis of our efforts to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of the performance obligation. Accordingly, the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

Apart from providing more extensive disclosures on our revenue transactions, we do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or our financial performance.

- On January 13, 2016, the IASB issued the IFRS 16 which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, with the distinction between operating and finance leases removed, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value to be accounted for by simply recognizing an expense, typically straight line, over the lease term. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 supersedes IAS 17 and related interpretations. Furthermore, extensive disclosures are required by IFRS 16. As of December 31, 2017, we have non-cancellable operating lease commitments of \$33.5 million for office space and office equipment. IAS 17 does not require the recognition of any right-of-use or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in note 26. If these arrangements meet the definition of a lease under IFRS 16, we will recognize a right-of-use asset and a liability in respect of them unless they qualify of a low value or short-term leases upon the application of IFRS 16. In contrast, for finance leases where we are a lessee, we will recognize an asset and a related finance lease liability for the lease arrangement. Management are currently assessing its potential impact of the application of IFRS 16. It is not practicable to provide a reasonable estimate of the financial effect on the amounts recognized in our consolidated financial statements until the management complete the review. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application being permitted if IFRS 15 has also been applied. We have not opted for early application.
- On December 8, 2016, the IASB published IFRIC 22, which was developed by the IFRS Interpretations Committee to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation is being issued to reduce diversity in practice related to the exchange rate used when an entity reports transactions that are denominated in a foreign currency in accordance with IAS 21 in circumstances in which consideration is received or paid before the related asset, expense, or income is recognized.

The interpretation is effective prospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The management does not anticipate that the application of this interpretation will have a material impact on our Financial Statements.

- On June 7, 2017, the IASB published IFRIC 23 "Uncertainty over Income Tax Treatments", which was developed by the IFRS Interpretations Committee to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation specifically considers:
 - Whether tax treatments should be considered collectively.
 - Assumptions for taxation authorities' examinations.
 - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
 - The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted. We have not opted for early application. The management does not anticipate that the application of this interpretation will have any impact on our Financial Statements.

- On September 11, 2014, the IASB issued amendments to IFRS 10 and IAS 28. These amendments clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
 - require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
 - require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. On December 17, 2015 the IASB issued an amendment that defers the effective date of the September 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded. Earlier application of the September 2014 amendments continues to be permitted.

- On June 20, 2016, the IASB issued amendments to IFRS 2 (share-based payments). The amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The directors do not anticipate that the application of these amendments will have a material impact on our consolidated financial statements. The amendments are effective prospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
- On December 8, 2016, the IASB issued amendments to IAS 28 (Investments in associates and joint ventures) as a result of the IASB's annual improvement 2014-2016 project. The amendment clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by- investment basis, upon initial recognition.

We do not anticipate that the application of this amendment will have a material impact on our consolidated financial statements. The amendment to IAS 28 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

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- On October 12, 2017 the IASB published the amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are to be applied retrospectively but they provide transition requirements similar to those in IFRS 9 for entities that apply the amendments after they first apply IFRS 9. They also include relief from restating prior periods for entities electing, in accordance with IFRS 4 Insurance Contracts, to apply the temporary exemption from IFRS 9. Full retrospective application is permitted if that is possible without the use of hind sight.

The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted. It is not practicable to provide a reasonable financial estimate of the effect until the management complete a review of the application of the amendment. We have not opted for early application.

- On October 12, 2017 the IASB published the amendment to IFRS 9 "Prepayment Features with Negative Compensation". This amendment modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted. It is not practicable to provide a reasonable financial estimate of the effect until the management complete a review of the application of the amendment. We have not opted for early application.

- On December 12, 2017, the IASB issued amendments to the following standards as result of the IASB's annual improvements 2015-2017 project:
 - IFRS 3 (Business combinations): clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
 - IFRS 11 (Joint arrangements): clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
 - IAS 12 (Income tax): clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
 - IAS 23 (Borrowing costs): clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The management does not anticipate that the application of these amendments will have a material impact on our consolidated financial statements. The amendments are all effective for annual periods beginning on or after January 1, 2019.

- On February 7, 2018, the IASB published the following amendments to IAS 19 "Plan Amendment, Curtailment or Settlement":

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- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
 - In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted but must be disclosed.

- On March 29, 2018, the IASB issued the Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments are effective for annual periods beginning on or after 1 January 2020.

C. Research and Development, Patents and Licenses, etc.

See "Business Overview - Intellectual Property."

D. Trend Information

See "- Operating Results - Factors Affecting Our Results of Operations."

E. Off-Balance Sheet Arrangements

As of and for the three years ended December 31, 2017, we were not party to any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

Set forth below is information concerning our fixed and determinable contractual obligations as of December 31, 2017 and the effect such obligations are expected to have on our liquidity and cash flows.

	Payments due by period (in thousands)			
	Total	Less than 1 year	2-3 years	More than 4 years
Borrowings	\$ 6,011	\$ 6,011	\$ -	-
Interest to be paid on borrowings	44	44	-	-
Operating lease obligations	34,694	12,736	20,756	1,202
Other financial liabilities ⁽¹⁾	29,238	10,664	18,574	-
Total	\$ 69,987	\$ 29,455	\$ 39,330	\$ 1,202

⁽¹⁾ Relates to Huddle, Clarice, Dynaflows, WAE, L4, Ratio and PointSource acquisitions. See note 23 to our audited consolidated financial statements.

G. Safe harbor

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See "Cautionary Statements Regarding Forward-Looking Statements."

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors

The table below sets forth information concerning our directors as of March 26, 2018.

Name	Position	Age	Date of Appointment	Current Term Expiring at Annual Meeting of Shareholders to Be Held in Year
Martín Migoya	Chairman of the Board and Chief Executive Officer	50	May 6, 2016	2018
Martín Gonzalo Umaran	Director and Chief of Staff	49	May 8, 2017	2020
Guibert Andrés Englebienne	Director and Chief Technology Officer	51	May 8, 2017	2020
Francisco Álvarez-Demalde	Director	39	May 4, 2015	2019
Mario Eduardo Vázquez	Director	82	May 6, 2016	2019
Philip A. Odeen	Director	82	May 4, 2015	2018
David J. Moore	Director	65	May 4, 2015	2018
Marcos Galperin	Director	46	May 6, 2016	2019
Linda Rottenberg	Director	49	May 8, 2017	2020

Directors may be re-elected for one or more further four-year terms. Directors appointed to fill vacancies remain in office until the next general meeting of shareholders.

Globant S.A. was incorporated in Luxembourg on December 10, 2012. References to the terms of service or appointment of our directors and senior management in the following biographies include their service to our predecessor companies, which were organized in Spain.

Martín Migoya

Mr. Migoya has served as Chairman of our board of directors and Chief Executive Officer since 2005. Prior to co-founding Globant, he worked as a trainee and technology project coordinator at Repsol-YPF, a consultant at Origin BV Holland and a business development director at Tallion. He founded our company together with Messrs. Englebienne, Nocetti and Umaran in 2003. Mr. Migoya is frequently invited to lecture at various conventions and at universities like MIT and Harvard, and has been a judge at the Endeavor Entrepreneurs panel and at La Red Innova. Mr. Migoya was selected as an Endeavor Entrepreneur in 2005 and won a Konex Award as one of the most innovative entrepreneurs of 2008. He was selected as an Argentine Creative Individual of 2009 (*Círculo de Creativos de la Argentina*) and received the Security Award as one of the most distinguished Argentine businessmen of 2009. He also received in 2009 the America Economía Magazine's "Excellence Award", which is given to entrepreneurs and executives that contribute to the growth of Latin American businesses. In 2011, Latin Trade recognized Mr. Migoya as Emerging CEO of the Year. In 2013, Mr. Migoya received the "Entrepreneur of the Year Award" from Ernst & Young. He is a member of the Young President's Organization and a board member of Endeavor Argentina. Mr. Migoya holds a degree in electronic engineering from *Universidad Nacional de La Plata* (UNLP) and a master's degree in business administration, from the *Universidad del Centro de Estudios Macroeconómicos de Argentina* . We believe that Mr. Migoya is qualified to serve on our board of directors due to his intimate familiarity with our company and the perspective, experience, and operational expertise in the technology services industry that he has developed during his career and as our co-founder and Chief Executive Officer.

Martín Gonzalo Umaran

Mr. Umaran has served as a member of our board of directors since 2012 as well as Chief of Staff since 2013. As Globant's Chief of Staff, Mr. Umaran is responsible for coordinating our back office activities, supporting executives in daily projects and acting as a liaison to our senior management. He is also responsible for our mergers and acquisitions process and for strategic initiatives. From 2005 to 2012, he served as Globant's Chief Operations Officer and Chief Corporate Business Officer, in charge of managing our delivery teams and projects. Together with his three Globant co-founders, Mr. Umaran was selected as an Endeavor Entrepreneur in 2005. Mr. Umaran holds a degree in mechanical engineering from *Universidad Nacional de La Plata* (UNLP). We believe that Mr. Umaran is qualified to serve on our board of directors due to his intimate familiarity with our company and his perspective, experience, and operational expertise in the technology services industry that he has developed during his career as a co-founder of our company.

Guibert Andrés Englebienne

Mr. Englebienne has served as a member of our board of directors and as Chief Technology Officer since 2003. He is one of Globant's co-founders. Prior to co-founding Globant, Mr. Englebienne worked as a scientific researcher at IBM and, later, as head of technology for CallNow.com Inc. As Globant's Chief Technology Officer, Mr. Englebienne is the head of our Technology department and our Premier League, an elite team of Globers whose mission is to foster innovation by cross-pollinating their deep knowledge of emerging technologies and related market trends across our Studios and among our Globers. Together with his three Globant co-founders, Mr. Englebienne was selected as an Endeavor Entrepreneur in 2005. In addition to his responsibilities at Globant, Mr. Englebienne is President of Endeavor Argentina. In 2011, he was included in Globalization Today's "Powerful 25" list. Mr. Englebienne holds a bachelor's degree in Computer Science and Software Engineering from the *Universidad Nacional del Centro de la Provincia de Buenos Aires* in Argentina. We believe that Mr. Englebienne is qualified to serve on our board of directors due to his intimate familiarity with our company and his perspective, experience, and operational expertise in the technology services industry that he has developed during his career as a co-founder of our company.

Francisco Álvarez-Demalde

Mr. Álvarez-Demalde has been a member of the board since 2007. He is a founder and general partner of Riverwood Capital, a leading growth-capital private equity firm focused on the global technology industry, and one of the largest early investors in Globant. From 2005 to 2007, he was an investment executive at Kohlberg Kravis Roberts & Co., where he focused on leveraged buyouts in the technology industry and other sectors. Mr. Álvarez-Demalde was also an investment professional at Eton Park Capital Management and with Goldman Sachs & Co. Mr. Álvarez-Demalde is a former and current director of several technology companies, including Alog Data Centers do Brasil, CloudBlue Technologies, Inc., LAVCA, Navent, Netshoes, among several others. Mr. Álvarez-Demalde earned a bachelor's degree in economics from *Universidad de San Andrés*, Argentina, which included an exchange program at the Wharton School at the University of Pennsylvania. We believe that Mr. Álvarez-Demalde is qualified to serve on our board of directors due to his considerable business experience in the technology industry and his experience serving as a director of other companies.

Mario Eduardo Vázquez

Mr. Vázquez has served as a member of our board of directors and chairman of Globant's audit committee since June 2012. From 2003 to 2006, he served as the Chief Executive Officer of *Grupo Telefónica* in Argentina. Mr. Vázquez worked in auditing for Arthur Andersen for 33 years until his retirement in 1993, including 23 years as a partner and general director in many of Globant's markets, including Argentina, Chile, Uruguay, and Paraguay. As former partner and general director of Arthur Andersen, Mr. Vázquez has significant experience with U.S. GAAP accounting and in assessing internal control over financial reporting. Mr. Vázquez currently serves on the board of directors of MercadoLibre, Inc and is currently a member of the Audit Committee of both MercadoLibre, Inc and Despegar S.A. Also, Mr. Vázquez currently serves as member of the compensation committee of MercadoLibre, Inc where Mr. Galperin serves as chief executive officer. Mr. Vázquez served as a member of the board of directors of YPF, S.A. and as the president of the Audit Committee of YPF, S.A, until April 2012. He has also served as a member of the board of directors of Telefónica Argentina S.A., Telefónica Holding Argentina S.A., Telefónica Spain S.A., Banco Santander Río S.A., Banco Supervielle Societe General S.A., and CMF Banco S.A., and as alternate member of the board of directors of Telefónica de Chile S.A. Mr. Vázquez received a degree in public accounting from the *Universidad de Buenos Aires*. We believe that Mr. Vázquez is qualified to serve on our board of directors due to his financial expertise and his experience serving as a director of other companies.

Philip A. Odeen

Mr. Odeen has served as a member of our board of directors since 2012. Mr. Odeen has also served as a director and proxy director of DRS Technologies, Inc. since 2013. From 2009 to 2013, Mr. Odeen served as the chairman of the board of directors and lead independent director of AES Corporation and as a director of AES Corporation from 2003 to 2013. From 2008 to 2013, Mr. Odeen served as the chairman of the board of directors of Convergys Corporation and as a director of Convergys Corporation from 2000 to 2013. Mr. Odeen has served as a director of QinetiQ North America, Inc. since 2006, Booz Allen Hamilton, Inc. since 2008 and ASC Signal Corporation since 2009. From 2006 to 2007, Mr. Odeen served as chairman of the board of directors of Avaya Corporation. He served on the board of directors of Reynolds and Reynolds Company from 2000 to 2007, and as its chairman from 2006 to 2007. Mr. Odeen was a director of Northrop Grumman from 2003 to 2008. Mr. Odeen retired as chairman and chief executive officer of TRW Inc. in December 2002. We believe that Mr. Odeen is qualified to serve on our board due to his experience in leadership and guidance of public and private companies as a result of his varied global business, governmental and non-profit and charitable organizational experience.

David J. Moore

Mr. Moore has served as a member of our board since May 2015. He is the chairman of Xaxis and President of WPP Digital. He has over 35 years of experience in media and technology. He founded and led 24/7 Media's (now Xaxis) growth from start-up to a leader in digital marketing and ad technology. 24/7 Media (TFSM) was listed on NASDAQ in 1998 and Mr. Moore led the company until it was sold to WPP in 2007. He is a member of the Interactive Advertising Bureau's ("IAB") Board of Directors and Executive Committee. Previously the IAB's chairman from 2009 to 2011, Mr. Moore has been an active member since 2002. He also serves on the boards of DASL and DTSI, which are both joint ventures with Dentsu in Japan and Korea and the board of directors of the Advertising Education Foundation. We believe that Mr. Moore is qualified to serve on our board due to his experience in both private and public technology companies as both an officer and director.

Marcos Galperin

Mr. Galperin has served as a member of our board of directors since July 2014. He is a co-founder of Mercadolibre, Inc. and has served as its chairman, president and chief executive officer since October 1999. Mr. Galperin is a board member of Endeavor Global, Inc., a non-profit organization that is leading the global movement to catalyze long term economic growth by selecting, mentoring and accelerating the best high impact entrepreneurs around the world. He is also a board member of the Stanford Graduate School of Business. Mr. Galperin received a master's degree in business administration from Stanford University and graduated with honors from the Wharton School of the University of Pennsylvania. We believe that Mr. Galperin is qualified to serve on our board of directors due to his comprehensive knowledge and experience in the technology industry and experience serving as a director of other companies.

Linda Rottenberg

Ms. Rottenberg has served as a member of our board of directors since 2017. She was a co-founder of Endeavor and serves as its chief executive officer. Ms. Rottenberg serves on the board of directors of Zayo Group Holdings, Inc., a bandwidth infrastructure company, and Olo, an online ordering platform. She is graduate of Harvard College and Yale Law School. We believe that Ms. Rottenberg is qualified to serve on our board of directors due to her knowledge and experience in the technology industry and experience serving as a director of other companies.

Senior Management

Our group senior management is made up of the following members:

Name	Position
Martín Migoya	Chief Executive Officer
Martín Gonzalo Umanan	Chief of Staff
Guillermo Marsicovetere	Chief Strategy Officer
Guibert Andrés Englebienne	Chief Technology Officer
Nestor Nocetti	Executive Vice President, Corporate Affairs
Alejandro Scannapieco	Chief Financial Officer
Yanina Maria Conti	Chief Accounting Officer
Guillermo Willi	Chief People Officer
Gustavo Barreiro	Chief Information Officer
Patricio Pablo Rojo	General Counsel
Wanda Weigert	Director of Marketing
Patricia Pomies	Chief Delivery Officer

The business address of our group senior management is c/o *Sistemas Globales S.A., Ing. Butty 240, 9th floor, Laminar Plaza Tower, C1101 AFB, Capital Federal, Argentina.*

The following is the biographical information of the members of our group senior management other than Messrs. Migoya, Umanan and Englebienne, whose biographical information is set forth in "- Directors."

Guillermo Marsicovetere

Mr. Marsicovetere has been our Chief Operating Officer since July 2012. From 2007 to July 2012, Mr. Marsicovetere served as our Chief Business Officer. From 1993 to 2007, he worked at Sun Microsystems where he held several management positions including Latin America Partner and Sales Director, Southern Cone President and Managing Director, Sales Vice President of the United Kingdom and Ireland. As Globant's Chief Operating Officer, he is responsible for supervising Globant's product delivery. Mr. Marsicovetere holds a law degree from *Universidad Central* in Venezuela.

Nestor Nocetti

Mr. Nocetti, a co-founder of our company, has been our Executive Vice President, Corporate Affairs since July 2012. Mr. Nocetti manages our external affairs, including our relationships with government agencies, union, industry representatives and the media. Prior to that, he served as our Vice President, Innovation Labs. Together with Messrs. Migoya, Englebienne, and Umaran, Mr. Nocetti was selected as an Endeavor Entrepreneur in 2005. He holds a degree in electronic engineering from *Universidad Nacional de La Plata* (UNLP) and a certificate in business management from the Business School (IAE) of *Universidad Austral*.

Alejandro Scannapieco

Mr. Scannapieco has been our Chief Financial Officer since 2008. From 2002 to 2008, he worked as Chief Financial Officer at Microsoft South Cone, headquartered in Buenos Aires, where he was responsible for the Finance & Accounting, Business Support and Procurement & Facilities divisions for Microsoft in Argentina, Bolivia, Chile, Paraguay and Uruguay. Prior to 2002, Mr. Scannapieco worked as a senior financial analyst at JPMorgan and a senior auditor at Ernst & Young. As our Chief Financial Officer, Mr. Scannapieco is in charge of corporate finance and business support, including mergers and acquisitions, treasury, accounting and tax and delivery center expansions. Mr. Scannapieco has a post-graduate degree in capital markets, a degree in public accounting and a bachelor's degree in business administration from the *Pontificia Universidad Católica Argentina "Santa María de los Buenos Aires."* He has also completed a post-graduate degree in finance from *Torcuato Di Tella* University.

Yanina Maria Conti

Mrs. Conti has been our Chief Accounting Officer since 2017. From 2013 until 2017, she served as our SEC Reporting and Audit Manager. From 2004 to 2013, Mrs. Conti worked for Ernst & Young, auditing large public and private firms and gaining experience with IFRS accounting and audit procedures. As our Chief Accounting Officer, Mrs. Conti is in charge of accounting, tax, transactional, external audit and reporting. Mrs. Conti has a degree in public accounting and in business administration from the *Universidad de Buenos Aires*.

Guillermo Willi

Mr. Willi has been our Chief People Officer since September 2011. From 2009 to 2011, he served as the Human Resources Director for Microsoft Argentina and Uruguay, where he was in charge of leading Microsoft's human resources policies, developing internal talent and maintaining diversity and inclusion. Between 2007 and 2009, he was the Human Resources Director for *Pampa Energia*, and from 2002 to 2007 he served as the Human Resources Director for EDS Argentina and Chile. As Globant's Chief People Officer, he is responsible for overseeing the strategy for talent management and development, along with the creation of organizational capabilities and culture. Mr. Willi has a bachelor's degree in political science from the *Universidad de Buenos Aires* and has completed post-graduate studies in management and human resources at Cornell University.

Gustavo Barreiro

Mr. Barreiro has been our Chief Information Officer since July 2012. From 2010 to July 2012, Mr. Barreiro served as our Executive Vice President, Delivery, managing our delivery partners, staffing, recruiting, project managers, and site managers. As Globant's Chief Information Officer, Mr. Barreiro is responsible for our infrastructure team (IT operations and information security), enterprise applications, and IT services. He holds a bachelor's degree in industrial engineering from the *Universidad de Buenos Aires* and a master's degree in business administration from the *Instituto para el Desarrollo Empresarial Argentino* (IDEA).

Patricio Pablo Rojo

Mr. Rojo has been our General Counsel since May 2013. From 2002 to 2006 and from 2007 to 2013, he worked as a corporate and banking law associate at the law firm of Marval, O'Farrell & Mairal. Between 2006 and 2007, he was an International Associate at the New York office of Simpson Thacher & Bartlett LLP. Mr. Rojo has a law degree from the *Pontificia Universidad Católica Argentina "Santa María de los Buenos Aires"* and has completed post-graduate studies in law and economics at *Torcuato Di Tella University*.

Wanda Weigert

Mrs. Weigert has been our Director of Communications and Marketing since 2011. From 2007 to 2011, she served as a communications manager. She joined Globant in 2005 and worked for two years in the Internet marketing department as a senior consultant. From 2002 to 2005, she worked at Jota Group, a publishing house where she was responsible for the development of corporate communications tools for different multinational customers. Mrs. Weigert created and supervises Globant's communications department. As our communications director, she coordinates Globant's relationships with the press in Latin America, the United States and the United Kingdom. She is also responsible for developing both our internal and external communications strategies. Mrs. Weigert holds a bachelor's degree in social communications from *Universidad Austral* and she completed her post-graduate studies in marketing at the *Pontificia Universidad Católica Argentina "Santa María de los Buenos Aires."*

Patricia Pomies

Mrs. Pomies has been our Chief Delivery Officer since January 2017. In this role, Mrs. Pomies is in charge of our overall strategy related to quality of service and delivery. Mrs. Pomies first joined our company in 2012 and was previously a director of Europe, Middle East and Africa (EMEA) and on-line, insurance and travel (OIT), two of our main business units. As such, she was responsible for each unit's business and operations, with particular focus on expanding the EU market. Mrs. Pomies was director at Educ.ar Portal from 2003 to 2013, a key initiative within Argentina's Ministry of Education for principals, teachers, students and families to adopt information and communication technologies in education. Additionally, she was responsible for content production and tracking of "Equality Connect," a program directly supported by the President of Argentina to distribute more than 3.5 million netbooks within the Argentine public education system. Mrs. Pomies has been a Professor of Social Communication at Maimonides University and Assistant Professor of Communication Sciences at the University of Buenos Aires.

B. Compensation**Compensation of Board of Directors and Senior Management**

The total fixed and variable remuneration of our directors and senior management for the years ended December 31, 2017, 2016 and 2015 amounted to \$4.5 million, \$4.4 million and \$4.2 million, respectively.

We adopted an equity incentive plan in connection with the completion of our initial public offering. See "- 2014 Equity Incentive Plan". From the adoption of this plan until the date of this annual report we granted to members of our senior management and certain other employees 30,000 stock awards, options to purchase 2,103,456 common shares and 344,523 restricted stock units. In addition, we replaced our existing variable compensation arrangements with a new short-term incentive plan providing for the payment of bonuses based on the achievement of certain financial and operating performance measures.

2014 Equity Incentive Plan

On July 3, 2014, our board of directors and shareholders approved and adopted our 2014 Equity Incentive Plan, which was amended by our board of directors on May 9, 2016 to increase the number of common shares that may be issued as stock awards from 1,666,667 to up to 3,666,667. The following description of the plan is qualified in its entirety by the full text of the plan, which has been filed with the SEC as an exhibit to the registration statement previously filed in connection with our initial public offering and incorporated by reference herein.

Purpose. We believe that the plan will promote our long-term growth and profitability by (i) providing key people with incentives to improve shareholder value and to contribute to our growth and financial success through their future services, and (ii) enabling us to attract, retain and reward the best-available personnel.

Eligibility; Types of Awards. Selected employees, officers, directors and other individuals providing bona fide services to us or any of our affiliates, are eligible for awards under the plan. The administrator of the plan may also grant awards to individuals in connection with hiring, recruiting or otherwise before the date the individual first performs services; however, those awards will not become vested or exercisable before the date the individual first performs services. The plan provides for grants of stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards and other stock-based awards, or any combination of the foregoing.

Common Shares Subject to the Plan. The number of common shares that we may issue with respect to awards granted under the plan will not exceed an aggregate of 3,666,667 common shares. This limit will be adjusted to reflect any stock dividends, split ups, recapitalizations, mergers, consolidations, share exchanges, and similar transactions. If any award, or portion of an award, under the plan expires or terminates unexercised, becomes unexercisable, is settled in cash without delivery of common shares, or is forfeited or otherwise terminated or cancelled as to any common shares, the common shares subject to such award will thereafter be available for further awards under the plan. Common shares used to pay the exercise price of an award or tax obligations will not be available again for other awards under the plan.

Administration. The plan is administered by our compensation committee. The administrator has the full authority and discretion to administer the plan and to take any action that is necessary or advisable in connection with the administration of the plan, including without limitation the authority and discretion to interpret and construe any provision of the plan or any agreement or other documents relating to the plan. The administrator's determinations will be final and conclusive.

Awards. The plan provides for grants of stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards and other stock-based awards.

Stock Options. The plan allows the administrator to grant incentive stock options, as that term is defined in section 422 of the Internal Revenue Code, or non-statutory stock options. Only our employees or employees of our subsidiaries may receive incentive stock option awards. Options must have an exercise price that is at least equal to the fair market value of the underlying common shares on the date of grant and not lower than the par value of the underlying common shares. The option holder may pay the exercise price in cash or by check, by tendering common shares, by a combination of cash and common shares, or by any other means that the administrator approves. The options have a maximum term of ten years; however, the options will expire earlier if the optionee's service relationship with the company terminates.

Stock Appreciation Rights. The plan allows the administrator to grant awards of stock appreciation rights which entitle the holder to receive a payment in cash, in common shares, or in a combination of both, having an aggregate value equal to the product of the excess of the fair market value on the exercise date of the underlying common shares over the base price of the common shares specified in the grant agreement, multiplied by the number of common shares specified in the award being exercised.

Stock Awards. The plan allows the administrator to grant awards denominated in common shares or other securities, stock equivalent units or restricted stock units, securities or debentures convertible into common shares or any combination of the foregoing, to eligible participants. Awards denominated in stock equivalent units will be credited to a bookkeeping reserve account solely for accounting purposes. The awards may be paid in cash, in common shares or in a combination of common shares or other securities and cash.

Performance Awards. The plan allows the administrator to grant performance awards including those intended to constitute “qualified performance-based compensation” within the meaning of Section 162(m) of the U.S. Internal Revenue Code. The administrator may establish performance goals relating to any of the following, as it may apply to an individual, one or more business units, divisions or subsidiaries, or on a company-wide basis, and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies: revenue; earnings before interest, taxes, depreciation and amortization (EBITDA); operating income; pre- or after-tax income; cash flow; cash flow per share; net earnings; earnings per share; price-to-earnings ratio; return on equity; return on invested capital; return on assets; growth in assets; share price performance; economic value added; total shareholder return; improvement in or attainment of expense levels; improvement in or attainment of working capital levels; relative performance to a group of companies comparable to the company, and strategic business criteria consisting of one or more objectives based on the company’s meeting specified goals relating to revenue, market penetration, business expansion, costs or acquisitions or divestitures. Performance targets may include minimum, maximum, intermediate and target levels of performance, with the size of the performance-based stock award or the lapse of restrictions with respect thereto based on the level attained.

A performance target may be stated as an absolute value or as a value determined relative to prior performance, one or more indexes, budget, one or more peer group companies, any other standard selected by the administrator, or any combination thereof. The administrator shall be authorized to make adjustments in the method of calculating attainment of performance measures and performance targets in recognition of: (A) extraordinary or non-recurring items; (B) changes in tax laws; (C) changes in accounting policies; (D) charges related to restructured or discontinued operations; (E) restatement of prior period financial results; and (F) any other unusual, non-recurring gain or loss that is separately identified and quantified in our financial statements. Notwithstanding the foregoing, the administrator may, in its sole discretion, modify the performance results upon which awards are based under the plan to offset any unintended results arising from events not anticipated when the performance measures and performance targets were established.

Change in Control. In the event of any transaction resulting in a “change in control” of Globant S.A. (as defined in the plan), outstanding stock options and other awards that are payable in or convertible into our common shares will terminate upon the effective time of the change in control unless provision is made in connection with the transaction for the continuation, assumption, or substitution of the awards by the surviving or successor entity or its parent. In the event of such termination, the holders of stock options and other awards under the plan will be permitted immediately before the change in control to exercise or convert all portions of such stock options or awards that are exercisable or convertible or which become exercisable or convertible upon or prior to the effective time of the change in control.

Notwithstanding the foregoing, the vesting schedule of all of the outstanding stock options granted to certain senior executives will be accelerated in the event of a transaction resulting in a change in control if (i) no provision is made in connection with the transaction for the continuation or assumption of the relevant executive’s outstanding options by, or for the substitution of the equivalent awards of, the surviving or successor entity or a parent thereof, or (ii) the relevant executive is dismissed without cause within a two-year period following the change in control.

Amendment and Termination. No award will be granted under the plan after the close of business on the day before the tenth anniversary of the effective date of the plan. Our board of directors may amend or terminate the plan at any time. Shareholder approval is required to reprice underwater options.

Director Compensation

Independent members of our board of directors receive cash compensation for their services as directors and reimbursement of reasonable and documented costs and expenses incurred by them in connection with attending any meetings of our board of directors or any committees thereof. Members of our senior management who are members of our board of directors (Messrs. Migoya, Umanan and Englebienne) have received and will continue receiving cash compensation and share based compensation for their services as executive officers. See “- Compensation of Board of Directors and Senior Management.”

In 2017, we paid an aggregate of \$287,500 in director fees to certain members of our board of directors who are considered independent.

Neither members of our senior management who are members of our board of directors nor members of our board of directors who continue to provide services to, or are affiliated with WPP, will receive compensation from us for their service on our board of directors. Accordingly, Messrs. Migoya, Umaran, Englebienne and Moore will not receive compensation from us for their service on our board of directors. Only those directors who are considered independent directors under the corporate governance rules of the NYSE will be eligible, subject to our shareholders' approval, to receive compensation from us for their service on our board of directors. Ms. Rottenberg and Messrs. Galperin, Odeen, Álvarez-Demalde and Vázquez as well as other independent directors will be paid annually a cash amount ranging between \$75,000 and \$100,000.

In 2017, we granted restricted stock units to Linda Rottenberg, Martin Migoya, Martín Umaran and Guibert Englebienne in the amounts of 2,671, 30,181, 2,029 and 15,264, respectively, all of which are subject to ratification by our shareholders at the annual general meeting.

Benefits upon Termination of Employment

Neither we nor our subsidiaries maintain any directors' service contracts providing for benefits upon termination of service. On December 27, 2012, we entered into noncompetition agreements with our founders. Under such agreements, the founders agreed that during their employment with our company, and for a period of two years from the termination of such employment, they will not directly or indirectly perform any kind of activity or provide any service in other companies that provide the same kinds of services as those provided by us. In consideration of these noncompetition covenants, the founders will receive compensation equal to 24 times the highest monthly compensation paid to them during the 12-month period immediately preceding the date of termination of their employment. This compensation will be paid in two equal installments.

In 2016, our compensation committee approved an amendment to Martín Migoya's noncompetition agreement to increase his compensation to 36 times the highest monthly compensation paid to him during the 12-month period immediately preceding the date of termination of his employment. In addition, our compensation committee approved an amendment each founder's noncompetition agreement so that the compensation calculation will include the proportional amount of any variable annual cash compensation payable to each founder, at target amounts, and that each founder will be entitled to receive continued health coverage and life insurance after the termination of their employment and for a period of 36 months in the case of Martín Migoya and 24 months for the other founders.

In addition, our compensation committee approved the execution of a noncompetition agreement with Mr. Marsicovetere, our Chief Operating Officer, under substantially similar terms and conditions to those applicable to those of Messrs. Umaran, Englebienne and Nocetti.

Pension, Retirement or Similar Benefits

We do not pay or set aside any amounts for pension, retirement or other similar benefits for our officers or directors.

C. Board Practices

Globant S.A. is managed by our board of directors which is vested with the broadest powers to take any actions necessary or useful to fulfill our corporate purpose with the exception of actions reserved by law or our articles of association to the general meeting of shareholders. Our articles of association provide that our board of directors must consist of at least seven members and no more than fifteen members. Our board of directors meets as often as company interests require.

A majority of the members of our board of directors present or represented at a board meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of our board members present or represented. In the case of a tie, the chairman of our board shall have the deciding vote. Our board of directors may also make decisions by means of resolutions in writing signed by all directors.

Directors are elected by the general meeting of shareholders, and appointed for a period of up to four years; provided, however, that directors are elected on a staggered basis, with one-third of the directors being elected each year; and provided, further, that such term may be exceeded by a period up to the annual general meeting held following the fourth anniversary of the appointment, and each director will hold office until his or her successor is elected. The general shareholders' meeting may remove one or more directors at any time, without cause and without prior notice by a resolution passed by simple majority vote. If our board of directors has a vacancy, such vacancy may be filled on a temporary basis by a person designated by the remaining members of our board of directors until the next general meeting of shareholders, which will resolve on a permanent appointment. Any director shall be eligible for re-election indefinitely.

Within the limits provided for by law and our articles of association, our board of directors may delegate to one or more directors or to any one or more persons, who need not be shareholders, acting alone or jointly, the daily management of Globant S.A. and the authority to represent us in connection with such daily management. Our board of directors may also grant special powers to any person(s) acting alone or jointly with others as agent of Globant S.A.

Our board of directors may establish one or more committees, including without limitation, an audit committee, a corporate governance and nominating committee and a compensation committee, and for which it shall, if one or more of such committees are set up, appoint the members, determine the purpose, powers and authorities as well as the procedures and such other rules as may be applicable thereto.

No contract or other transaction between us and any other company or firm shall be affected or invalidated by the fact that any one or more of our directors or officers is interested in, or is a director, associate, officer, agent, adviser or employee of such other company or firm. Any director or officer who serves as a director, officer or employee or otherwise of any company or firm with which we shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm only, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

Any director having an interest in a transaction submitted for approval to our board of directors that conflicts with our interest, must inform our board of directors thereof and to cause a record of his statement to be included in the minutes of the meeting. Such director may not take part in these deliberations and may not vote on the relevant transaction. At the next general meeting, before any resolution is put to a vote, a special report shall be made on any transactions in which any of the directors may have had an interest that conflicts with our interest.

No shareholding qualification for directors is required.

Any director and other officer, past and present, is entitled to indemnification from us to the fullest extent permitted by law against liability and all expenses reasonably incurred or paid by such director in connection with any claim, action, suit or proceeding in which he is involved as a party or otherwise by virtue of his being or having been a director. We may purchase and maintain insurance for any director or other officer against any such liability.

No indemnification shall be provided against any liability to us or our shareholders by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties of a director or officer. No indemnification will be provided with respect to any matter as to which the director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, nor will indemnification be provided in the event of a settlement (unless approved by a court or our board of directors).

Board Committees

Our board of directors has established an audit committee, a compensation committee and a corporate governance and nominating committee. Our board of directors may from time to time establish other committees.

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, our audit committee:

- is responsible for the appointment, compensation and retention of our independent auditors and reviews and evaluates the auditors' qualifications, independence and performance;
- oversees our auditors' audit work and reviews and pre-approves all audit and non-audit services that may be performed by them;
- reviews and approves the planned scope of our annual audit;
- monitors the rotation of partners of the independent auditors on our engagement team as required by law;
- reviews our financial statements and discusses with management and our independent auditors the results of the annual audit and the review of our quarterly financial statements;
- reviews our critical accounting policies and estimates;
- oversees the adequacy of our accounting and financial controls;
- annually reviews the audit committee charter and the committee's performance;
- reviews and approves related-party transactions; and
- establishes and oversees procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters and oversees enforcement, compliance and remedial measures under our code of conduct.

The current members of our audit committee are Messrs. Rottenberg, Odeen and Vázquez, with Mr. Vázquez serving as the chairman of our audit committee and our audit committee financial expert as currently defined under applicable SEC rules. Each of Messrs. Vázquez, Rottenberg and Odeen satisfies the "independence" requirements within the meaning of Section 303A of the corporate governance rules of the NYSE as well as under Rule 10A-3 under the Exchange Act.

On May 13, 2014, our board of directors adopted a written charter for our audit committee, which is available on our website at <http://www.globant.com>.

Compensation Committee

Our compensation committee reviews, recommends and approves policy relating to compensation and benefits of our officers and directors, administers our common shares option and benefit plans and reviews general policy relating to compensation and benefits. Duties of our compensation committee include:

- reviewing and approving corporate goals and objectives relevant to compensation of our directors, chief executive officer and other members of senior management;
- evaluating the performance of the chief executive officer and other members of senior management in light of those goals and objectives;
- based on this evaluation, determining and approving the compensation of the chief executive officer and other members of senior management;
- administering the issuance of common shares options and other awards to members of senior management and directors under our compensation plans; and
- reviewing and evaluating, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter.

The current members of our compensation committee are Mr. Vázquez, Odeen and Galperin, with Mr. Vázquez serving as chairman. Each of Messrs. Vázquez, Odeen and Galperin satisfies the “independence” requirements within the meaning of Section 303A of the corporate governance rules of the NYSE.

Effective as of July 23, 2014, our board of directors adopted a written charter for our compensation committee, which is available on our website at <http://www.globant.com>.

Corporate Governance and Nominating Committee

Our corporate governance and nominating committee identifies individuals qualified to become directors; recommends to our board of directors director nominees for each election of directors; develops and recommends to our board of directors criteria for selecting qualified director candidates; considers committee member qualifications, appointment and removal; recommends corporate governance guidelines applicable to us; and provides oversight in the evaluation of our board of directors and each committee.

The current members of our corporate governance and nominating committee are Messrs. Galperin, Odeen and Vázquez, with Mr. Vázquez serving as chairman. Each of Messrs. Galperin, Vázquez and Odeen satisfies the “independence” requirements within the meaning of Section 303A of the corporate governance rules of the NYSE.

Effective as of July 23, 2014, our board of directors adopted a written charter for our corporate governance and nominating committee, which is available on our website at www.globant.com.

D. Employees

Our Globers

People are one of our most valuable assets. Attracting and retaining the right employees is critical to the success of our business and is a key factor in our ability to meet our client’s needs and the growth of our client and revenue base.

As of December 31, 2017, 2016 and 2015, on a consolidated basis, we had 6,753, 5,631 and 5,041 employees, respectively.

As of December 31, 2017, we had 68 Globers, principally at our delivery center located in Rosario, Argentina, who are covered by a collective bargaining agreement with FAECYS, which is renewed on an annual basis.

The following tables show our total number of full-time employees as of December 31, 2017 broken down by functional area and geographical location:

	Number of employees
Technology	5,881
Operations	398
Sales and Marketing	90
Management and administration	384
Total	6,753

	Number of employees
Argentina	2,610
Brazil	32
Colombia	1,441
Chile	167
United Kingdom	36
Uruguay	419
United States	615
Mexico	577
Peru	99
India	705
Spain	52
Total	6,753

In 2007, we commenced shifting from a Buenos Aires-centric delivery model to a distributed organization with locations across Argentina, Latin America, Asia, and elsewhere. We believe that decentralizing our workforce and delivery centers improves our access to talent and could mitigate the impact of IT professionals' attrition on our business. Additionally, we provide employees with more choices of where to work, which improves satisfaction and helps us retain our Globers. We continue to draw talent primarily from Latin America and Asia's abundant skilled talent base.

We believe our relations with our employees are good and we have not experienced any significant labor disputes or work stoppages.

Recruitment and Retention

We seek employees who embrace our "think big" core value and are motivated to be part of a leading company that delivers best-in-class innovative software solutions to leading global companies. We hire highly qualified, experienced IT professionals and recruit students from leading technical institutions in countries where our delivery centers are based, including: the University of Buenos Aires, the Technological Institute of Buenos Aires, the National University of Córdoba and the National University of Tucumán in Argentina; *Universidade Estadual de São Paulo*, Brazil; and ORT University in Montevideo, Uruguay. Of our employee base, approximately 95.0% have obtained a university degree or are enrolled in a university while they are employed by our company, approximately 3.2% have obtained a graduate level degree, and many have specialized industry credentials or licensing, including in Systems Engineering, Electronic Engineering, Computer Science, Information Systems Administration, Business Administration and Graphic and Web Design. Since our inception, we believe we have become a preferred employment option for IT university graduates in the countries where we have operations. Our participation in a broad range of technology seminars and close involvement with the institutions of higher education in our region help foster our profile among our target audience and contribute to our recruitment efforts. Our de-centralization strategy has also yielded positive results by expanding and diversifying our sources of talent within the region.

Employee retention is one of our main priorities and a key driver of operational efficiency and productivity. We seek to retain top talent by providing the opportunity to work on cutting-edge projects for world-class clients, a flexible work environment, training and development programs, and non-traditional benefits. The total attrition rate among our Globers was 18.0%, 19.3% and 17.7% for the years ended December 31, 2017, 2016 and 2015, respectively.

Training and Development

We dedicate significant resources to the development and professional growth of our employees through training programs, career plans, mentoring, talent assessment, succession planning and performance management.

In 2015, Globant Academy was launched. Globant Academy is a continuous training program in which all of our training efforts are consolidated and formalized within four distinct schools (Technology, Leadership, Corporate and Languages).

The Technology School was created to promote science, technology, engineering, software development and design. The Leadership School is for self-development, which facilitates training on social skills in order to become a successful leader. The Corporate School was created to educate our employees about our internal processes and procedures. The Language School is to support learning and practicing the most popular languages in the industry.

Depending on the requirements of the particular program, we employ various training methodologies such as e-learning, virtual learning, face-to-face and blended learning.

We also use specific programs to recruit, train and develop our employees. Bootcamps is a program to select, train and hire talented employees. U-Grow is a program to educate university students about technologies, processes and methodologies while they intern with us. This program also serves as a recruitment source of junior-level employees. Acamica is an e-learning platform to provide technical training through in-person courses and videos.

One of our main focuses is to provide transparency and enable our employees to enhance their profession development within our organization. As part of our efforts to accomplish these objectives, we host a special annual program, called "Career Day Events".

For our leaders, we launched a Leadership Community, in which leaders can find relevant information for their roles and obtain training through various offerings, including specific onboardings, knowledge sharing sessions and various resource materials.

Through our Learning Community, we connect our employees with internal learning collaborators and leading resources.

Compensation

We offer our Globers a compensation package consisting of base salary, short term incentives, long term incentives (for certain eligible positions) and fringe benefits. The variable component of our compensation package is intended to strengthen the our values and culture, foster employee improvement and development, and align with our business strategy to pay for performance and development. Based on the Globber's position, bonus payments under the short term incentive plan are contingent on the accomplishment of key metrics, such as performance results, manager feedback and Globant's results. For key employees, we offer a long term incentive program in the form of share based compensation.

We offer several benefits including subsidized company trips, extended maternity and paternity leaves, health plans for Globers (and in some countries, for the Globber's family), yoga, relaxation and massage sessions, and corporate discount programs at certain universities and gyms.

E. Share Ownership

Share Ownership

The total number of shares of the company beneficially owned by our directors and executive officers, as of the date of this annual report, was 1,805,539 (includes common shares subject to options that are currently exercisable or will be exercisable within 60 days of March 26, 2018 as well as common shares issuable upon settlement of restricted stock units that have vested or will vest within 60 days of March 26, 2018), which represents 4.97% of the total shares of the company. See table in “Major Shareholders and Related Party Transactions - Major Shareholders.”

Share Options

See “- Compensation - Compensation of Board of Directors and Senior Management - 2014 Equity Incentive Plan.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding beneficial ownership of our common shares as of March 26, 2018, by:

- each of our directors and members of senior management individually;
- all directors and members of senior management as a group; and
- each shareholder whom we know to own beneficially more than 5% of our common shares.

As of March 26, 2018, we had 36,343,471 issued and outstanding common shares. Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, to receive the economic benefit of ownership of the securities, or has the right to acquire such powers within 60 days. Common shares subject to options, restricted stock units, warrants or other convertible or exercisable securities that are currently convertible or exercisable or convertible or exercisable within 60 days of March 26, 2018 are deemed to be outstanding and beneficially owned by the person holding such securities. Common shares issuable pursuant to share options or warrants are deemed outstanding for computing the percentage ownership of the person holding such options or warrants but are not outstanding for computing the percentage of any other person. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all of our common shares. As of March 26, 2018, we had 129 holders of record in the United States with approximately 72.90% of our issued and outstanding common shares.

	Number	Percent
Directors and Senior Management		
Francisco Álvarez-Demalde (1)	6,750	*
Gustavo Barreiro (2)	56,939	*
Yanina Maria Conti (3)	250	*
Guibert Englebienne (4)	337,511	*
Marcos Galperin (5)	22,170	*
Guillermo Marsicovetere (6)	12,765	*
Martín Migoya (7)	426,981	1.19%
Nestor Nocetti (8)	346,440	*
Philip A. Odeen (9)	22,170	*
Patricio Pablo Rojo (10)	97,499	*
Linda Rottenberg (11)	2,671	*
Alejandro Scannapieco (12)	18,784	*
Martín Umaran (13)	384,815	1.07%
Mario Vazquez (14)	22,170	*
Guillermo Willi (15)	34,764	*
David Moore	-	*
Wanda Weigert (16)	11,000	*
Patricia Pomies	1,860	*
All executive officers and directors as a group	1,805,539	5.03%
*Less than 1%		
5% or More Shareholders:		
WPP Luxembourg Gamma Three S.á.r.l. (17)	6,687,548	18.66%
Capital World Investors (18)	2,995,146	8.36%
GIC Asset Management Pte. LTD (19)	2,716,925	7.58%
Morgan Stanley Investment Management Inc. (20)	2,904,646	8.10%
JPMorgan Chase & Co. (21)	2,028,954	5.66%

- (1) Includes 6,750 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (2) Includes 13,436 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (3) Includes 250 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (4) Includes 63,125 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 177,166 common shares held by a revocable trust formed under New Zealand law (the “Revocable Englebienne Trust Shares”) formed by Mr. Englebienne that was established for the benefit of Mr. Englebienne, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Englebienne Trust Shares to a Uruguayan company wholly owned by the trust. New Zealand Trust Corporation Limited acts as the independent trustee of the trust. Marcelo Cabrera Errandonea is the sole director of the Uruguayan company and holds voting and dispositive power over the 177,166 common shares held by such company.
- (5) Includes 22,170 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (6) Includes 12,500 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.

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- (7) Includes 170,811 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 177,040 common shares held by a revocable trust formed under New Zealand law (the “Revocable Migoya Trust Shares”) formed by Mr. Migoya that was established for the benefit of Mr. Migoya, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Migoya Trust Shares to a Uruguayan company wholly owned by the trust. New Zealand Trust Corporation Limited acts as the independent trustee of the trust. Marcelo Cabrera Errandonea is the sole director of the Uruguayan company and holds voting and dispositive power over the 177,040 common shares held by such company.
 - (8) Includes 9,375 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 252,770 common shares held by a revocable trust formed under New Zealand law (the “Revocable Nocetti Trust Shares”) formed by Mr. Nocetti that was established for the benefit of Mr. Nocetti, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Nocetti Trust Shares to a Uruguayan company wholly owned by the trust. New Zealand Trust Corporation Limited acts as the independent trustee of the trust. Marcelo Cabrera Errandonea is the sole director of the Uruguayan company and holds voting and dispositive power over the 252,770 common shares held by such company.
 - (9) Includes 22,170 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (10) includes 67,499 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (11) Includes 2,671 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (12) Includes 726 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (13) Includes 50,625 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 259,241 common shares held by a revocable trust formed under New Zealand law (the “Revocable Umaran Trust Shares”) formed by Mr. Umaran that was established for the benefit of Mr. Umaran, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Umaran Trust Shares to a Uruguayan company wholly owned by the trust. New Zealand Trust Corporation Limited acts as the independent trustee of the trust. Marcelo Cabrera Errandonea is the sole director of the Uruguayan company and holds voting and dispositive power over the 259,241 common shares held by such company.
 - (14) Includes 22,170 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (15) Includes 23,126 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (16) Includes 11,000 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
 - (17) The ultimate parent of WPP Luxembourg Gamma Three S.a r.l. is WPP plc, a company incorporated in Jersey. Paul W.G. Richardson, Group Finance Director of WPP plc, holds voting and dispositive power over the 6,687,548 common shares indirectly held by WPP plc.
 - (18) Based on a Schedule 13G/A filed with the SEC on February 14, 2018. Capital World Investors, in its capacity as an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) of the Exchange Act and as a division of Capital Research and Management Company, beneficially owns 2,995,146 of our common shares and has sole voting and dispositive power with respect to all 2,995,146 shares.
 - (19) Based on a Schedule 13G/A filed with the SEC on January 23, 2018. GIC Private Limited beneficially owns 2,716,925 of our common shares and has sole and dispositive power with respect to 2,031,722 of such shares and shared voting and dispositive power with respect to 685,203 of such shares.
 - (20) Based on a Schedule 13G/A filed jointly by Morgan Stanley and Morgan Stanley Investment Management Inc. (“MSIM”) with the SEC on February 12, 2018. Each of Morgan Stanley and MSIM beneficially own 2,904,646 of our common shares and has shared voting and dispositive power with respect to 1,646,935 of such shares. The securities being reported upon by Morgan Stanley, in its capacity as a parent holding company under Rule 13d-1(b)(1)(ii)(G) of the Exchange Act, are owned, by MSIM, an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) of the Exchange Act. MSIM is a wholly-owned subsidiary of Morgan Stanley.

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- (21) Based on a Schedule 13G/A filed with the SEC on January 22, 2018. JPMorgan Chase & Co. ("JPMorgan"), in its capacity as a parent holding company under Rule 13d-1(b)(1)(ii)(G) of the Exchange Act, beneficially owns 2,028,954 of our common shares and has sole voting power with respect to 1,894,811 of such shares, shared voting and dispositive power with respect to 8,262 of such shares and sole dispositive power with respect to 2,020,692 of such shares.

B. Related Party Transactions

Registration Rights Agreement

On July 23, 2014, we entered into a registration rights agreement with Messrs. Migoya, Umaran, Englebienne and Nocetti (collectively, the "Founders"), Kajur International S.A. ("Kajur"), Mifery S.A. ("Mifery"), Gudmy S.A. ("Gudmy"), Noltur S.A. ("Noltur"), Etmyl S.A. ("Etmyl"), Ewerzy S.A. ("Ewerzy"), Fudmy Corporation S.A. ("Fudmy"), Gylcer International S.A. (together with Kajur, Mifery, Gudmy, Noltur, Etmyl, Ewerzy and Fudmy, the "Uruguayan Entities"), Paldwick S.A., Riverwood Capital LLC, Riverwood Capital Partners (Parallel-B) L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel-A) (collectively, the "Riverwood Entities") and the FTV Partnerships and WPP (collectively, the "Registration Rights Holders") and Endeavor Global, Inc. and Endeavor Catalyst Inc. The registration rights agreement replaced the registration rights granted under the Shareholders Agreement and WPP's joinder agreement. Under the registration rights agreement, we are responsible, subject to certain exceptions, for the expenses of any offering of our common shares held by the Registration Rights Holders other than underwriting fees, discounts and selling commissions. Additionally, under the registration rights agreement we may not grant superior registration rights to any other person without the consent of the Registration Rights Holders. The registration rights agreement contains customary indemnification provisions.

Demand Registration Rights

Under the registration rights agreement each of (i) the Riverwood Entities (acting as a group), (ii) the FTV Partnerships (acting as a group), (iii) WPP and (iv) the Founders and the Uruguayan Entities (acting as a group) and any two of (i) the Riverwood Entities, (ii) the FTV Partnerships, (iii) WPP and (iv) the Founders and the Uruguayan Entities (acting as a group) may require us to effect a registration under the Securities Act for the sale of their common shares of our company. We are therefore obliged to effect up to five such demand registrations in total with respect to the common shares owned by such shareholders. However, we are not obliged to effect any such registration when (1) the request for registration does not cover that number of common shares with an anticipated gross offering price of at least \$10.0 million, or (2) the amount of common shares to be sold in such registration represents more than 15% of our share capital. If we have been advised by legal counsel that such registration would require a special audit or the disclosure of a material impending transaction or other matter and our board of directors determines reasonably and in good faith that such disclosure would have a material adverse effect on us, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days. We will not be required to effect a demand registration if we intend to effect a primary registration of our securities within 60 days of receiving notice of a demand registration, provided that we file such intended registration statement within the 60-day period. Additionally, we will not be required to effect a demand registration during the period beginning with the date of filing of, and ending 120 days following the completion of, a primary registered offering of our securities, except if any of the Registration Rights Holders had requested "piggyback" registration rights in connection with such offering. In any such demand registration, the managing underwriter will be selected by the majority of the shareholders exercising the demand.

In February 2015, we received a demand request from the Riverwood Entities and the FTV Partnerships. In April 2015 we closed a secondary public offering of our common shares through which they and certain selling shareholders sold 3,994,390 common shares. Subsequently, in June 2015, we received a second demand request from Riverwood Entities. In July 2015, we closed the second secondary public offering of our common shares through which they and certain other selling shareholders sold 4,025,000 common shares.

Shelf Registration Rights

We will use commercially reasonable efforts to qualify and remain qualified to register securities pursuant to Form F-3, and each Registration Rights Holder may make one written request that we register the offer and sale of their common shares on a shelf registration statement on Form F-3 if we are eligible to file a registration statement on Form F-3 so long as the request covers at least that number of common shares with an anticipated aggregate offering sale of at least \$5,000,000.

Piggyback Registration Rights

If we propose to register for sale to the public any of our securities, in connection with the public offering of such securities, the Registration Rights Holders will be entitled to certain “piggyback” registration rights in connection with such public offering, allowing them to include their common shares in such registration, subject to certain limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration related to a company equity incentive plan and (2) a registration related to the exchange of securities in certain corporate reorganizations or certain other transactions or in other instances where a form is not available for registering securities for sale to the public, the Registration Rights Holders will be entitled to written notice of the registration and will have the right, subject to limitations that the underwriters may impose on the number of common shares included in the registration, to include their common shares in the registration.

Termination

As to each party to the Registration Rights Agreement, the rights of such party thereunder terminate upon the earlier to occur of the fifth anniversary of the date of the agreement or the date upon which the percentage of our total outstanding common shares held by such party ceases to be at least one percent.

Tag-Along Agreement

On July 23, 2014, the Founders, the Uruguayan Entities, Paldwick S.A., the Riverwood Entities, the FTV Partnerships, Endeavor Global, Inc. and Endeavor Catalyst Inc. (collectively, the “Selling Shareholders”) entered into a tag-along agreement pursuant to which if, during a period of four years as from the date our registration statement filed with the Securities and Exchange Commission was declared effective, any of the Selling Shareholders proposes to make a transfer of our shares to any other Selling Shareholder or WPP, each of (i) the Founders and the Uruguayan Entities (individually and/or acting as a group), (ii) the RW Entities (individually and/or acting as a group), (iii) the FTV Partnerships (individually and/or acting as a group), and (v) Endeavor, shall have the right to participate in such sale with respect to any shares held by them on a pro rata basis, and on the same terms and conditions and the same total consideration, as those offered to the corresponding Selling Shareholder in the applicable transfer.

Other Related-Party Transactions

For a summary of our revenue and expenses and receivables and payables with related parties, please see note 21 to our audited consolidated financial statements.

Procedures for Related Party Transactions

On July 23, 2014, we adopted a written code of business conduct and ethics for our company, which is publicly available on our website at www.globant.com. The code of conduct and ethics was not in effect when we entered into the related party transactions discussed above. Under our code of business conduct and ethics, our employees, officers and directors are discouraged from entering into any transaction that may cause a conflict of interest for us. In addition, they must report any potential conflict of interest, including related party transactions, to their managers or our corporate counsel who then will review and summarize the proposed transaction for our audit committee. Pursuant to its charter, our audit committee is required to then approve any related-party transactions, including those transactions involving our directors. In approving or rejecting such proposed transactions, the audit committee is required to consider the relevant facts and circumstances available and deemed relevant to the audit committee, including the material terms of the transactions, risks, benefits, costs, availability of other comparable services or products and, if applicable, the impact on a director’s independence. Our audit committee will approve only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our audit committee determines in the good faith exercise of its discretion.

On November 5, 2015, we adopted a related party transactions policy. This policy indicates, based on certain specific parameters, which transactions should be submitted for approval by either our Audit Committee or our general counsel.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated statements and other financial information.

We have included the Consolidated Financial Statements as part of this annual report. See Item 18, "Financial Statements."

Legal Proceedings

In the ordinary course of our business, we are subject to certain contingent liabilities with respect to existing potential claims, lawsuits and other proceedings, including those involving tax and labor lawsuits and other matters. We accrue liabilities when it is probable that future costs will be incurred and such cost can be reasonably estimated.

In Argentina, we are engaged in several legal proceedings, including tax and labor lawsuits. In the opinion of our management, the ultimate disposition of any threatened or pending matters, either individually or on a combined basis, will not have a material effect on our financial condition, liquidity or results of operations.

On February 10, 2012, Federacion Argentina de Empleados de Comercio y Servicios ("FAECYS") filed a lawsuit against our Argentine subsidiary, Sistemas Globales S.A., in which FAECYS is demanding the application of its collective labor agreement to the employees of that subsidiary. According to FAECYS's claim, Sistemas Globales should have withheld and transferred to FAECYS an amount of 0.5% of the gross monthly salaries of Sistemas Globales's employees from October 2006 through October 2011. Furthermore, FAECYS' claim may be increased to cover withholdings from October 2006 through the date of a future judgment.

Although we believe Sistemas Globales has meritorious defenses to this lawsuit, no assurance can be provided as to what the ultimate outcome of this matter will be. In the opinion of our management and our legal advisors, an adverse outcome from this claim is not probable. Consequently, no amount has been accrued at December 31, 2017. We estimate that the amount of possible loss as of the date of issuance of these financial statements ranges between \$0.7 and \$0.8 million, including legal costs and expenses.

In December 2015, we received a civil investigative demand from the U.S. Attorney's Office for the Northern District of Texas (the "US DOJ") for the production of records in connection with an investigation relating to alleged non-compliance with laws governing the application for and use of B visas during the period January 1, 2009 through December 31, 2015 (the "Relevant Period").

In order to avoid the inconvenience and expense of litigation, we settled this matter by entering into a Settlement Agreement with the US DOJ ("Settlement Agreement") on March 15, 2017. Under the terms of the Settlement Agreement, we denied the US DOJ's allegations and all liability in connection with the conduct alleged by the US DOJ to have involved 21 employees from June 2010 through December 2012. Under the Settlement Agreement, we agreed, among other things, to pay an amount equal to \$1.0 million. Of that amount, \$0.5 million is attributable to penalties connected to the above-described conduct and \$0.5 million is attributable to reimbursement of the US DOJ's investigative costs. In return, the US DOJ has agreed, among other things, to release us and/or our affiliates from any civil or administrative monetary claim that the US DOJ has for the above-described conduct during the Relevant Period with respect to the foreign nationals referenced in the Settlement Agreement, subject to customary exceptions. On March 17, 2017, we paid the total amount of \$1.0 million related to this agreement.

Our U.S. subsidiary, Globant LLC, is currently under examination by the Internal Revenue Service ("IRS") regarding payroll and employment taxes primarily in connection with services performed by employees of certain of our subsidiaries in the United States from 2013 to 2015. Such examination is currently in progress and, at this stage, we cannot make any predictions about the final outcome of this matter. Management estimates that the amount of possible loss as of December 31, 2017 could range between \$0.3 million and \$0.5 million.

As of December 31, 2017, we are a party in certain labor claims where the risk of loss is considered possible. The final resolution of these claims is not likely to have a material effect on our financial position or on our results of operations.

During the year ended December 31, 2017, some labor claims where the Company was involved came to final resolution and a utilization of the provision for contingencies was recorded for an amount of \$0.3 million.

Dividend Policy

We currently anticipate that we will retain all available funds for use in the operation and expansion of our business, and do not anticipate paying any dividends in the foreseeable future.

Under Luxembourg law, at least 5% of our net income per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve subsequently falls below the 10% threshold, 5% of net income again must be allocated toward the reserve until such reserve returns to the 10% threshold. If the legal reserve exceeds 10% of our issued share capital, the legal reserve may be reduced. The legal reserve is not available for distribution.

We are a holding company and have no material assets other than ownership of shares in Spain Holdco, and their direct and indirect ownership of our operating subsidiaries. Spain Holdco is a holding entity with no material assets other than their direct and indirect ownership of shares in our operating subsidiaries. If we were to distribute a dividend at some point in the future, we would cause the operating subsidiaries to make distributions to Spain Holdco which in turn would make distributions to us in an amount sufficient to cover any such dividends.

B. Significant Changes

On January 30, 2018, Globant LLC signed an amendment to the stock purchase agreement with L4.

Considering this amendment, the purchase price may be subject to adjustments based on the future performance of L4 and is payable to the seller as follows:

1. Up-front payment: As of the closing date, the Company paid an aggregate consideration of \$11,000 to the seller.
2. First earn-out payment: On February 15, 2017, the Company paid an aggregate consideration of \$990 to the sellers.
3. Second earn-out payment: On February 15, 2018, the Company paid an aggregate consideration of \$1,850.
4. Third earn-out payment: Not later than February 15, 2019, the amount of \$1,160, provided that such amount shall be reduced in proportion to the percentage of revenue and gross profit achievement by L4 during the period commencing on January 1, 2018 and ending on December 31, 2018.
5. Forth earn-out payment: Not later than February 15, 2020, the amount of \$1,160, provided that such amount shall be reduced in proportion to the percentage of revenue and gross profit achievement by L4 during the period commencing on January 1, 2019 and ending on December 31, 2019.

On March 2, 2018 Globant LLC signed and amendment to the stock purchase agreement with Ratio.

Considering this amendment, the purchase price may be subject to adjustments based on the future performance of Ratio and is payable to the seller as follows:

1. Up-front payment: As of the closing date, the Company paid an aggregate consideration of \$5,800 to the seller.
2. First earn-out payment: On February 15, 2018, the Company paid the aggregate consideration \$1,669 to the sellers.
3. Second earn-out payment: Not later than February 15, 2019, the amount of \$1,500, considering the financial targets achievement by Ratio during the period commencing on January 1, 2018 and ending on December 31, 2018.
4. Third earn-out payment: Not later than February 15, 2020, the amount of \$750, considering the financial targets achievement by Ratio during the period commencing on January 1, 2019 and ending on December 31, 2019.

ITEM 9. THE OFFER AND LISTING.

A. Offering and listing details.

Our ordinary shares began trading on the NYSE under the symbol "GLOB" in connection with our IPO on July 18, 2014. Before then, there was no public market for our ordinary shares. The following table sets forth, for the periods indicated, the high and low closing prices of our ordinary shares as reported by the NYSE since July 18, 2014.

Our ordinary shares began trading on the Lux SE under the International Securities Identification Number (ISIN) code "LU0974299876" on August 11, 2016.

The following table sets forth, for the periods indicated, the high and low closing prices of our ordinary shares as reported (i) by the NYSE since July 18, 2014 and (ii) by the Lux SE since August 11, 2016.

Period	NYSE		LUXSE	
	High	Low	High	Low
Year ended December 31, 2014 ⁽ⁱ⁾	15.86	10.65	N/A	N/A
Year ended December 31, 2015	38.23	13.17	N/A	N/A
Year ended December 31, 2016				
First Quarter	37.86	22.50	N/A	N/A
Second Quarter	41.23	30.11	N/A	N/A
Third Quarter (ii)	44.81	37.50	42.05	37.71
Fourth Quarter	47.19	31.22	46.83	31.91
Year ended December 31, 2017				
First Quarter	37.57	30.90	37.07	31.19
Second Quarter	45.00	33.56	44.46	33.87
Third Quarter	47.51	36.67	46.41	36.97
Fourth Quarter	46.61	34.82	45.95	35.23
Year ended December 31, 2018				
First Quarter	54.84	42.11	54.50	43.40
Month Ended				
October 2017	42.95	37.33	42.71	37.60
November 2017	41.97	34.82	41.31	35.23
December 2017	46.61	37.94	45.95	38.30
January 2018	48.57	44.55	48.20	45.00
February 2018	53.47	42.11	53.00	43.40
March 2018	54.84	49.77	54.40	51.50
April 1 - April 10, 2018	51.44	45.56	50.00	46.20

(i) High and low closing prices of our ordinary shares as reported by the NYSE since July 18, 2014.

(ii) High and low closing prices of our ordinary shares as reported by the Lux SE since August 11, 2016.

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares began trading on (i) the NYSE under the symbol "GLOB" in connection with our IPO on July 18, 2014, and (ii) on the Lux SE under the ISIN code "LU0974299876" on August 11, 2016. See " - Offering and Listing Details."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION.**A. Share capital**

Not applicable.

B. Memorandum and Articles of Association

The following is a summary of some of the terms of our common shares, based on our articles of association.

The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of our articles of association, as amended, which were included as an exhibit to our report on Form 6-K filed with the SEC on June 1, 2016, and applicable Luxembourg law, including Luxembourg Corporate Law.

General

We are a Luxembourg joint stock company (*société anonyme*) and our legal name is "Globant S.A." We were incorporated on December 10, 2012. We are registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B 173 727 and have our registered office at 37A Avenue J.F. Kennedy, L-1855, Luxembourg.

Share Capital

As of December 31, 2017, our issued share capital was \$42,437,899, represented by 35,364,916 common shares with a nominal value of \$1.20 each, of which 138,152 were treasury shares held by us.

We had an authorized share capital, excluding the issued share capital, of \$8,441,905 consisting of 7,034,921 common shares with a nominal value of \$1.20 each.

Our shareholders' meeting has authorized our board of directors to issue common shares within the limits of the authorized share capital at such times and on such terms as our board of directors may decide during a period of five years starting from the date of the publication in the Luxembourg's official gazette (*Mémorial C Recueil des Sociétés et Associations*) of the decision of the extraordinary general meeting of shareholders held on May 8, 2017, which publication occurred on May 19, 2017, and ends May 19, 2022 and which period may be renewed. Accordingly, our board of directors may currently issue up to 6,552,225 common shares until such date. We currently intend to seek renewals and/or extensions as required from time to time.

Our authorized share capital is determined by our articles of association, as amended from time to time, and may be increased or reduced by amending the articles of association by approval of the requisite two-thirds majority of the votes at a quorate extraordinary general shareholders' meeting. Under Luxembourg law, our shareholders have no obligation to provide further capital to us.

Under Luxembourg law, our shareholders benefit from a pre-emptive subscription right on the issuance of common shares for cash consideration. However, our shareholders have, in accordance with Luxembourg law, waived and suppressed, and have authorized our board of directors to waive, suppress or limit any pre-emptive subscription rights of shareholders provided by law to the extent our board of directors deems such waiver, suppression or limitation advisable for any issue or issues of common shares within the scope of our authorized unissued share capital. Such common shares may be issued above, at or below market value as well as above, at or below nominal value by way of incorporation of available reserves (including premium).

Form and Transfer of Common Shares

Our common shares are issued in registered form only and are freely transferable under Luxembourg law and our articles of association. Luxembourg law does not impose any limitations on the rights of Luxembourg or non-Luxembourg residents to hold or vote our common shares.

Under Luxembourg law, the ownership of registered shares is established by the inscription of the name of the shareholder and the number of shares held by him or her in the shareholder register. Transfers of common shares not deposited into securities accounts are effective towards us and third parties either through the recording of a declaration of transfer into the register of shares, signed and dated by the transferor and the transferee or their representatives or by us, upon notification of the transfer to, or upon the acceptance of the transfer by, us. Should the transfer of common shares not be recorded accordingly, the shareholder is entitled to enforce his or her rights by initiating the relevant proceedings before the competent courts of Luxembourg.

In addition, our articles of association provide that our common shares may be held through a securities settlement system or a professional depositary of securities. The depositor of common shares held in such manner has the same rights and obligations as if such depositor held the common shares directly. Common shares held through a securities settlement system or a professional depositary of securities may be transferred from one account to another in accordance with customary procedures for the transfer of securities in book-entry form. However, we will make dividend payments (if any) and any other payments in cash, common shares or other securities (if any) only to the depositary recorded in the register or in accordance with its instructions.

Issuance of Common Shares

Pursuant to Luxembourg Corporate Law, the issuance of common shares requires the amendment of our articles of association by the approval of the requisite two-thirds majority of the votes at a quorate extraordinary general shareholders' meeting. However, the general meeting may approve an authorized share capital and authorize our board of directors to issue common shares up to the maximum amount of such authorized unissued share capital for a period ending five years from the date of publication in the Luxembourg's official gazette (*Mémorial C Recueil des Sociétés et Associations / Recueil Electronique des Sociétés et Associations*) of the minutes of the relevant general meeting approving such authorization. The general meeting may amend or renew such authorized share capital and such authorization of our board of directors to issue common shares.

We have an authorized share capital, excluding the issued share capital, of \$6,636,021 and our board of directors is authorized to issue up to 5,530,018 common shares (subject to stock splits, consolidation of common shares or like transactions) with a nominal value of \$1.20 per common share.

Our articles provide that no fractional shares shall be issued or exist.

Pre-emptive Rights

Unless limited, waived or cancelled by our board of directors in the context of the authorized unissued share capital or by an extraordinary general meeting of shareholders pursuant to the provisions of the articles of association relating to amendments thereof, holders of our common shares have a pro rata pre-emptive right to subscribe for any new common shares issued for cash consideration. Our articles provide that pre-emptive rights can be waived, suppressed or limited by our board of directors for a period starting from the date of the publication in the Luxembourg official gazette (*Mémorial C Recueil des Sociétés et Associations*) of the decision of the extraordinary general meeting of shareholders held on May 8, 2017, which publication occurred on May 19, 2017 and which ends on May 19, 2022, in the event of an increase of the issued share capital by our board of directors within the limits of the authorized unissued share capital.

Repurchase of Common Shares

We cannot subscribe for our own common shares. We may, however, repurchase issued common shares or have another person repurchase issued common shares for our account, subject to the following conditions:

- the repurchase complies with the principle of equal treatment of all shareholders;
- prior authorization by a simple majority vote at an ordinary general meeting of shareholders is granted, which authorization sets forth the terms and conditions of the proposed repurchase, including the maximum number of common shares to be repurchased, the duration of the period for which the authorization is given (which may not exceed five years) and, in the case of a repurchase for consideration, the minimum and maximum consideration per common share;
- the repurchase does not reduce our net assets (on a non-consolidated basis) to a level below the aggregate of the issued share capital and the reserves that we must maintain pursuant to Luxembourg law or our articles of association; and
- only fully paid-up common shares are repurchased.

No prior authorization by our shareholders is required for us to repurchase our own common shares if:

- we are in imminent and severe danger, in which case our board of directors must inform the general meeting of shareholders held subsequent to the repurchase of common shares of the reasons for, and aim of such repurchase, the number and nominal value of the common shares repurchased, the fraction of the share capital such repurchased common shares represented and the consideration paid for such shares; or
- the common shares are repurchased by us or by a person acting for our account in view of a distribution of the common shares to our employees.

On June 18, 2014, the general meeting of shareholders according to the conditions set forth in article 430-15 of Luxembourg Corporate Law granted our board of directors the authorization to repurchase up to a maximum number of shares representing 20% of the issued share capital immediately after the closing of our initial public offering for a net purchase price being (i) no less than 50% of the lowest stock price and (ii) no more than 50% above the highest stock price, in each case being the closing price, as reported by the New York City edition of the Wall Street Journal, or, if not reported therein, any other authoritative sources to be selected by our board of directors, over the ten trading days preceding the date of the purchase (or the date of the commitment to the transaction). The authorization is valid for a period ending five years from the date of the general meeting or the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, our board of directors is authorized to acquire and sell our common shares under the conditions set forth in the minutes of such general meeting of shareholders. Such purchases and sales may be carried out for any purpose authorized by the general meeting of Globant S.A.

Capital Reduction

Our articles of association provide that our issued share capital may be reduced by a resolution adopted by the requisite two-thirds majority of the votes at a quorate extraordinary general shareholders' meeting. If the reduction of capital results in the capital being reduced below the legally prescribed minimum, the general meeting of the shareholders must, at the same time, resolve to increase the capital up to the required level.

General Meeting of Shareholders

Any regularly constituted general meeting of our shareholders represents the entire body of shareholders.

Each of our common shares entitles the holder thereof to attend our general meeting of shareholders, either in person or by proxy, to address the general meeting of shareholders and to exercise voting rights, subject to the provisions of Luxembourg law and our articles of association. Each common share entitles the holder to one vote at a general meeting of shareholders. Our articles of association provide that our board of directors shall adopt as it deems fit all other regulations and rules concerning the attendance to the general meeting.

A general meeting of our shareholders may, at any time, be convened by our board of directors, to be held at such place and on such date as specified in the convening notice of such meeting. Our articles of association provide that a general meeting of shareholders must be convened by our board of directors, upon request in written indicating the agenda, addressed to our board of directors by one or more shareholders representing at least ten percent (10%) of our issued share capital. In such case, a general meeting of shareholders must be convened and must be held within a period of one month from receipt of such request. One or more shareholders holding at least five percent (5%) of our issued share capital may request the addition of one or more items to the agenda of any general meeting of shareholders and propose resolutions. Such requests must be received at our registered office by registered mail at least 22 days before the date of such meeting.

Our articles of association provide that if our common shares are listed on a stock exchange, all shareholders recorded in any register of our shareholders are entitled to be admitted and vote at the general meeting of shareholders based on the number of shares they hold on a date and time preceding the general meeting of shareholders as the record date for admission to the general meeting of shareholders (the "Record Date"), which the board of directors may determine as specified in the convening notice. Furthermore, any shareholder, holder or depositary, as the case may be, who wishes to attend the general meeting must inform us thereof no later than on the fourteenth day preceding the date of such general meeting, or by any other date which the board of directors may determine and as specified in the convening notice, in a manner to be determined by the board of directors in the convening notice. In case of common shares held through the operator of a securities settlement system or with a depositary designated by such depositary, a holder of common shares wishing to attend a general meeting of shareholders should receive from such operator or depositary a certificate certifying the number of common shares recorded in the relevant account on the Record Date. The certificate should be submitted to us no later than three business days prior to the date of such general meeting. If the shareholder votes by means of a proxy, the proxy must be deposited at our registered office or with any agent of ours, duly authorized to receive such proxies, at the same time. Our board of directors may set a shorter period for the submission of the certificate or the proxy in which case this will be specified in the convening notice.

General meetings of shareholders shall be convened in accordance with the provisions of our articles of association and the 1915 Luxembourg Companies Act (the "1915 Companies Act"). Such law provides *inter alia* that convening notices for every general meeting shall contain the agenda of the meeting and shall take the form of announcements published in the *Recueil Electronique des Sociétés et Associations*, a new official electronic platform of central publication regarding companies and associations ("RESA"), in a Luxembourg newspaper and in the media in a manner which ensures an effective dissemination of information to the public throughout the European Economic Area and in a manner which ensures a fast access to it on a non-discriminatory basis. Notices by mail shall also be sent at least eight days before the meeting to registered shareholders but no proof need be given that this formality has been complied with. Where all the common shares are in registered form, the convening notices may be made only by registered letters.

In case an extraordinary general meeting of shareholders is convened to enact an extraordinary resolution (see below under "- Voting Rights" for further background information) and if such meeting is not quorate and a second meeting is convened, the second meeting will be convened by means of notices published twice, with a minimum interval of fifteen days between publication and at least fifteen days before the meeting, in the RESA and in two Luxembourg newspapers. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting.

Pursuant to our articles of association, if all shareholders are present or represented at a general meeting of shareholders and state that they have been informed of the agenda of the meeting, the general meeting of shareholders may be held without prior notice.

Our annual general meeting is held in Luxembourg, at the date set forth in the convening notice of the meeting and at the registered office of the company or such other place as specified in the convening notice of the meeting.

Voting Rights

Each share entitles the holder thereof to one vote at a general meeting of shareholders.

Luxembourg law distinguishes ordinary resolutions and extraordinary resolutions.

Extraordinary resolutions relate to proposed amendments to the articles of association and certain other limited matters. All other resolutions are ordinary resolutions.

Ordinary Resolutions. Pursuant to our articles of association and the 1915 Companies Act, ordinary resolutions shall be adopted by a simple majority of votes validly cast on such resolution at a general meeting. Abstentions and nil votes will not be taken into account.

Extraordinary Resolutions. Extraordinary resolutions are required for any of the following matters, among others: (a) an increase or decrease of the authorized capital or issued share capital, (b) a limitation or exclusion of preemptive rights, (c) approval of a merger (fusion) or de-merger (scission), (d) dissolution and (e) an amendment to our articles of association. Pursuant to Luxembourg law and our articles of association, for any extraordinary resolutions to be considered at a general meeting, the quorum must generally be at least half (50%) of our issued share capital. Any extraordinary resolution shall generally be adopted at a quorate general meeting upon a two-thirds majority of the votes validly cast on such resolution. In case such quorum is not reached, a second meeting may be convened by our board of directors in which no quorum is required, and which must generally still approve the amendment with two-thirds of the votes validly cast. Abstentions and nil votes will not be taken into account.

Change in nationality. Pursuant to our articles of association, we may only change our nationality with the unanimous consent of all shareholders. Moreover, if we have bondholders, the bondholders must generally approve the change of nationality at a general meeting with a quorum of at least half of the bonds issued and the resolution must be adopted by a two-thirds majority of the bondholder votes validly cast.

Appointment and Removal of Directors. Members of our board of directors are elected by ordinary resolution at a general meeting of shareholders. Under the articles of association, all directors are elected for a period of up to four years; provided, however, that directors shall be elected on a staggered basis, with one-third of the directors being elected each year. Any director may be removed with or without cause and with or without prior notice by a simple majority vote at any general meeting of shareholders. The articles of association provide that, in case of a vacancy, our board of directors may fill such vacancy on a temporary basis by a person designated by the remaining members of our board of directors until the next general meeting of shareholders, which will resolve on a permanent appointment. The directors shall be eligible for re-election indefinitely.

Neither Luxembourg law nor our articles of association contain any restrictions as to the voting of our common shares by non-Luxembourg residents.

Amendment to the Articles of Association

Shareholder Approval Requirements. Luxembourg law requires that amendments to our articles of association be made by extraordinary resolution. The agenda of the general meeting of shareholders must indicate the proposed amendments to the articles of association.

Pursuant to the 1915 Companies Act and our articles of association, for an extraordinary resolution to be considered at a general meeting, the quorum must generally be at least 50% of our issued share capital. Any extraordinary resolution shall be adopted at a quorate general meeting (save as otherwise provided by mandatory law) upon a two-thirds majority of the votes validly cast on such resolution. If the quorum of 50% is not reached at this meeting, a second general meeting may be convened, in which no quorum is required, and may approve the resolution at a majority of two-third of votes validly cast.

Formalities. Any resolutions to amend the articles of association or to approve a merger, de-merger or dissolution must be taken before a Luxembourg notary and such amendments must be published in accordance with Luxembourg law.

Merger and Division

A merger by absorption whereby one Luxembourg company, after its dissolution without liquidation, transfers to another company all of its assets and liabilities in exchange for the issuance of common shares in the acquiring company to the shareholders of the company being acquired, or a merger effected by transfer of assets to a newly incorporated company, must, in principle, be approved at a general meeting of shareholders by an extraordinary resolution of the Luxembourg company, and the general meeting of shareholders must be held before a notary. Further conditions and formalities under Luxembourg law are to be complied with in this respect.

Liquidation

In the event of our liquidation, dissolution or winding-up, the assets remaining after allowing for the payment of all liabilities will be paid out to the shareholders pro rata according to their respective shareholdings. Generally, the decisions to liquidate, dissolve or wind-up require the passing of an extraordinary resolution at a general meeting of our shareholders, and such meeting must be held before a notary.

Mandatory Takeover, Squeeze-Out and Sell-Out Rights under the Luxembourg Takeover Law

Mandatory bid. The Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids (the "Takeover Law"), provides that, if a person acting alone or in concert acquires securities of our company which, when added to any existing holdings of our securities, give such person voting rights representing at least one-third of all of the voting rights attached to the issued shares of our company, this person is obliged to make an offer for the remaining shares of our company. In a mandatory bid situation, a "fair price" is in principle considered to be the highest price paid by the offeror or a person acting in concert with the offeror for the securities during the 12-month period preceding the mandatory bid.

Squeeze-out right. The Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of our company and after such offer the offeror holds at least 95% of the securities carrying voting rights and 95% of the voting rights, the offeror may require the holders of the remaining securities to sell those securities (of the same class) to the offeror. The price offered for such securities must be a fair price. The price offered in a voluntary offer would be considered a fair price in the squeeze-out proceedings if the offeror acquired at least 90% of the company's shares carrying voting rights that were the subject of the offer. The price paid in a mandatory offer is deemed a fair price. The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the offer.

Sell-out right. The Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the company and if after such offer the offeror holds securities carrying more than 90% of the voting rights, the remaining security holders may require that the offeror purchase the remaining securities of the same class. The price offered in a voluntary offer would be considered "fair" in the sell-out proceedings if the offeror acquired at least 90% of the company's shares carrying voting rights and which were the subject of the offer. The price paid in a mandatory offer is deemed a fair price. The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the offer.

We also fall under the scope of the Luxembourg law of July 21, 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "Luxembourg Mandatory Squeeze-Out and Sell-Out Law"). The Luxembourg Mandatory Squeeze-Out and Sell-Out Law provides that, subject to the conditions set forth therein being met, if any individual or legal entity, acting alone or in concert with another, holds a number of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the company: (i) such holder may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "Mandatory Squeeze-Out"); and (ii) the holders of the remaining shares or securities may require such holder to purchase those remaining shares or other voting securities (the "Mandatory Sell-Out"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out are subject to further conditions and must be carried out under the supervision of the *Commission de Surveillance du Secteur Financier* (the "CSSF").

Disclosure of transactions by persons discharging managerial responsibilities

Pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse and related regulations (collectively referred to as the "Market Abuse Regulation"), persons discharging managerial responsibilities within the company as well as persons closely associated with them, must notify the CSSF and the company of every transaction conducted on their own account (a concept that must be interpreted within the meaning of the Market Abuse Regulation) relating to our shares instruments or to derivatives or other financial instruments linked thereto. The obligation applies to any subsequent transaction once a total amount of EUR 5,000 has been reached within a calendar year, calculated by adding without netting all relevant transactions relating to the shares. The notification must be made promptly and no later than three business days after the date of the transaction. The company must ensure that any information on relevant transactions notified to it is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis.

For the purpose of the Market Abuse Regulation, a "person discharging managerial responsibilities" means a person who is (a) a member of the administrative, management or supervisory body of that entity; or (b) a senior executive who is not a member of the bodies referred to in point (a), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

"Persons discharging senior managerial responsibilities" within our company are the members of our board of directors and the members of our senior management identified in this report.

Publication of regulated information

Pursuant to directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted on trading on a regulated market (the "Transparency Directive"), issuers that fall within the scope of that directive are required to provide ongoing and periodic information which the directive defines as "regulated information". As regards that regulated information, the Transparency Directive imposes three obligations on issuers:

- publish the regulated information;
- make this information available to an Officially Appointed Mechanism ("OAM") for the central storage of regulated information; and
- file the regulated information with the competent authority of the relevant home European Economic Area Member State.

In accordance with article 20 of the Luxembourg law of January 11, 2008 implementing the Transparency Directive (the "Transparency Law"), issuers are required to disclose regulated information in a manner ensuring fast access to such information on a non-discriminatory basis. Thus, they shall use such media as may reasonably be relied upon for the effective dissemination of information to the public in all European Economic Area Member States.

We are required to file the aforementioned information with the OAM in Luxembourg.

All news and press releases issued by us are available on our website at www.globant.com in the "Investors" section.

No Appraisal Rights

Neither Luxembourg law nor our articles of association provide for any appraisal rights of dissenting shareholders.

Distributions

Subject to Luxembourg law, if and when a dividend is declared by the general meeting of shareholders or an interim dividend is declared by our board of directors, each common share is entitled to participate equally in such distribution of funds legally available for such purposes. Pursuant to our articles of association, our board of directors may pay interim dividends, subject to Luxembourg law.

Declared and unpaid distributions held by us for the account of the shareholders shall not bear interest. Under Luxembourg law, claims for unpaid distributions will lapse in our favor five years after the date such distribution became due and payable.

Any amount payable with respect to dividends and other distributions declared and payable may be freely transferred out of Luxembourg, except that any specific transfer may be prohibited or limited by anti-money laundering regulations, freezing orders or similar restrictive measures.

Annual Accounts

Under Luxembourg law, our board of directors must prepare annual accounts and consolidated accounts. Except in some cases provided for by Luxembourg Law, our board of directors must also annually prepare management reports on the annual accounts and consolidated accounts. The annual accounts, the consolidated accounts, the management report and the auditor's reports must be available for inspection by shareholders at our registered office at least 15 calendar days prior to the date of the annual ordinary general meeting of shareholders.

The annual accounts and consolidated accounts are audited by an approved statutory auditor (*réviseur d'entreprises agréé*).

The annual accounts and the consolidated accounts, after approval by the annual ordinary general meeting of shareholders, will be filed with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés* of Luxembourg).

Information Rights

Luxembourg law gives shareholders limited rights to inspect certain corporate records 15 calendar days prior to the date of the annual ordinary general meeting of shareholders, including the annual accounts with the list of directors and auditors, the consolidated accounts, the notes to the annual accounts and the consolidated accounts, a list of shareholders whose common shares are not fully paid up, the management reports and the auditor's report.

In addition, any registered shareholder is entitled to receive a copy of the annual accounts, the consolidated accounts, the auditor's reports and the management reports free of charge prior to the date of the annual ordinary general meeting of shareholders.

Under Luxembourg law, it is generally accepted that a shareholder has the right to receive responses to questions concerning items on the agenda for a general meeting of shareholders, if such responses are necessary or useful for a shareholder to make an informed decision concerning such agenda item, unless a response to such questions could be detrimental to our interests.

Disclosure of significant ownership of our shares

Holders of common shares, including depositary receipts representing common shares admitted to trading on a regulated market and for which Luxembourg is the home Member State and to which voting rights are attached (the "Securities") and derivatives or other financial instruments linked to the Securities may be subject to notification obligations pursuant to the Luxembourg law of January 11, 2008 on transparency requirements for issuers, as amended (the "Luxembourg Transparency Law") and the Grand ducal regulation of January 11, 2008 on transparency requirements for issuers, as amended. The following description summarizes these obligations. Our common shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law provides that, if a person acquires or disposes of Securities of the Company, and if following the acquisition or disposal, the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% (each a "Relevant Threshold") of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify us and the CSSF of the proportion of voting rights held by it further to such event. The voting rights shall be calculated on the basis of all the common shares, including depositary receipts representing common shares, to which voting rights are attached even if the exercise thereof is suspended. Moreover, this information shall be given in respect of all the common shares, including depositary receipts representing common shares, which are in the same class and to which voting rights are attached. A person must also notify us and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the above mentioned thresholds as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by us.

The same notification requirements apply to a natural person or legal entity to the extent such person or entity is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

- a. voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer;
- b. voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- c. voting rights attaching to Securities which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his intention of exercising them;
- d. voting rights attaching to Securities in which that person or entity has the life interest;
- e. voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;
- f. voting rights attaching to Securities deposited with that person or entity which the person or entity can exercise at his discretion in the absence of specific instructions from the Securities holders;
- g. voting rights held by a third party in its own name on behalf of that person or entity;
- h. voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his discretion in the absence of specific instructions from the Securities holders.

The above notification requirements also apply to a natural person or legal entity that holds, directly or indirectly, financial instruments linked to our common shares.

Board of Directors

Globant S.A. is managed by our board of directors which is vested with the broadest powers to take any actions necessary or useful to fulfill our corporate purpose with the exception of actions reserved by law or our articles of association to the general meeting of shareholders. Our articles of association provide that our board of directors must consist of at least seven members and no more than fifteen members. Our board of directors meets as often as company interests require.

A majority of the members of our board of directors present or represented at a board meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of our board members present or represented. In the case of a tie, the chairman of our board shall have the deciding vote. Our board of directors may also make decisions by means of resolutions in writing signed by all directors.

Directors are elected by the general meeting of shareholders, and appointed for a period of up to four years; provided, however, that directors are elected on a staggered basis, with one-third of the directors being elected each year; and provided, further, that such term may be exceeded by a period up to the annual general meeting held following the fourth anniversary of the appointment, and each director will hold office until his or her successor is elected. The general shareholders' meeting may remove one or more directors at any time, without cause and without prior notice by a resolution passed by simple majority vote. If our board of directors has a vacancy, such vacancy may be filled on a temporary basis by a person designated by the remaining members of our board of directors until the next general meeting of shareholders, which will resolve on a permanent appointment. Any director shall be eligible for re-election indefinitely.

Within the limits provided for by law and our articles of association, our board of directors may delegate to one or more directors or to any one or more persons, who need not be shareholders, acting alone or jointly, the daily management of Globant S.A. and the authority to represent us in connection with such daily management. Our board of directors may also grant special powers to any person(s) acting alone or jointly with others as agent of Globant S.A.

Our board of directors may establish one or more committees, including without limitation, an audit committee, a corporate governance and nominating committee and a compensation committee, and for which it shall, if one or more of such committees are set up, appoint the members, determine the purpose, powers and authorities as well as the procedures and such other rules as may be applicable thereto.

No contract or other transaction between us and any other company or firm shall be affected or invalidated by the fact that any one or more of our directors or officers is interested in, or is a director, associate, officer, agent, adviser or employee of such other company or firm. Any director or officer who serves as a director, officer or employee or otherwise of any company or firm with which we shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm only, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

Any director having an interest in a transaction submitted for approval to our board of directors that conflicts with our interest, must inform our board of directors thereof and to cause a record of his statement to be included in the minutes of the meeting. Such director may not take part in these deliberations and may not vote on the relevant transaction. At the next general meeting, before any resolution is put to a vote, a special report shall be made on any transactions in which any of the directors may have had an interest that conflicts with our interest.

No shareholding qualification for directors is required.

Any director and other officer, past and present, is entitled to indemnification from us to the fullest extent permitted by law against liability and all expenses reasonably incurred or paid by such director in connection with any claim, action, suit or proceeding in which he is involved as a party or otherwise by virtue of his being or having been a director. We may purchase and maintain insurance for any director or other officer against any such liability.

No indemnification shall be provided against any liability to us or our shareholders by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties of a director or officer. No indemnification will be provided with respect to any matter as to which the director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, nor will indemnification be provided in the event of a settlement (unless approved by a court or our board of directors).

Registrars and registers for the common shares

All our common shares are in registered form only.

We keep a register of common shares at our registered office in Luxembourg. This register is available for inspection by any shareholder. In addition, we may appoint registrars in different jurisdictions who will each maintain a separate register for the registered common shares entered therein. It is possible for our shareholders to elect the entry of their common shares in one of these registers and the transfer thereof at any time from one register to any other, including to the register kept at our registered office. However, our board of directors may restrict such transfers for common shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein.

Our articles of association provide that the ownership of registered common shares is established by inscription in the relevant register. We may consider the person in whose name the registered common shares are registered in the relevant register as the full owner of such registered common shares.

In connection with a general meeting, our board of directors may forbid any entry in the relevant register of shareholders as well as any recognition of notices of transfer by us or the relevant registrar during the period starting on the Record Date and ending on the closing of such general meeting. Transfer to, and on, the register kept at our registered office may always be requested.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is American Stock Transfer & Trust Company, LLC, with an address at 6201 15th Avenue Brooklyn, New York, NY 11219.

Our common shares are listed on the NYSE under the symbol "GLOB" and on the Official List of the Luxembourg Stock Exchange.

C. Material Contracts

In August, 2017, Globant LLC, our U.S. subsidiary, entered into a secured revolving credit facility with HSBC Bank USA, N.A. and Citibank N.A., with HSBC Bank USA, N.A. acting as administrative agent. Under this credit facility, Globant LLC may borrow up to \$40.0 million in advances accruing interest at LIBOR plus 1.75%. This credit facility is guaranteed by Globant S.A. and Globant España S.A. and is secured by Globant LLC's now owned and after-acquired assets. This facility matures on August, 2022 and includes customary negative and affirmative covenants: delivery of certain financial information; reports on any legal actions, complying with tax payments; maintain an asset coverage ratio of no less than 1.10; limiting Globant LLC's capital expenditures to 5% of our consolidated annual revenue per year; restricted payments must not to exceed \$10,000 per year; Globant LLC's annual revenue must remain at no less than 60% of our consolidated annual revenue and Globant LLC's net intercompany payable outstanding with Argentine affiliates must be no more than five months of billings from Argentina. As of the date of this annual report, Globant LLC has borrowed a total of \$6.0 million under this credit facility.

Aside from the revolving credit facility agreement mentioned above, we have not entered into any other material contract during the preceding two years which were outside the ordinary course of business. Notwithstanding the foregoing, during the preceding two years and up to the date of this annual report, we have issued shares under certain subscription agreements we entered into, which include, among other terms, certain transferability restrictions on the shares issued thereunder, as set forth below:

- In May 2016, we issued 75,221 common shares in favor of the sellers of WAE (the "WAE Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the WAE Subscribers during that same month, and in August 2017 we issued 34,219 additional common shares to the WAE Subscribers also under the terms of the foregoing subscription agreements. As of the date of this annual report, such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the WAE Subscribers have agreed, among other terms, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In July 2016, we issued 23,508 common shares to the sellers of Clarice (the "Clarice Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the Clarice Subscribers during that same month. As of the date of this annual report, such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the Clarice Subscribers have agreed, among others, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In November 2016, we issued 70,380 common shares in favor of the sellers of L4 Mobile (the "L4 Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the L4 Subscribers during that same month. As of the date of this annual report such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the L4 Subscribers have agreed, among others, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In March 2017, we issued 34,309 common shares in favor of the sellers of Ratio (the "Ratio Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the Ratio Subscribers during the previous month. As of the date of this annual report such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the Ratio Subscribers have agreed, among others, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In June 2017, we issued 84,953 common shares in favor of the sellers of PointSource (the "PointSource Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the PointSource Subscribers during that same month, and in February 2018 we issued 12,265 additional common shares to the PointSource Subscribers also under the terms of the foregoing subscription agreements. As of the date of this annual report such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the PointSource Subscribers have agreed, among others, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.

D. Exchange Controls

See "Information on the Company - Business Overview - Regulatory Overview - Foreign Exchange Controls."

E. Taxation

The following is a summary of the material Luxembourg and U.S. federal income tax consequences to U.S. Holders (as defined below) of the ownership and disposition of our common shares. This summary is based upon Luxembourg tax laws and U.S. federal income tax laws (including the U.S. Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed Treasury regulations, rulings, judicial decisions and administrative pronouncements), all currently in effect as of the date hereof and all of which are subject to change or changes in wording or administrative or judicial interpretation occurring after the date hereof, possibly with retroactive effect. To the extent that the following discussion relates to matters of Luxembourg tax law, it represents the opinion of Arendt & Medernach, Luxembourg, our Luxembourg counsel, and to the extent that the discussion relates to matters of U.S. federal income tax law, it represents the opinion of DLA Piper LLP (US), our U.S. counsel.

As used herein, the term "U.S. Holder" means a beneficial owner of one or more of our common shares:

- (a) that is for U.S. federal income tax purposes one of the following:
 - (i) an individual citizen or resident of the United States,
 - (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, or
 - (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source;
- (b) who holds the common shares as capital assets for U.S. federal income tax purposes;
- (c) who owns, directly, indirectly or by attribution, less than 10% of our share capital or voting shares; and
- (d) whose holding is not effectively connected with a permanent establishment in Luxembourg.

This summary does not address all of the tax considerations that may apply to holders that are subject to special tax rules, such as U.S. expatriates, insurance companies, tax-exempt organizations, certain financial institutions, persons subject to the alternative minimum tax, dealers and certain traders in securities, persons holding common shares as part of a straddle, hedging, conversion or other integrated transaction, persons who acquired their common shares pursuant to the exercise of employee shares options or otherwise as compensation, partnerships or other entities classified as partnerships for U.S. federal income tax purposes or persons whose functional currency is not the U.S. dollar. Such holders may be subject to U.S. federal income tax consequences different from those set forth below. In addition, this summary does not address all of the Luxembourg tax considerations that may apply to holders that are subject to special tax rules.

If a partnership holds common shares, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partnership, or partner in a partnership, that holds common shares is urged to consult its own tax advisor regarding the specific tax consequences of owning and disposing of the common shares.

Potential investors in our common shares should consult their own tax advisors concerning the specific Luxembourg and U.S. federal, state and local tax consequences of the ownership and disposition of our common shares in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

Luxembourg Tax Considerations

Introduction

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning and disposing of the common shares issued by us. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or deposit our common shares. It is included herein solely for preliminary information purposes and is not intended to be, nor should it construed to be, legal or tax advice. Prospective purchasers of our common shares should consult their own tax advisers as to the applicable tax consequences of the ownership of our common shares, based on their particular circumstances. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities as of the date of this annual report and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Please be aware that the residence concept used under the respective headings below applies for Luxembourg tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably applies to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the company

Income tax

As the company is a fully-taxable Luxembourg company, its net taxable profit is as a rule subject to corporate income tax ("CIT") and municipal business tax ("MBT") at ordinary rates in Luxembourg.

The taxable profit as determined for CIT purposes is applicable, with minor adjustments, for MBT purposes. CIT is levied at an effective maximum rate of 20.33% in 2017 and 19.26% as from 2018 (inclusive of the 7% surcharge for the employment fund). MBT is levied at a variable rate according to the municipality in which the company is located (6.75% in the City of Luxembourg). The maximum aggregate CIT and MBT rate consequently amounts to 27.08% in 2017 and 26.01% as from 2018 for companies located in the City of Luxembourg.

Dividends and other payments derived from shares by the company are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from shares may be exempt from income tax if (i) the distributing company is a qualified subsidiary ("Qualified Subsidiary") and (ii) at the time the dividend is put at the company's disposal, the company has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10% or of (ii) an acquisition price of at least €1.2 million. A Qualified Subsidiary means (a) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (b) a company covered by Article 2 of the Council Directive 2011/96/EU of November 30, 2011 as amended (the "EU Parent-Subsidiary Directive") or (c) a non-resident company limited by share capital (*société de capitaux*) liable to a tax corresponding to Luxembourg CIT.

Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. If the conditions of the participation exemption regime are not met, dividends derived by the company from Qualified Subsidiaries may be exempt for 50 % of their gross amount if they are received from (i) a Luxembourg resident fully-taxable company limited by share capital, or (ii) a company limited by share capital resident in a State with which the Grand Duchy of Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg CIT, or (iii) a company resident in a EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive.

Capital gains realized by the company on shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on shares of a Qualified Subsidiary may be exempt from CIT and MBT at the level of the company if at the time the capital gain is realized, the company has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10% or of (ii) an acquisition price of at least €6 million. Taxable gains are defined as being the difference between the price for which shares have been disposed of and the lower of their cost or book value.

Withholding tax

Dividends paid by us to the holders of our common shares are as a rule subject to a 15% withholding tax in Luxembourg, unless a reduced withholding tax rate applies pursuant to an applicable double tax treaty or an exemption pursuant to the application of the participation exemption, and, to the extent withholding tax applies, we are responsible for withholding amounts corresponding to such taxation at its source.

If the company and a U.S. relevant holder are eligible for the benefits of the tax treaty concluded between the United State and Luxembourg (the "Treaty"), the rate of withholding on distributions is 15%, or 5% if the U.S. relevant holder is a qualified resident company as defined in Article 24 of the Treaty that owns at least 10% of our the company's voting stock.

A withholding tax exemption may apply under the participation exemption if cumulatively (i) the holder of our shares is an eligible parent (an "Eligible Parent") and (ii) at the time the income is made available, the holder of our shares has held or commits itself to hold for an uninterrupted period of at least 12 months a direct participation of at least 10% of our share capital or a direct participation of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Holding a participation through an entity treated as tax transparent from a Luxembourg income tax perspective is deemed to be a direct participation in proportion to the net assets held in this entity. An Eligible Parent includes (a) a company covered by Article 2 of the EU Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (b) a company resident in a State having a double tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (c) a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than an EU Member State and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof or (d) a Swiss company limited by share capital (*société de capitaux*) which is effectively subject to corporate income tax in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds.

Net wealth tax

The company is as a rule subject to Luxembourg net wealth tax ("NWT") on its net assets as determined for net wealth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding EUR 500 million and at the rate of 0.05% on the portion of the net assets exceeding EUR 500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at 1 January of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities vis-à-vis third parties.

Under the participation exemption regime, a qualified shareholding held by the company in a Qualified Subsidiary is exempt for net wealth tax purposes.

A minimum net wealth tax ("MNWT") is levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, receivables against related companies, transferable securities and cash at bank exceeds 90% of their total balance sheet and EUR 350,000, the MNWT is set at EUR 4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the EUR 4,815 MNWT, the MNWT ranges from EUR 535 to EUR 32,100, depending on the company's total balance sheet.

Other taxes

The issuance of our common shares and any other amendment of our articles of association are currently subject to a €75 fixed registration duty. The disposal of our common shares is not subject to a Luxembourg registration tax or stamp duty, unless recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

Taxation of the holders of commons shares

Luxembourg tax residency of the holders of our common shares

A holder of our common shares will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of our common shares or the execution, performance or enforcement of his/her rights thereunder.

Income tax

Luxembourg resident holders

Luxembourg individual residents

Dividends and other payments derived from our common shares by resident individual holders of our common shares, who act in the course of the management of either their private wealth or their professional or business activity, are subject to income tax at the ordinary progressive rates. A tax credit may be granted, under certain circumstances, for Luxembourg withholding tax levied. 50% of the gross amount of dividends received from the company by resident individual holders of our common shares are exempt from income tax.

Capital gains realized on the disposal of our common shares by resident individual holders of our common shares, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if our common shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual holder of our common shares holds or has held, either alone or together with his spouse or partner and / or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose common shares are being disposed of. A holder of our common shares is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are taxed according to the half-global rate method, (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of our common shares by resident individual holders of our common shares, who act in the course of their professional or business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which our common shares have been disposed of and the lower of their cost or book value.

Luxembourg fully-taxable corporate residents

Dividends and other payments derived from our common shares by Luxembourg-resident, fully-taxable companies are subject to CIT and MBT, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit may, under certain circumstances, be granted for any Luxembourg withholding tax levied. If the conditions of the participation exemption regime are not met, 50% of the gross amount of dividends received by Luxembourg-resident, fully-taxable companies from our common shares are exempt from CIT and MBT.

Under the participation exemption regime, dividends derived from our common shares may be exempt from CIT and MBT at the level of the holder of our common shares if cumulatively (i) the holder of our common shares is a Luxembourg-resident, fully-taxable company and (ii) at the time the dividend is put at the holder of our common shares' disposal, the holder of our common shares has held or commits itself to hold for an uninterrupted period of at least 12 months a qualified shareholding ("Qualified Shareholding"). A Qualified Shareholding means common shares representing a direct participation of at least 10% in the share capital of the company or a direct participation in the company of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Common shares held through a tax-transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Capital gains realized by a Luxembourg-resident, fully-taxable company on our common shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on our common shares may be exempt from income tax at the level of the holder of our common shares if cumulatively (i) the holder of our common shares is a Luxembourg fully-taxable corporate resident and (ii) at the time the capital gain is realized, the holder of our common shares has held or commits itself to hold for an uninterrupted period of at least 12 months our common shares representing a direct participation in the share capital of the company of at least 10% or a direct participation in the company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as being the difference between the price for which our common shares have been disposed of and the lower of their cost or book value.

Luxembourg residents benefiting from a special tax regime

Holders of our common shares who are either (i) an undertaking for collective investment governed by the amended law of December 17, 2010, (ii) a specialized investment fund governed by the amended law of February 13, 2007, (iii) a family wealth management company governed by the amended law of May 11, 2007 and (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes governed by the law of July 23, 2016, are exempt from income tax in Luxembourg. Dividends derived from and capital gains realized on our common shares are thus not subject to income tax in their hands.

Luxembourg non-resident holders

Non-resident holders of our common shares who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom our common shares are attributable, are not liable to any Luxembourg income tax on income and gains derived from our common shares except capital gains realised on (i) a substantial participation before the acquisition or within the first six months of the acquisition thereof, or (ii) a substantial participation more than six months after the acquisition thereof by a holder of our common shares who has been a former Luxembourg resident for more than fifteen years and has become a non-resident, at the time of transfer, less than five years ago. A participation is deemed to be substantial where a shareholder holds or has held, either alone or, in case of an individual shareholder, together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose common shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

If the company and a U.S. relevant holder are eligible for the benefits of the Treaty, such U.S. relevant holder generally should not be subject to Luxembourg tax on the gain from the disposal of such common shares unless such gain is attributable to a permanent establishment of such U.S. relevant holder in Luxembourg.

Non-resident holders of our common shares which have a permanent establishment or a permanent representative in Luxembourg to which or whom our common shares are attributable, must include any income received, as well as any gain realized, on the sale, disposal or redemption of our common shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative may be, however, exempt from income tax. Taxable gains are determined as being the difference between the price for which the common shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime, dividends derived from our common shares may be exempt from income tax if cumulatively (i) our common shares are attributable to a qualified permanent establishment ("Qualified Permanent Establishment") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold a Qualified Shareholding for an uninterrupted period of at least 12 months. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) resident in a State having a tax treaty with Luxembourg, and (c) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than a EU Member State. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Common shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Under the participation exemption regime, capital gains realized on our common shares may be exempt from income tax if (i) our common shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment has held or commits itself to hold, for an uninterrupted period of at least 12 months, our common shares representing a direct participation in the share capital of the company of at least 10% or a direct participation in the company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as being the difference between the price for which our common shares have been disposed of and the lower of their cost or book value.

Net Wealth Tax

Luxembourg resident holders of our common shares, as well as non-resident holders of our common shares who have a permanent establishment or a permanent representative in Luxembourg to which or whom our common shares are attributable, are subject to Luxembourg net wealth tax on our common shares, except if the holder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iv) a professional pension institution governed by the amended law of July 13, 2005, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the amended law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (viii) a reserved alternative investment fund governed by the law of July 23, 2016. However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law of July 13, 2005 and (iv) a reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the law of July 23, 2016, remain subject to minimum net wealth tax.

Under the participation exemption, a Qualified Shareholding held in the company by an Eligible Parent or attributable to a Qualified Permanent Establishment may be exempt. The net wealth tax exemption for a Qualified Shareholding does not require the completion of the 12-month holding period.

Other Taxes

Under Luxembourg tax law, where an individual holder of our common shares is a resident of Luxembourg for tax purposes at the time of his or her death, our common shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of our common shares upon the death of an individual holder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of our common shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

U.S. Federal Income Tax Considerations

Taxation of dividends

Distributions received by a U.S. Holder on common shares, including the amount of any Luxembourg taxes withheld, other than certain pro rata distributions of common shares to all shareholders, will constitute foreign source dividend income to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that such distributions (including any Luxembourg taxes withheld) will be reported to U.S. Holders as dividends. Although it is our intention, if we pay any dividends, to pay such dividends in U.S. dollars, if dividends are paid in euros, the amount of the dividend a U.S. Holder will be required to include in income will equal the U.S. dollar value of the euro, calculated by reference to the exchange rate in effect on the date the payment is received by the U.S. Holder, regardless of whether the payment is converted into U.S. dollars on the date of receipt. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of its receipt. If a U.S. Holder realizes gain or loss on a sale or other disposition of euro, it will be U.S. source ordinary income or loss. U.S. Holders that are corporations generally will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us, except that certain U.S. Holders that are corporations and that directly, indirectly or constructively own 10% or more of our voting power or value may be entitled to a 100% dividends received deduction under certain circumstances. The rules with respect to the dividends received deduction are complex and involve the application of rules that depend on a U.S. Holder's particular circumstances and on whether we are a PFIC (defined below), a "controlled foreign corporation" or both, among other things. You should consult your own tax advisor to determine the effect of the dividends received deduction on your ownership of our common stock. Subject to applicable limitations, dividends received by certain non-corporate U.S. Holders of common shares generally will be taxable at the reduced rate that otherwise applies to long-term capital gains. Non-corporate U.S. Holders should consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to be taxed at this favorable rate. Certain pro rata distributions of ordinary shares to all shareholders are not generally subject to U.S. federal income tax.

Instead of claiming a credit, a U.S. Holder may elect to deduct foreign taxes (including any Luxembourg taxes) in computing its taxable income, subject to generally applicable limitations. An election to deduct foreign taxes (instead of claiming foreign tax credits) applies to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States. The limitations on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex. Therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Taxation upon sale or other disposition of common shares

A U.S. Holder will recognize U.S. source capital gain or loss on the sale or other disposition of common shares, which will be long-term capital gain or loss if the U.S. Holder has held such common shares for more than one year. The amount of the U.S. Holder's gain or loss will be equal to the difference between such U.S. Holder's tax basis in the common shares sold or otherwise disposed of and the amount realized on the sale or other disposition.

Passive foreign investment company rules

We believe that we will not be a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for this current taxable year and does not expect to become one in the foreseeable future. However, because PFIC status depends upon the composition of our income and assets and the market value of its assets (including, among others, less than 25% owned equity investments) from time to time, there can be no assurance that we will not be considered a PFIC for any taxable year. Because we have valued our goodwill based on the market value of our equity, a decrease in the price of common shares may also result in us becoming a PFIC. The composition of our income and our assets will also be affected by how, and how quickly, we spend our cash. Under circumstances where the cash is not deployed for active purposes, our risk of becoming a PFIC may increase. If we were treated as a PFIC for any taxable year during which a U.S. Holder held common shares, certain adverse tax consequences could apply to the U.S. Holder.

If we were treated as a PFIC for any taxable year during which a U.S. Holder held common shares, gain recognized by a U.S. Holder on a sale or other disposition of a common shares would be allocated ratably over the U.S. Holder's holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting tax liability. The same treatment would apply to any distribution in respect of common shares to the extent it exceeds 125% of the average of the annual distributions on common shares received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the common shares.

In addition, if we were treated as a PFIC in a taxable year in which it pays a dividend or in the prior taxable year, the reduced rate discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

Information reporting and backup withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless the U.S. Holder is a corporation or other exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display

As a foreign private issuer, we are subject to periodic reporting and other informational requirements of the Exchange Act as applicable. Accordingly, we are required to file reports, including this annual report on Form 20-F, and other information with the SEC. However, we are allowed four months to file our annual report with the SEC instead of approximately three, and we are not required to disclose certain detailed information regarding executive compensation that is required from United States domestic issuers. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently as companies that are not foreign private issuers whose securities are registered under the Exchange Act. Also, as a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing of proxy statements to shareholders, and our senior management, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

As a foreign private issuer, we are also exempt from the requirements of Regulation FD (Fair Disclosure) which, generally, are meant to ensure that select groups of investors are not privy to specific information about an issuer before other investors. We are, however, still subject to the anti-fraud and anti-manipulation rules of the SEC, such as Rule 10b-5. Since many of the disclosure obligations required of us as a foreign private issuer are different than those required by other United States domestic reporting companies, our shareholders, potential shareholders and the investing public in general should not expect to receive information about us in the same amount, and at the same time, as information is received from, or provided by, other United States domestic reporting companies. We are liable for violations of the rules and regulations of the SEC which do apply to us as a foreign private issuer.

You may review and copy the registration statement, reports and other information we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may also request copies of these documents upon payment of a duplicating fee by writing to the SEC.

For further information on the Public Reference Room, please call the SEC at 1-800-SEC-0330. Our SEC filings, including the registration statement, are also available to you on the SEC's website at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this annual report.

I. Subsidiaries Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our market risk exposure results primarily from concentration of credit risk, fluctuations in interest rates and foreign currency rates and inflation. We do not engage in trading of derivative instruments for speculative purposes.

Concentration of Credit and Other Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and bank balances, short-term investments and trade receivables. These financial instruments approximate fair value due to short-term maturities. We maintain our cash and bank balances and short-term investments with high credit quality financial institutions. Our investment portfolio is primarily comprised of time deposits and corporate and treasury bonds. We believe that our credit policies reflect normal industry terms and business risk. We do not anticipate non-performance by the counterparties and, accordingly, do not require collateral.

Trade receivables are generally dispersed across our clients in proportion to the revenues we generate from them. For the years ended December 31, 2017, 2016 and 2015, our top five clients accounted for 28.9%, 33.7% and 33.0%, respectively, of our net revenues. Our top client for the years ended December 31, 2017, 2016 and 2015, accounted for 10.2%, 9.7% and 12.3%, respectively. Our top client for 2017 and 2015 was Walt Disney Parks and Resorts Online; Southwest Airlines Co. was our top client for 2016. As of December 31, 2017 and 2015, accounts receivable from Walt Disney Parks and Resorts Online represented 10.1% and 11.2% of our total accounts receivable, respectively; whereas accounts receivable from Southwest Airlines Co. in 2016, represented 9.9% of our total accounts receivable.

Credit losses and write-offs of trade receivable balances have historically not been material to our consolidated financial statements.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash and bank balances and our credit facilities. Our credit lines in Argentina and the United States bear interest at fixed rates ranging from 15.25% and 15.50% in local currency (equivalent to an interest rate around 3.75% and 4%), and at variable rates from 1.75% at 3.4%, respectively. We do not use derivative financial instruments to hedge our risk of interest rate volatility.

Based on our debt position as of December 31, 2017, if we needed to refinance our existing debt, a 1% increase in interest rates would not materially impact us.

We have not been exposed to material risks due to changes in market interest rates. However, our future financial costs related to borrowings may increase and our financial income may decrease due to changes in market interest rates.

Foreign Exchange Risk

Our exchange rate risk arises in the ordinary course of our business primarily from our foreign currency expenses and, to a lesser extent, revenues. We are also exposed to exchange rate risk on the portion of our cash and bank balances, investments and trade receivables that is denominated in currencies other than the U.S. dollar and on other receivables, such as Argentine tax credits.

Our consolidated financial statements are prepared in U.S. dollars. Because the majority of our operations are conducted in Latin America and Asia, we incur the majority of our operating expenses and capital expenditures in non-U.S. dollar currencies, primarily the Argentine peso, Uruguayan peso, Colombian peso, Mexican peso, Indian rupees and Brazilian real. 85.8% of our revenues for the year ended December 31, 2017 was generated in U.S. dollars, with the balance being generated primarily in Euros and, to a lesser extent, other currencies (including the Argentine peso, the Colombian peso and the Mexican peso). The following table shows the breakdown of our revenues by the currencies in which they were generated during the years ended December 31, 2017, 2016 and 2015, respectively.

	Year ended December 31,					
	2017		2016		2015	
By Currency						
USD	\$ 354,824	85.8%	\$ 290,636	90.0%	\$ 236,788	93.3%
EUR	23,518	5.7%	12,060	3.7%	2,168	0.9%
GBP	4,107	1.0%	4,988	1.5%	3,661	1.4%
Others	30,990	7.5%	15,172	4.8%	11,179	4.4%
Revenues	\$ 413,439	100.0%	\$ 322,856	100.0%	\$ 253,796	100.0%

Until December 31, 2016, when our Argentine subsidiaries received payments in U.S. dollars for services performed under our client contracts, we were required by Argentine law to convert such amounts into Argentine pesos, as a result of which the portion of our cash and bank balances that we held in Argentina was exposed to the fluctuations in the official exchange rate between the Argentine peso and the U.S. dollar. This exposure was short term, as these funds were immediately used to pay salaries and capital expenditures primarily in Argentina. The Argentine peso has fluctuated significantly against the U.S. dollar since the end of Argentine peso/U.S. dollar parity in 2002 and experienced periods of strong devaluation. Historically, we have been able to mitigate the risk of devaluation on our cash balances and investments denominated in Argentine pesos through purchases of U.S. dollars. From October 2011 to December 2015, as Cristina Fernández de Kirchner was re-elected as Argentina's president, the Argentine government adopted policies that made it more difficult for Argentine enterprises to freely purchase U.S. dollars and remit U.S. dollars abroad. However, since salaries and capital expenditures were paid in Argentine pesos, there was limited free cash-flow generated in Argentina. Most foreign exchange restrictions and restrictions on transfer of funds into and out of Argentina that had been enacted since 2011 were lifted by the Macri administration in December 2015, May 2016, August 2016 and December 2016, reestablishing Argentine residents' rights to purchase and remit outside of Argentina foreign currency with no maximum amount and without specific allocation or prior approval. In particular, Communication "A" 6137, issued by the Argentine Central Bank on December 30, 2016, eliminated the requirement to repatriate and exchange funds obtained from the export of services into Argentine pesos through the FX Market. Consequently, we are not required to repatriate or exchange the foreign currency proceeds received from services rendered to non-Argentine residents outside of Argentina (which are proceeds from our exports held in off-shore accounts, such as the collections of services fees in U.S. dollars).

A small percentage of our trade receivables is generated from net revenues earned in non-U.S. dollar currencies (primarily Euros, British pounds sterling, the Mexican peso, the Uruguayan peso, the Colombian peso and the Argentine peso).

Our results of operations can be affected if the Argentine peso, Colombian peso, Uruguayan peso, Mexican peso, Euros or British pound appreciate or depreciate against the U.S. dollar.

A 30% depreciation of the Argentine peso against the U.S. dollar would have resulted in a \$29.4 million decrease in our operating costs. Given that we have a greater amount of Argentine peso-denominated assets than Argentine peso-denominated liabilities, a 30.0% depreciation of the Argentine peso against the U.S. dollar would have resulted in a \$0.3 million loss. As a result, the combined effect on our income statement would have been a \$29.7 million increase in our net income for the year ended December 31, 2017.

A 30% appreciation of the Argentine peso against the U.S. dollar would have resulted in a \$38.2 million increase in our operating costs. Given that we have a greater amount of Argentine peso-denominated assets than Argentine peso-denominated liabilities, a 30% appreciation of the Argentine peso against the U.S. dollar would have resulted in a \$0.3 million gain. As a result, the combined effect on our income statement would have been a \$38.6 million decrease in our net income for the year ended December 31, 2017.

We periodically evaluate the need for hedging strategies with our board of directors, including the use of such instruments to mitigate the effect of foreign exchange rate fluctuations. During the year ended December 31, 2017, our principal Argentine operating subsidiaries, Sistemas Globales S.A. and IAFH Global S.A., entered into foreign exchange forward contracts to reduce their risk of exposure to fluctuations in foreign currency. As of December 31, 2017 and 2016, the foreign exchange forward contracts were recognized, according to IAS 39, as financial assets at fair value through profit or loss. We may in the future, as circumstances warrant, decide to enter into derivative transactions to reduce our exposure to appreciation or depreciation in the value of certain foreign currencies.

Wage Inflation Risk

Argentina has experienced significant levels of inflation in recent years. According to the INDEC, the consumer price index increased 10.9% in 2013, 21.7% in 2014 and 23.9% in 2015. Inflation data released by the INDEC has been criticized by economists and investors as understating inflation in Argentina. In November 2015, the INDEC suspended the publication of the CPI. According to the most recent publicly available information based on data from the Province of San Luis, the CPI grew by 31.6% in 2015 and 31.4% in 2016. According to the most recent publicly available information based on data from the City of Buenos Aires, the CPI grew by 26.9% in 2015 and 41.0% in 2016. After implementing certain methodological reforms and adjusting certain macroeconomic statistics based of these reforms, in June 2016 the INDEC resumed its publication of the CPI. According to the INDEC, Argentina's rate of inflation for May, June, July, August, September, October, November and December 2016 was 4.2%, 3.2%, 2.2%, 0.2%, 1.3%, 2.6%, 1.8% and 1.4%, respectively, and 24.8% in 2017, based on the CPI. See "Key Information - Risk Factors - Risks Related to Operating in Latin America and Argentina - Argentina - Our results of operations may be adversely affected by high and possibly increasing inflation in Argentina." and "Key Information - Risk Factors - Risks Related to Operating in Latin America and Argentina - Argentina - The credibility of several Argentine economic indexes has been called into question, which may lead to a lack of confidence in the Argentine economy and may in turn limit our ability to access the credit and capital markets." The impact of inflation on our salary costs, or wage inflation, and thus on our statement of profit or loss and other comprehensive income varies depending on the fluctuation in exchange rates between the Argentine peso and the U.S. dollar. In an environment where the Argentine peso is weakening against the U.S. dollar, the impact of wage inflation will be partially offset, whereas in an environment where the Argentine peso is strengthening against the U.S. dollar, the impact of wage inflation will be increased. As of December 2017, approximately 38.7% of our employees were based in Argentina, where wages can be influenced by current inflation rates. Assuming a constant exchange rate and no ability to increase prices, for every 10.0% increase in wage inflation in Argentina we would experience an estimated decrease of approximately \$6.8 million in net income for the year.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II.**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.**

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

a) Disclosure Controls and Procedures

As of December 31, 2017, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, of the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that Company's disclosure controls and procedures were effective as of December 31, 2017.

b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer that: (i) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements for external reporting in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and (iii) provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedure may deteriorate. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, our management used the criteria established in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment, our management has determined that our internal control over financial reporting was effective as of December 31, 2017.

Our management has excluded Ratio Cypress LLC and Point Source LLC, which were acquired on February 28, 2017, and June 1, 2017, respectively, from its assessment of internal control over financial reporting as of December 31, 2017. In aggregate, the financial statements of each of the aforementioned entities constitute 3% of our total consolidated assets and 4% of related consolidated revenues for the year ended December 31, 2017.

c) Attestation Report of the Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Deloitte & Co. S.A., an independent registered public accounting firm, as stated in their report which is included below:



Deloitte & Co. S.A.
Florida 234, 5° piso
C1005AAF
Ciudad Autónoma
de Buenos Aires
Argentina

Tel.: (+54-11) 4320-2700
Fax: (+54-11) 4325-8081/4326-7340
www.deloitte.com/ar

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Globant S.A.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Globant S.A. and subsidiaries (the “Company”) as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated April 3, 2018 expressed an unqualified opinion on those financial statements.

As described in *Management’s Annual Report on Internal Control over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Ratio Cypress LLC and Point Source LLC, which were acquired on February 28, 2017 and June 1, 2017, respectively and whose financial statements constitute in aggregate 3% and 4% of net total assets revenues, respectively of the consolidated financial statement amounts as of and for the year ended December 31, 2017. Accordingly, our audit did not include the internal control over financial reporting at Ratio Cypress LLC and Point Source LLC.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Deloitte & Co. S.A.

Autonomous City of Buenos Aires, Argentina

April 3, 2018

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Deloitte Touche Tomatsu Limited is a private Company limited by guarantee incorporated in England & Wales under Company number 07271800, and its registered office is Hill House, 1 Little new Street, London, EC4a, 3TR, United Kingdom.

d) Changes in internal control over financial reporting

As required by Rule 13a-15(d), under the Securities Exchange Act of 1934, as amended, our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the period covered since the last annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on this evaluation, it has been determined that there has been no change during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

See “Directors, Senior Management and Employees-Board Practices-Board Committees-Audit Committee.” Our Board of Directors has determined that Mario Vázquez qualifies as an “audit committee financial expert” under applicable SEC rules.

ITEM 16B. CODE OF ETHICS.

Effective as of July 23, 2014, we adopted a code of business conduct and ethics which sets the guidelines and principles necessary for promoting and assuring good behavior within the organization. A copy of that code is available on our website at investors.globant.com/code-of-ethics . Any amendments to such code will be disclosed on our website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table provides information on the aggregate fees billed by our principal accountants, Deloitte & Co. S.A. and affiliates, classified by type of service rendered for the periods indicated, in thousands of dollars:

	<u>2017</u>	<u>2016</u>
	(\$ in thousands)	
Audit Fees ⁽¹⁾	928	932
Audit Related Fees ⁽²⁾	6	86
Tax Fees ⁽³⁾	-	30
Others ⁽⁴⁾	<u>19</u>	<u>13</u>
Total	953	1,061

- (1) "Audit Fees" includes fees billed for professional services rendered by the principal accountant in connection with the audit of the annual financial statements, certain procedures regarding our quarterly financial results, services in connection with statutory and regulatory filings.
- (2) "Audit Related Fees" includes fees billed for professional services rendered by the principal accountant and not included under the prior category. These services include, among others, due diligence related to mergers and acquisitions and internal control reviews.
- (3) "Tax Fees" includes fees billed for services related to transfer pricing and assistance with assessing compliance with tax regulations.
- (4) "Others" includes other fees billed that do not apply to the other type of classifications included above.

Audit Committee Approval Policies and Procedure

In accordance with the audit committee's charter, all fees and retention terms relating to audit and non-audit services performed by our independent auditors must be pre-approved by the audit committee. The audit committee makes annual recommendations to the general meeting of shareholders of the company regarding the appointment, replacement, base compensation, evaluation and oversight of the work of the independent auditors to be retained to audit the annual financial statements of the company and review the quarterly financial statements of the company.

The audit committee oversees the relationship with the independent auditors, including discussing with the auditors the planning and staffing of the audit and the nature and rigor of the audit process, receiving and reviewing audit reports, reviewing with the auditors any problems or difficulties the auditors may have encountered in carrying out their responsibilities and any board of directors' letters provided by the auditors and the company's response to such letters, and providing the auditors full access to the audit committee and the board of directors to report on all appropriate matters.

The audit committee provides oversight of the company's auditing, accounting and financial reporting principles, policies, controls, procedures and practices, and reviews significant changes to the foregoing as suggested by the independent auditors, internal auditors or the board of directors.

The audit committee approved all of the services described above and determined that the provision of such services is compatible with maintaining the independence of Deloitte & Co. S.A. and affiliates.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE.

Corporate Governance Practices

Our corporate governance practices are governed by Luxembourg law (particularly the law of August 10th, 1915 on commercial companies as amended) and our articles of association.

The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the "Ten Principles") include: (1) mandatory principles, (2) "comply or explain" recommendations and (3) non-binding guidelines. As of the date of this Annual Report, we comply with the mandatory principles in all respects. In certain instances, we have elected to not comply with certain of the recommendations because we comply with similar corporate governance rules of the NYSE as further set out in the following paragraphs, or, other procedures which we have determined to be sufficient.

As a Luxembourg company listed on the NYSE, we are not required to comply with all of the corporate governance listing standards of the NYSE for U.S. listed companies. We, however, believe that our corporate governance practices meet or exceed, in all material respects, the corporate governance standards that are generally required by the NYSE for U.S. listed companies. Below is a summary of the significant ways that our corporate governance practices differ from the corporate governance standards required for listed U.S. companies by the NYSE (provided that our corporate governance practices may differ in non-material ways from the standards required by the NYSE that are not detailed here)

Majority of Independent Directors

Under NYSE standards, U.S. listed companies must have a majority of independent directors. There is no legal obligation under Luxembourg law to have a majority of independent directors on the board of directors; however, the Ten Principles recommend that the board of directors includes an appropriate number of independent directors.

Non-management Directors' Meetings

Under NYSE standards, non-management directors must meet at regularly scheduled executive sessions without management present and, if such group includes directors who are not independent, a meeting should be scheduled once per year including only independent directors. Luxembourg law does not require holding of such meetings. For additional information, see "Directors, Senior Management and Employees-Directors and Senior Management."

Audit Committee

Under NYSE standards, listed U.S. companies are required to have an audit committee composed of independent directors that satisfies the requirements of Rule 10A-3 promulgated under the Exchange Act of 1934. Luxembourg law also provides for an audit committee and related rules. Our articles of association provide that the board of directors may set up an audit committee. The board of directors has set up an Audit Committee and has appointed Messrs. Mott, Odeen and Vázquez, with Mr. Vázquez serving as the chairman of our audit committee. Each of Messrs. Mott, Odeen and Vázquez satisfies the “independence” requirements within the meaning of Section 303A of the corporate governance rules of the NYSE as well as under Rule 10A-3 under the Exchange Act. For additional information, see “Directors, Senior Management and Employees-Board Practices”.

Under NYSE standards, all audit committee members of listed U.S. companies are required to be financially literate or must acquire such financial knowledge within a reasonable period and at least one of its members shall have experience in accounting or financial administration. In addition, if a member of the audit committee is simultaneously a member of the audit committee of more than three public companies, and the listed company does not limit the number of audit committees on which its members may serve, then in each case the board must determine whether the simultaneous service would prevent such member from effectively serving on the listed company’s audit committee and shall publicly disclose its decision. Under Luxembourg law, at least one member of the audit committee must be financially literate and the committee members as a whole shall have competence relevant to the sector in which the company is operating.

Standards for Evaluating Director Independence

Under NYSE standards, the board is required, on a case by case basis, to express an opinion with regard to the independence or lack of independence of each individual director. Neither Luxembourg law nor our articles of association require the board to express such an opinion; however, to be considered independent under the so called “Ten Principles” of the Luxembourg Stock Exchange, a director must not be or have been in the previous five years, an executive or managing director or an employee; not receive, or have received, significant additional remuneration from the company or an associated company apart from a fee received as non-executive or supervisory director (including share option or any other performance-related pay scheme), must not be, or have been within the last three years, a partner or employee of the present or former external auditor of the company or an associated company, nor have any significant business relationship with the company, close family relationship with any executive manager or any other relationship with the company, its controlling shareholders or executive managers which is liable to impair the independence of the director’s judgment. Finally, to be considered independent under the Ten Principles, a director must not have served on the board as a non-executive director for more than 12 years.

Audit Committee Responsibilities

The NYSE requires certain matters to be set forth in the audit committee charter of U.S. listed companies. Our audit committee charter provides for many of the responsibilities that are expected from such bodies under the NYSE standard; however, the charter does not contain all such responsibilities, including provisions related to setting hiring policies for employees or former employees of independent auditors.

Corporate Governance and Nominating Committee

The NYSE requires that a listed U.S. company has a corporate governance and nominating committee of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee.

The board of directors has set up corporate governance and nominating committee and has appointed Messrs. Galperin, Odeen and Vázquez, with Mr. Vázquez serving as chairman of our corporate governance and nominating committee. Each of Messrs. Galperin, Vázquez and Odeen satisfies the “independence” requirements within the meaning of Section 303A of the corporate governance rules of the NYSE. For additional information, see “Directors, Senior Management and Employees- Board Practices”.

Compensation Committee

The NYSE requires that a listed U.S. company have a compensation committee of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee.

The current members of our compensation committee are Messrs. Vázquez, Odeen and Galperin, with Mr. Vázquez serving as chairman. Each of Messrs. Vázquez, Odeen and Galperin satisfies the “independence” requirements within the meaning of Section 303A of the corporate governance rules of the NYSE. For additional information, see “Directors, Senior Management and Employees-Board Practices”.

Shareholder Voting on Equity Compensation Plans

Under NYSE standards, shareholders of U.S. listed companies must be given the opportunity to vote on equity compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans. Neither Luxembourg corporate law nor our articles of incorporation require shareholder approval of equity based compensation plans. Luxembourg law only requires approval of the board of directors for the adoption of equity based compensation plans.

The Ten Principles recommend that the criteria for compensation of the executive management in whichever form be subject to the approval of the shareholders. However, as permitted by the Ten Principles, we have decided that the approval of our compensation committee, which is comprised of independent members, is sufficient to set the compensation criteria for our executive management team and that it is not necessary to seek approval from our shareholders for such matters. We believe that the members of our compensation committee have a strong understanding of the achievements and failures of each executive because the compensation committee monitors the performance of executive management as part of the responsibilities delegated to it by our board of directors and shareholders.

Code of Business Conduct and Ethics

Under NYSE standards, listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Effective as of July 23, 2014 we adopted a code of business conduct and ethics applicable to our principal executive, financial and accounting officers and all persons performing similar functions. A copy of that code is available on our website at www.globant.com.

Chief Executive Officer Certification

A chief executive officer of a U.S. company listed on NYSE must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards. In accordance with NYSE rules applicable to foreign private issuers, our chief executive officer is not required to provide NYSE with this annual compliance certification. However, in accordance with NYSE rules applicable to all listed companies, our chief executive officer must promptly notify NYSE in writing after any of our executive officers becomes aware of any noncompliance with any applicable provision of NYSE's corporate governance standards. In addition, we must submit an executed written affirmation annually and an interim written affirmation each time a change occurs to the board or the audit committee.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

PART III.

ITEM 17. FINANCIAL STATEMENTS.

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS.

Our Consolidated Financial Statements are included at the end of this annual report.

ITEM 19. EXHIBITS.

The following exhibits are filed or incorporated by reference as part of this annual report:

Exhibit No.	Description
1.1	Form of Articles of Association; incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
2.1	Form of Registration Rights Agreement; incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
4.1	Lease, dated May 31, 2010, by and between Laminar S.A. de Inversiones Inmobiliarias and Sistemas Globales S.A.; incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
4.2	Globant S.A. 2014 Equity Incentive Plan; incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
4.3	Amendment No. 1 to the Globant S.A. 2014 Equity Incentive Plan; incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 (SEC File No. 333-211835)
4.4	Form of Nonstatutory Stock Option Notice; incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
4.5	Form of Nonstatutory Stock Option Notice - International; incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
4.6	Equityholders Additional Agreement, dated May 7, 2012, by and among Paldwick S.A., Martín Migoya, Martín Gonzalo Umanan, Néstor Augusto Nocetti, Guibert Andrés Englebienne, Riverwood Capital LLC, RW Holdings S.à. r.l., ITO Holdings S.à. r.l., Endeavor Global, Inc. and IT Outsourcing S.L.; incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841)
4.7	Credit Agreement, dated August 3, 2017, by and among Globant, LLC, as borrower, certain financial institutions party thereto, as lenders, and HSBC Bank USA, N.A., as administrative agent
4.8	Guaranty, dated August 3, 2017, made by Globant S.A. (Luxembourg) in favor of HSBC Bank USA, N.A., as administrative agent
4.9	Guaranty, dated August 3, 2017, made by Globant, S.A. (Spain) in favor of HSBC Bank USA, N.A., as administrative agent
4.10	Security Agreement, dated August 3, 2017, by and between Globant, LLC, as grantor, and HSBC Bank USA, N.A., as administrative agent
8.1	List of Subsidiaries
12.1	Certification of Martín Migoya, Chief Executive Officer of Globant S.A., pursuant to Section 302 of the Sarbanes Oxley Act of 2002
12.2	Certification of Alejandro Scannapieco, Chief Financial Officer of Globant, S.A., pursuant to Section 302 of the Sarbanes Oxley Act of 2002
13.1	Certification of Martín Migoya, Chief Executive Officer of Globant S.A. pursuant to Section 906 of the Sarbanes Oxley Act of 2002
13.2	Certification of Alejandro Scannapieco, Chief Financial Officer of Globant, S.A., pursuant to Section 906 of the Sarbanes Oxley Act of 2002
15.1	Consent of Deloitte & Co. S.A.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: April 13, 2018

GLOBANT S.A.

By: /s/ Alejandro Scannapieco

Name: Alejandro Scannapieco

Title: Chief Financial Officer

GLOBANT S.A.
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Globant S.A.

Consolidated Financial Statements as of December 31, 2017 and
2016 and for each of the three years in the period ended
December 31, 2017

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Deloitte & Co. S.A.
Florida 234, 5° piso
C1005AAF
Ciudad Autónoma
de Buenos Aires
Argentina

Tel.: (+54-11) 4320-2700
Fax: (+54-11) 4325-8081/4326-7340
www.deloitte.com/ar

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Globant S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Globant S.A. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 3, 2018 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Co. S.A.

Autonomous City of Buenos Aires, Argentina

April 3, 2018

We have served as the Company's auditor since 2009.

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Deloitte Touche Tomatsu Limited is a private Company limited by guarantee incorporated in England & Wales under Company number 07271800, and its registered office is Hill House, 1 Little new Street, London, EC4a, 3TR, United Kingdom.

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GLOBANT S.A.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31,		
		2017	2016	2015
Revenues ⁽¹⁾		413,439	322,856	253,796
Cost of revenues ⁽²⁾⁽⁴⁾	5.1	(263,171)	(191,395)	(160,292)
Gross profit		150,268	131,461	93,504
Selling, general and administrative expenses ⁽³⁾⁽⁴⁾	5.2	(110,808)	(81,889)	(71,594)
Other operating (expenses) income, net ⁽⁵⁾		(6,294)	-	1,820
Profit from operations		33,166	49,572	23,730
Gain on transactions with bonds	3.17	-	-	19,102
Finance income	6	7,956	16,215	27,555
Finance expense	6	(11,036)	(19,227)	(20,952)
Finance (expense) income, net		(3,080)	(3,012)	6,603
Other income and expenses, net ⁽⁶⁾		8,458	3,629	605
Profit before income tax		38,544	50,189	50,040
Income tax	7.1	(8,081)	(14,327)	(18,420)
Net income for the year		30,463	35,862	31,620
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit and loss:				
- Exchange differences on translating foreign operations		(265)	1,103	(1,353)
- Net fair value (loss) gain on available-for-sale financial assets		(27)	(52)	52
Total comprehensive income for the year		30,171	36,913	30,319
Net income attributable to:				
Owners of the Company		30,539	35,876	31,653
Non-controlling interest		(76)	(14)	(33)
Net income for the year		30,463	35,862	31,620
Total comprehensive income for the year attributable to:				
Owners of the Company		30,247	36,927	30,352
Non-controlling interest		(76)	(14)	(33)
Total comprehensive income for the year		30,171	36,913	30,319

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GLOBANT S.A.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31,		
		2017	2016	2015
Earnings per share				
Basic	8	0.87	1.04	0.93
Diluted	8	0.84	1.01	0.90
Weighted average of outstanding shares (in thousands)				
Basic	8	34,919	34,402	33,960
Diluted	8	36,094	35,413	35,013

- (1) Includes transactions with related parties for 5,590, 6,462 and 6,655 for 2017, 2016 and 2015, respectively. See note 21.1.
- (2) Includes depreciation and amortization expense of 4,339, 4,281 and 4,441 for 2017, 2016 and 2015, respectively. See note 5.1.
- (3) Includes depreciation and amortization expense of 11,789, 6,637 and 4,860 for 2017, 2016 and 2015, respectively. See note 5.2.
- (4) Includes share-based compensation expense of 5,666, 917 and 735 under cost of revenues; and 8,798, 2,703 and 1,647 under selling, general and administrative expenses for 2017, 2016 and 2015, respectively. See note 5.
- (5) Includes an impairment of tax credits of 1,586 for 2017 (see note 4.11) and a recovery of 1,820 for 2015 related to a reversal of the allowance of impairment of tax credits (see note 3.7.1.1). In 2017 includes an impairment of intangibles assets of 4,708 (note 4.12).
- (6) Includes as of December 31, 2017 and 2016 a gain of 6,735 and 418 on remeasurement of the contingent consideration of Clarice, L4, and WAE explained in note 27.10.1 and the gain of 1,727 and 2,981 related to the remeasurement at fair value of the call and put option over non-controlling interest explained in note 27.10.2. In 2016 includes the gain of 225 related to the bargain business combination of Difier S.A. explained in note 23. In 2015 includes a gain of 625 related to valuation at fair value of the 22.7% of share interest held in Dynaflores as explained in note 23.

The accompanying notes 1 to 32 are an integral part of these consolidated financial statements

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GLOBALANT S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 AND 2016

(in thousands of U.S. dollars)

	Notes	As of December 31,	
		2017	2016
ASSETS			
Current assets			
Cash and cash equivalents		52,525	50,532
Investments	9.1	8,147	9,355
Trade receivables ⁽¹⁾	10	80,078	54,170
Other receivables	11	14,357	18,869
Other financial assets ⁽²⁾		873	900
Total current assets		<u>155,980</u>	<u>133,826</u>
Non-current assets			
Other receivables	11	31,736	27,465
Deferred tax assets	7.2	13,186	7,691
Investment in associates	9.2	1,550	800
Other financial assets ⁽³⁾		555	319
Property and equipment	12	43,879	35,676
Intangible assets	13	11,365	13,791
Goodwill	14	98,926	65,180
Total non-current assets		<u>201,197</u>	<u>150,922</u>
TOTAL ASSETS		<u>357,177</u>	<u>284,748</u>
LIABILITIES			
Current liabilities			
Trade payables	15	11,640	5,603
Payroll and social security taxes payable	16	40,472	30,328
Borrowings	17	6,011	217
Other financial liabilities	23	10,664	12,602
Tax liabilities	18	5,253	6,249
Other liabilities		20	-
Total current liabilities		<u>74,060</u>	<u>54,999</u>
Non-current liabilities			
Other financial liabilities	23	18,574	19,224
Other liabilities		-	20
Provisions for contingencies	19	1,179	1,945
Total non-current liabilities		<u>19,753</u>	<u>21,189</u>
TOTAL LIABILITIES		<u>93,813</u>	<u>76,188</u>
Capital and reserves			
Issued capital		42,271	41,576
Additional paid-in capital		86,728	62,790
Other reserves		(1,253)	(961)
Retained earnings		135,658	105,119
Total equity attributable to owners of the Company		<u>263,404</u>	<u>208,524</u>
Non-controlling interests		(40)	36
Total equity		<u>263,364</u>	<u>208,560</u>
TOTAL EQUITY AND LIABILITIES		<u>357,177</u>	<u>284,748</u>

(1) Includes balances due from related parties of 463 and 575 as of December 31, 2017 and 2016, respectively. See note 21.1.

(2) Includes the fair value of foreign exchange forward contracts of 73 as of December 31, 2017 (note 27.10.3) and a financial asset related to the acquisition of Clarice of 800 and 900 as of December 31, 2017 and 2016, respectively (note 23).

(3) Includes the fair value of convertible notes of 100 (note 21.2), and the fair value of the call option on minority interest of 455 and 319 as of December 31, 2017 and 2016, respectively (note 23).

The accompanying notes 1 to 32 are an integral part of these consolidated financial statements

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(in thousands of U.S. dollars except number of shares issued)

	Number of Shares Issued	Issued capital	Additional paid-in capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Attributable to owners of the Parent	Non-controlling interests	Total
Balance at January 1, 2015	33,603,900	40,324	50,276	37,590	(711)	-	127,479	-	127,479
Issuance of shares under share-based compensation plan (see note 29.1)	560,649	673	1,878	-	-	-	2,551	-	2,551
Issuance of shares under subscription agreement (see note 29.1)	43,857	53	847	-	-	-	900	-	900
Share-based compensation plan (see note 22)	-	-	5,903	-	-	-	5,903	-	5,903
Other comprehensive (loss) income for the year	-	-	-	-	(1,353)	52	(1,301)	-	(1,301)
Acquisition of non-controlling interest (see note 23)	-	-	-	-	-	-	-	83	83
Call and put option over non-controlling interest (see note 23)	-	-	(7,050)	-	-	-	(7,050)	-	(7,050)
Net income for the year	-	-	-	31,653	-	-	31,653	(33)	31,620
Balance at December 31, 2015	34,208,406	41,050	51,854	69,243	(2,064)	52	160,135	50	160,185

	Number of Shares Issued	Issued capital	Additional paid-in capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Attributable to owners of the Parent	Non-controlling interests	Total
Issuance of shares under share-based compensation plan (see note 29.1)	258,915	311	1,867	-	-	-	2,178	-	2,178
Issuance of shares for payments of Huddle minority interest (note 29.1)	11,213	13	292	-	-	-	305	-	305
Issuance of shares under subscription agreement (see note 29.1)	169,109	202	6,218	-	-	-	6,420	-	6,420
Share-based compensation plan (see note 22)	-	-	2,559	-	-	-	2,559	-	2,559
Other comprehensive income (loss) for the year	-	-	-	-	1,103	(52)	1,051	-	1,051
Net income for the year	-	-	-	35,876	-	-	35,876	(14)	35,862
Balance at December 31, 2016	34,647,643	41,576	62,790	105,119	(961)	-	208,524	36	208,560

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GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(in thousands of U.S. dollars except number of shares issued)

	<u>Number of Shares Issued</u>	<u>Issued capital</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Foreign currency translation reserve</u>	<u>Investment revaluation reserve</u>	<u>Attributable to owners of the Parent</u>	<u>Non- controlling interests</u>	<u>Total</u>
Balance at January 1, 2017	34,647,643	41,576	62,790	105,119	(961)	-	208,524	36	208,560
Issuance of shares under share-based compensation plan (see note 29.1)	425,640	511	7,926	-	-	-	8,437	-	8,437
Issuance of shares under subscription agreement (see note 29.1)	153,481	184	5,511	-	-	-	5,695	-	5,695
Share-based compensation plan (see note 22)	-	-	10,501	-	-	-	10,501	-	10,501
Other comprehensive income for the year	-	-	-	-	(265)	(27)	(292)	-	(292)
Net income for the year	-	-	-	30,539	-	-	30,539	(76)	30,463
Balance at December 31, 2017	35,226,764	42,271	86,728	135,658	(1,226)	(27)	263,404	(40)	263,364

The accompanying notes 1 to 32 are an integral part of these consolidated financial statements.

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GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(in thousands of U.S. dollars)

	For the year ended December 31,		
	2017	2016	2015
Cash flows from operating activities			
Net income for the year	30,463	35,862	31,620
Adjustments to reconcile net income for the year to net cash flows from operating activities:			
Share-based compensation expense (note 22)	12,865	3,620	2,382
Current income tax (note 7.1)	14,053	15,057	19,522
Deferred income tax (note 7.1)	(5,972)	(730)	(1,102)
Depreciation of property and equipment	9,053	6,290	5,872
Amortization of intangible assets	7,075	4,628	3,429
Impairment of intangible assets (note 4.12)	4,708	-	-
Allowance for doubtful accounts (note 5.2)	(5)	928	205
Allowance for claims and lawsuits (note 19)	527	999	237
Gain on remeasurement of contingent consideration (note 27.10.1)	(6,735)	(418)	-
Gain from bargain business combination (note 23)	-	(225)	(625)
Gain on remeasurement of valuation of call and put option over non-controlling interest (note 27.10.2)	(1,726)	(2,981)	-
Accrued interest	404	757	880
Allowance for impairment of tax credits, net of recoveries ⁽⁴⁾	1,586	-	(1,820)
Gain on transactions with bonds (note 3.17)	-	-	(19,102)
Net gain arising on financial assets classified held-for-trading (note 6)	(303)	(653)	(13,453)
Net gain arising on financial assets classified held-to-maturity (note 6)	-	-	(4,941)
Net gain arising on financial assets classified as available for sale (note 6)	(240)	(6,325)	-
Exchange differences	2,645	5,959	10,136
Changes in working capital:			
Net increase in trade receivables	(25,599)	(5,847)	(6,525)
Net decrease (increase) in other receivables	1,240	(17,067)	(32,121)
Net increase (decrease) in trade payables	4,341	(1,219)	1,386
Net increase in payroll and social security taxes payable	7,576	3,316	6,850
Net (decrease) increase in tax liabilities	(700)	(1,846)	2,752
Net decrease in other liabilities	-	(9)	(237)
Utilization of provision for contingencies (note 19)	(1,320)	(400)	(91)
Cash provided by operating activities	53,936	39,696	5,254
Income tax paid	(11,383)	(8,216)	(10,569)
Proceeds received from reimbursement of income tax	436	-	-
Net cash provided by (used in) operating activities	42,989	31,480	(5,315)
Cash flows from investing activities			
Acquisition of property and equipment ⁽²⁾	(19,605)	(17,660)	(13,595)
Proceeds from disposals of property and equipment	468	50	88
Acquisition of intangible assets ⁽³⁾	(8,447)	(6,374)	(4,222)
(Payments) proceeds related to forward contracts	(579)	(1,126)	7,152
Acquisition of held-for-trading investments	(137,788)	(220,391)	(122,087)
Proceeds from held-for-trading investments	140,144	222,759	128,822
Acquisition of held-to-maturity investments	-	-	(96,601)
Proceeds from held-to-maturity investments	-	-	98,156
Acquisition of available-for-sale investments	(13,824)	(201,931)	-
Proceeds from available-for-sale investments	13,176	219,924	-
Payments to acquire investments in associates	(469)	(500)	-
Acquisition of bonds	-	-	(46,788)
Proceeds from sale of bonds	-	-	65,890
Acquisition of business, net of cash (note 23) ⁽¹⁾	(19,149)	(16,584)	(10,569)
Seller financing	(11,461)	(6,166)	(715)
Net cash (used in) provided by investing activities	(57,534)	(27,999)	5,531

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(in thousands of U.S. dollars)

	For the year ended December 31,		
	2017	2016	2015
Cash flows from financing activities			
Proceeds from the issuance of shares under the share-based compensation plan (note 29.1)	5,296	1,863	2,236
Proceeds from subscription agreement (note 29.1)	5,695	6,420	900
Repayment of borrowings (note 25)	(16,198)	(543)	(505)
Proceeds from borrowings (note 25)	22,000	-	-
Convertible notes (note 21.2)	(100)	-	-
Cash provided by financing activities	16,693	7,740	2,631
Interest paid (note 25)	(95)	(41)	(633)
Net cash provided by financing activities	16,598	7,699	1,998
Effect of exchange rate changes on cash and cash equivalents	(60)	2,632	311
Increase in cash and cash equivalents	1,993	13,812	2,525
Cash and cash equivalents at beginning of the year	50,532	36,720	34,195
Cash and cash equivalents at end of the year	52,525	50,532	36,720

(1) Cash paid for assets acquired and liabilities assumed in the acquisition of subsidiaries (note 23):

Supplemental information

Cash paid	21,300	19,525	10,726
Less: cash and cash equivalents acquired	(2,151)	(2,941)	(157)
Total consideration paid net of cash and cash equivalents acquired	19,149	16,584	10,569

(2) In 2017, 2016 and 2015, there were 1,264, 478 and 26 of acquisition of property and equipment financed with trade payables, respectively. In 2017, 2016 and 2015, the Company paid 478, 26 and 1,207 related to property and equipment acquired in 2016, 2015 and 2014, respectively. Finally, in 2017 and 2016 included 2,861 and 2,198 of advances paid.

(3) In 2017, 2016 and 2015 there were 344, 7 and 439 of acquisition of intangibles financed with trade payables, respectively. In 2017, 2016 and 2015, the Company paid 7, 439 and 216 related to intangibles acquired in 2016, 2015 and 2014, respectively.

(4) Includes an impairment of tax credits of 1,586 for 2017 (see note 4.11) and a recovery of 1,820 for 2015 related to a reversal of the allowance of impairment of tax credits (see note 3.7.1.1).

The accompanying notes 1 to 32 are an integral part of these consolidated financial statements

GLOBANT S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and 2016 and for the three years in the period ended December 31, 2017
(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 1 - COMPANY OVERVIEW AND BASIS OF PRESENTATION

Globant S.A. is a company organized in the Grand Duchy of Luxembourg, primarily engaged in building digital journeys that matter to millions of users through its subsidiaries (hereinafter the "Company" or "Globant Lux" or "Globant Group"). The Company specializes in providing innovative software solutions services by leveraging emerging technologies and trends.

The Company's principal operating subsidiaries and countries of incorporation as of December 31, 2017 were the following: Sistemas UK Limited and We are London Limited in the United Kingdom, Globant LLC and L4 Mobile LLC in the United States of America (the "U.S."), Sistemas Globales S.A., IAFH Global S.A. and DynafloWS S.A. in Argentina, Sistemas Colombia S.A.S. in Colombia, Global Systems Outsourcing S.R.L. de C.V. in Mexico, Sistemas Globales Uruguay S.A. and Difier S.A. in Uruguay, Globant Brasil Consultoria Ltda. in Brazil; Sistemas Globales Chile Asesorías Limitada in Chile, Globant Peru S.A.C. in Peru, Globant India Private Limited in India, PointSource Ltd. in Belarus and Software Product Creation S.L. in Spain.

The Globant Group provides services from development and delivery centers located in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid) and United Kingdom (London) and it also has client management centers in United States (San Francisco, New York, Boston and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The Company also has centers of software engineering talent and educational excellence, primarily across Latin America.

Substantially all revenues are generated in the U.S. and United Kingdom through subsidiaries located in those countries. The Company's workforce is mainly located in Latin America and to a lesser extent in India and U.S.

The Company's changed its registered office address since January 30, 2016 from 5 rue Guillaume Kroll, L-1882, Luxembourg to 37A Avenue J.F. Kennedy L-1855, Luxembourg, Luxembourg.

NOTE 2 - BASIS OF PREPARATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements are presented in thousands of United States dollars ("U.S. dollars") and have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.1 - Application of new and revised International Financial Reporting Standards

- **Adoption of new and revised standards**

The Company has adopted all of the new and revised standards and interpretations issued by the IASB that are relevant to its operations and that are mandatorily effective at December 31, 2017. The application of these amendments has had no material impact on the disclosures or amounts recognized in the Company's consolidated financial statements.

GLOBANT S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and 2016 and for the three years in the period ended December 31, 2017
(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other
currencies)

• **New accounting pronouncements**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet mandatorily effective:

IFRS 9	<i>Financial Instruments¹</i>
IFRS 15	<i>Revenue from contracts with customer¹</i>
IFRS 16	<i>Leases²</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments⁴</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IFRS 2	<i>Share-based payments¹</i>
Clarifications to IFRS 15	<i>Revenue from contracts with customer¹</i>
Amendments to IAS 28	<i>Annual improvements 2014 -2016 Cycle¹</i>
Amendment to IAS 28	<i>Long-term Interests in Associates and Joint Ventures⁴</i>
Amendment to IFRS 9	<i>Prepayment Features with Negative Compensation⁴</i>
Amendments to IFRS 3 and 11 and IAS 12 and 23	<i>Annual improvements 2015-2017 Cycle⁵</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement⁴</i>
Amendments to References to the Conceptual Framework in IFRS Standards ⁵	

¹ Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

² Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied.

³ Effective date deferred indefinitely.

⁴ Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.

⁵ Effective for annual periods beginning on or after January 1, 2019.

- In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9, which introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. On July 24, 2014, the IASB published the final version of IFRS 9 'Financial Instruments'. IFRS 9, as revised in July 2014, introduces a new expected credit loss impairment model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Also limited changes to the classification and measurement requirements for financial assets by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Based on the analysis of the Company's financial assets and financial liabilities as of December 31, 2017 on the basis of the facts and circumstances that exists at that date, the directors of the Company have performed an assessment of the impact of IFRS 9 to the Company's consolidated financial statements as follows:

- Classification and measurement: all financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.
- Impairment: the management of the Company does not anticipate that the application of the IFRS 9 Impairment requirements will have a material impact on the Company's consolidated financial statements.
- Hedge accounting: the management of the Company does not anticipate that the application of the IFRS 9 Hedge accounting requirements will have a material impact on the Company's consolidated financial statements.

GLOBANT S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and 2016 and for the three years in the period ended December 31, 2017
(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

It should be noted that the above assessment was made based on an analysis of the Company's financial assets and financial liabilities as of December 31, 2017 on the basis of the facts and circumstances that existed at that date. This new standard is effective for periods beginning on or after January 1, 2018.

- On May 28, 2014 the IASB published its new revenue Standard, IFRS 15 "Revenue from Contracts with Customers". IFRS 15 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer or promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition:
 - Step 1: Identify the contract with the customer
 - Step 2: Identify the performance obligations in the contract
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price to the performance obligations in the contracts
 - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

On April 12, 2016 the IASB published amendments with clarifications to IFRS 15 'Revenue from Contracts with Customers'. The amendments address the following topics: identifying performance obligations, principal versus agent considerations, and licensing, and provide some transition relief for modified contracts and completed contracts.

Under IFRS 15, an entity recognises revenue when or as performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2018. The standard permits a modified retrospective approach for the adoption. The Company will apply the Standard retrospectively with the cumulative effect recognised at the date of initial application.

The Company performed an assessment on the five-step approach introduced by IFRS 15 considering its revenue streams. The Company has written contracts with each customer where a service is provided. Each contract specified a detail of the performance obligation, the transaction price per each performance obligation identified and how this performance obligation is transferred to the customer.

The Company's services are performed under both time-and-material and fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognized as services are performed with the corresponding cost of providing those services reflected as cost of revenues when incurred. The majority of such revenues are billed on an hourly, daily or monthly basis whereby actual time is charged directly to the client. The Company's performance obligations are hours performed. The Company has assessed that these performance obligations are satisfied over time and that the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

The Company recognizes revenues from fixed-price contracts based on the percentage of completion method. Under this method, revenue is recognized in the accounting periods in which services are rendered. The Company has assessed that these performance obligations are satisfied over time, applying the input method by recognizing revenue on the basis of the Company's efforts to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of the performance obligation. Accordingly, the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

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Apart from providing more extensive disclosures on the Company's revenue transactions, the management of the Company does not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Company.

- On January 13, 2016, the IASB issued the IFRS 16 which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, with the distinction between operating and finance leases removed, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value to be accounted for by simply recognizing an expense, typically straight line, over the lease term. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 supersedes IAS 17 and related interpretations. Furthermore, extensive disclosures are required by IFRS 16. As of December 31, 2017, the Company has non-cancellable operating lease commitments of \$35,033 for office space and office equipment. IAS 17 does not require the recognition of any right-of-use or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in note 26. If these arrangements meet the definition of a lease under IFRS 16, the Company will recognize a right-of-use asset and a liability in respect of them unless they qualify of a low value or short-term leases upon the application of IFRS 16. In contrast, for finance leases where the Company is a lessee, the Company will recognize an asset and a related finance lease liability for the lease arrangement. Management are currently assessing its potential impact of the application of IFRS 16. It is not practicable to provide a reasonable estimate of the financial effect on the amounts recognized in the Company's consolidated financial statements until the management complete the review. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application being permitted if IFRS 15 has also been applied. The Company has not opted for early application.

- On December 8, 2016, the IASB published IFRIC 22, which was developed by the IFRS Interpretations Committee to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation is being issued to reduce diversity in practice related to the exchange rate used when an entity reports transactions that are denominated in a foreign currency in accordance with IAS 21 in circumstances in which consideration is received or paid before the related asset, expense, or income is recognized.

The interpretation is effective prospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The management of the Company does not anticipate that the application of this interpretation will have a material impact on the Company's Financial Statements.

- On June 7, 2017, the IASB published IFRIC 23 "Uncertainty over Income Tax Treatments", which was developed by the IFRS Interpretations Committee to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation specifically considers:
 - Whether tax treatments should be considered collectively.
 - Assumptions for taxation authorities' examinations.
 - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
 - The effect of changes in facts and circumstances.

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The interpretation is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted. The Company has not opted for early application. The management of the Company does not anticipate that the application of this interpretation will have any impact on the Company's Financial Statements.

- On September 11, 2014, the IASB issued amendments to IFRS 10 and IAS 28. These amendments clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
 - require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
 - require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. On December 17, 2015 the IASB issued an amendment that defers the effective date of the September 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded. Earlier application of the September 2014 amendments continues to be permitted.

- On June 20, 2016, the IASB issued amendments to IFRS 2 (share-based payments). The amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements. The amendments are effective prospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
- On December 8, 2016, the IASB issued amendments to IAS 28 (Investments in associates and joint ventures) as a result of the IASB's annual improvement 2014-2016 project. The amendment clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The management of the Company does not anticipate that the application of this amendment will have a material impact on the Company's consolidated financial statements. The amendment to IAS 28 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

- On October 12, 2017 the IASB published the amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are to be applied retrospectively but they provide transition requirements similar to those in IFRS 9 for entities that apply the amendments after they first apply IFRS 9. They also include relief from restating prior periods for entities electing, in accordance with IFRS 4 Insurance Contracts, to apply the temporary exemption from IFRS 9. Full retrospective application is permitted if that is possible without the use of hind sight.

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The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted. It is not practicable to provide a reasonable financial estimate of the effect until the management complete a review of the application of the amendment. The Company has not opted for early application.

- On October 12, 2017 the IASB published the amendment to IFRS 9 "Prepayment Features with Negative Compensation". This amendment modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted. It is not practicable to provide a reasonable financial estimate of the effect until the management complete a review of the application of the amendment. The Company has not opted for early application.

- On December 12, 2017, the IASB issued amendments to the following standards as result of the IASB's annual improvements 2015-2017 project:
 - IFRS 3 (Business combinations): clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
 - IFRS 11 (Joint arrangements): clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
 - IAS 12 (Income tax): clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
 - IAS 23 (Borrowing costs): clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The management of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements. The amendments are all effective for annual periods beginning on or after January 1, 2019.

- On February 7, 2018, the IASB published the following amendments to IAS 19 "Plan Amendment, Curtailment or Settlement":
 - If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
 - In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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currencies)

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted but must be disclosed.

- On March 29, 2018, the IASB issued the Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments are effective for annual periods beginning on or after 1 January 2020.

2.2 - Basis of consolidation

These consolidated financial statements include the consolidated financial position, results of operations and cash flows of the Company and its consolidated subsidiaries. Control is achieved where the company has the power over the investee; exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. All intercompany transactions and balances between the Company and its subsidiaries have been eliminated in the consolidation process.

Non-controlling interest in the equity of consolidated subsidiaries is identified separately from the Company's net liabilities therein. Non-controlling interest consists of the amount of that interest at the date of the original business combination and the non-controlling share of changes in equity since the date of the consolidation. Losses applicable to non-controlling shareholders in excess of the non-controlling interest in the subsidiary's equity are allocated against the interest of the Company, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Acquired companies are accounted for under the acquisition method whereby they are included in the consolidated financial statements from their acquisition date.

Detailed below are the subsidiaries of the Company whose financial statement line items have been included in these consolidated financial statements.

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Company	Country of incorporation	Main Activity	Percentage ownership As of December 31,		
			2017	2016	2015
Sistemas UK Limited	United Kingdom	Customer referral services and software development support	100.00%	100.00%	100.00%
Globant LLC	United States of America	Customer referral services and software development support	100.00%	100.00%	100.00%
Sistemas Colombia S.A.S.	Colombia	Software development and consultancy	100.00%	100.00%	100.00%
Global Systems Outsourcing S.R.L. de C.V.	Mexico	Software development and consultancy	100.00%	100.00%	100.00%
Software Product Creation S.L.	Spain	Software development and consultancy	100.00%	100.00%	100.00%
Globant España S.A. (sociedad unipersonal)	Spain	Investing activities	100.00%	100.00%	100.00%
Sistemas Globales Uruguay S.A.	Uruguay	Software development and consultancy	100.00%	100.00%	100.00%
Sistemas Globales S.A.	Argentina	Software development and consultancy	100.00%	100.00%	100.00%
IAFH Global S.A.	Argentina	Software development and consultancy	100.00%	100.00%	100.00%
Sistemas Globales Chile Ases. Ltda.	Chile	Software development and consultancy	100.00%	100.00%	100.00%
Globers S.A.	Argentina	Travel organization services	100.00%	100.00%	100.00%
Globant Brasil Consultoria Ltda. ⁽¹⁾	Brazil	Software development and consultancy	100.00%	100.00%	100.00%
Huddle Investment LLP ⁽⁶⁾	United Kingdom	Investing activities	-	100.00%	100.00%
Huddle Group S.A.	Argentina	Software development and consultancy	100.00%	100.00%	100.00%
Huddle Group Corp. ⁽²⁾	United States	Software development and consultancy	-	-	100.00%
Globant Peru S.A.C.	Peru	Software development and consultancy	100.00%	100.00%	100.00%
Globant India Privated Limited	India	Software development and consultancy	100.00%	100.00%	100.00%
Dynaflows S.A.	Argentina	Software development and consultancy	66.73%	66.73%	66.73%
We Are London Limited ⁽⁴⁾	United Kingdom	Service design consultancy	100.00%	100.00%	-
L4 Mobile LLC ⁽⁵⁾	United States of America	Software development and consultancy	100.00%	100.00%	-
Difier S.A. ⁽⁶⁾	Uruguay	Software development and consultancy	100.00%	100.00%	-

(1) On March 23, 2016, TerraForum Consultoría Ltda. was renamed Globant Brasil Consultoría Ltda.

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- (2) On October 31, 2016, Huddle Group Corp. was merged into Globant LLC.
- (3) We are London Limited and We are Experience LLC were acquired on May 23, 2016 (see note 23). On October 31, 2016, We are Experience LLC was merged into Globant LLC.
- (4) L4 Mobile LLC was acquired on November 14, 2016 (see note 23).
- (5) Difier S.A. was acquired on November 14, 2016 (see note 23).
- (6) Huddle Investment LLP was dissolved on June 30, 2017.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 - Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred to the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related charges are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively ; and
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired business, and the fair value of the acquirer's previously held equity interest in the acquired business (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquired business and the fair value of the acquirer's previously held equity interest in the acquired business (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquired business identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 3 and IFRS 13, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Arrangements that include remuneration of former owners of the acquiree for future services are excluded of the business combinations and will be recognized in expense during the required service period.

3.2 - Goodwill

Goodwill arising in a business combination is carried at cost as established at the acquisition date of the business less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to a unique cash generating unit (CGU).

Goodwill is not amortized and is reviewed for impairment at least annually or more frequently when there is an indication that the business may be impaired. If the recoverable amount of the business is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the business and then to the other assets of the business pro-rata on the basis of the carrying amount of each asset in the business. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income and other comprehensive income. An impairment loss recognized for goodwill is not reversed in a subsequent period.

The Company has not recognized any impairment loss in the years ended December 31, 2017, 2016 and 2015.

3.3 - Revenue recognition

The Company generates revenue primarily from the provision of software development, testing, infrastructure management, application maintenance, outsourcing services, consultancy and Services over Platforms (SoP). SoP is a new concept for the services industry that aims deliver digital journeys in more rapid manner providing specific platforms as a starting point and then customizing them to the specific need of the customers. Revenue is measured at the fair value of the consideration received or receivable.

The Company's services are performed under both time-and-material and fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognized as services are performed with the corresponding cost of providing those services reflected as cost of revenues when incurred. The majority of such revenues are billed on an hourly, daily or monthly basis whereby actual time is charged directly to the client.

The Company recognizes revenues from fixed-price contracts based on the percentage of completion method. Under this method, revenue is recognized in the accounting periods in which services are rendered. In instances where final acceptance of the product, system or solution is specified by the client, revenues are deferred until all acceptance criteria have been met. In absence of a sufficient basis to measure progress towards completion, revenues are recognized upon receipt of final acceptance from the client. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known. Fixed-price contracts generally correspond for services over a period of 12 months or less.

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3.4 - Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of profit or loss and other comprehensive income. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

During the years ended December 31, 2017 and 2016, the Company has recognized some agreements related to computer leases as finance leases, considering all the factors mentioned above.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Company did not receive any lease incentives in any of the years presented.

There are no situations in which the Company qualifies as a lessor.

3.5 - Foreign currencies

Except in the case of Globant Brasil Consultoría Ltda. (formerly TerraForum Consultoria Ltda.), Globers S.A. and We are London Limited, the Company and the other subsidiaries' functional currency is the U.S. dollar. In preparing these consolidated financial statements, transactions in currencies other than the U.S. dollar ("foreign currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are kept at the original translated cost. Exchange differences are recognized in profit and loss in the period in which they arise.

In the case of Globant Brasil Consultoría Ltda., Globers S.A. and We are London Limited, the functional currencies are the Brazilian Real, the Argentine Peso and the Great Britain Pound, respectively. Assets and liabilities are translated at current exchange rates, while income and expense are translated at the date of the transaction rate. The resulting foreign currency translation adjustment is recorded as a separate component of accumulated other comprehensive income (loss) in the equity.

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3.6 - Borrowing costs

The Company does not have borrowings attributable to the construction or production of assets. All borrowing costs are recognized in profit and loss under finance loss.

3.7 - Taxation

3.7.1 - Income taxes - current and deferred

Income tax expense represents the estimated sum of income tax payable and deferred tax.

3.7.1.1 - Current income tax

The current income tax payable is the sum of the income tax determined in each taxable jurisdiction, in accordance with their respective income tax regimes.

Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because taxable profit excludes items of income or expense that are taxable or deductible in future years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet dates. The current income tax charge is calculated on the basis of the tax laws in force in the countries in which the consolidated entities operate.

Globant S.A, the Luxembourg company, is subject to a corporate income tax rate of 15% if taxable income is lower than EUR 25, or to a corporate income tax rate of 19% if taxable income exceeds EUR 30. If taxable income is between EUR 25 and EUR 30, the Luxembourg company is subject to corporate income tax computed as follows: EUR 3.75 plus 39% of the tax base above EUR 25. The corporate income tax is increased by a contribution of 7% to the unemployment fund. A municipal business tax also may be imposed at rates ranging from 6% to 12% depending on where the undertaking is located. Thus, Luxembourg's effective corporate income tax rate for 2017 is 27.08%. For the year 2018, businesses with taxable income lower than EUR 25 will be subject to corporate income tax at a rate of 15% . Businesses with taxable income between EUR 25 and EUR 30 will be subject to corporate income tax computed as follows: EUR 3.75 plus 33% of the tax base above EUR 25 The corporate tax rate will be 18% for companies with taxable income in excess of EUR 30.

In 2008, Globant España S.A. elected to be included in the Spanish special tax regime for entities having substantially all of their operations outside of Spain, known as “ *Empresas Tenedoras de Valores en el Exterior* ” (“ETVE”), on which dividends distributed from its foreign subsidiaries as well as any gain resulting from disposal are tax free. In order to be entitled to the tax exemption, among other requirements, the main activity of Globant España S.A. must be the administration and management of equity instruments from non-Spanish entities and such entities must be subject to a tax regime similar to that applicable in Spain for non-ETVEs companies. During 2016, the Company's Uruguayan, Colombian and Argentinian subsidiaries distributed dividends to Globant S.A. for a total amount of 85,064. If this tax exemption would not applied, the applicable tax rate should be 25%. The Company's Spanish subsidiary Software Product Creation S.L. is subject to a 25% corporate income tax rate.

From a taxable income perspective, the Argentine subsidiaries represent the Company's most significant operations (see below the effects of the Argentine tax reform on the income tax rates). Argentine companies are subject to a 35% corporate income tax rate. In January 2006, Huddle Group S.A. (“Huddle Argentina”) and, in May 2008, IAFH Global S.A. and Sistemas Globales S.A. were notified by the Argentine Government through the Ministry of Economy and Public Finance that they had been included within the promotional regime for the software industry established under Law No. 25,922 (the “Software Promotion Regime”).

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Under Argentina's Software Promotion Law No. 25,922 (Ley de Promoción de la Industria de Software), our operating subsidiaries in Argentina benefit from a 60% reduction in their corporate income tax rate (as applied to income from promoted software activities) and a tax credit of up to 70% of amounts paid for certain social security taxes (contributions) that may be offset against value-added tax liabilities. Law No. 26,692, the 2011 amendment to the Software Promotion Law ("Law No. 26,692"), also allows such tax credits to be applied to reduce our Argentine subsidiaries' corporate income tax liability by a percentage not higher than the subsidiaries' declared percentage of exports and extends the tax benefits under the Software Promotion Law until December 31, 2019.

On May 21, 2010, Ministry of Industry and Tourism published Resolution No 177/2010 which establishes that audits, verifications, inspections, controls and evaluations related to the regime of Law No. 25,922, will be supported by the beneficiaries by paying a monthly and annual fee of 7% calculated on the amount of tax benefits.

On September 16, 2013, the Argentine Government published Regulatory Decree No. 1315/2013, which governs the implementation of the Software Promotional Regime, established by Law No. 25,922, as amended by Law No. 26,692. Regulatory Decree No. 1315/2013, introduced the specific requirements needed to obtain the fiscal benefits contemplated under the Software Promotion Regime, as amended by Law No. 26,692. Those requirements include, among others, minimum annual revenue, minimum percentage of employees involved in the promoted activities, minimum aggregate amount spent in salaries paid to employees involved in the promoted activities, minimum research and development expenses and the filing of evidence of software-related services exports.

Regulatory Decree No. 1315/2013 further provides that:

- from September 17, 2014 through December 31, 2019, only those companies that are accepted for registration in the National Registry of Software Producers (Registro Nacional de Productores de Software y Servicios Informáticos) maintained by the Secretary of Industry (Secretaria de Industria del Ministerio de Industria) will be entitled to participate in the benefits of the Software Promotion Regime;
- applications for registration in the National Registry of Software Producers must be made to the Secretary of Industry within 90 days after the publication in the Official Gazette (Boletín Oficial) of the relevant registration form (which period expired on July 8, 2014);
- the 60% reduction in corporate income tax provided under the Software Promotion Regime shall only become effective as of the beginning of the fiscal year after the date on which the applicant is accepted for registration in the National Registry of Software Producers; and
- upon the Secretary of Industry's formal approval of an applicant's registration in the National Registry of Software Producers, any promotional benefits previously granted to such person under Law No. 25,922 shall be extinguished.

In addition, Regulatory Decree No. 1315/2013 delegates authority to the Secretary of Industry and the Federal Administration of Public Revenue (Administración Federal de Ingresos Públicos, or AFIP) to adopt "complementary and clarifying" regulations in furtherance of the implementation of the Software Promotion Regime.

On March 11, 2014, AFIP issued General Resolution No. 3,597. This resolution provides that, as a further prerequisite to participation in the Software Promotion Regime, a company that exports software and related services must register in a newly established Special Registry of Exporters of Services (Registro Especial de Exportadores de Servicios). On March 14, May 21 and May 28, 2014, the Company's Argentine subsidiaries, Huddle Group S.A., IAFH Global S.A. and Sistemas Globales S.A., respectively, applied and were accepted for registration in the Special Registry of Exporters of Services. In addition, General Resolution No. 3,597 states that any tax credits generated under Law No. 25,922 by a participant in the Software Promotion Regime was only valid until September 17, 2014.

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The Company's Argentine subsidiaries submitted their applications for registration in the National Registry of Software Producers on June 25, 2014.

As of December 31, 2013, based on its interpretation of Regulatory Decree No. 1315/2013, and considering the facts and circumstances available until the date of issuance of the consolidated financial statements for the year then ended, management believed that any tax credits generated under Law No. 25,922 would only be valid until the effective date of registration in the National Registry of Software Producers and, consequently, due to the uncertainty regarding the actual date of registration in such registry, that there was a substantial doubt as to the recoverability of the tax credit generated by its Argentine subsidiaries under Law No. 25,922. Accordingly, as of December 31, 2013 the Company recorded a valuation allowance of 9,579 to reduce the carrying value of such tax credit to its estimated net realizable value.

On March 26, 2015 and April 17, 2015, the Secretary and Subsecretary of Industry issued rulings approving the registration in the National Registry of Software Producers of Sistemas Globales S.A. and IAFH Global S.A. and Huddle Group S.A., respectively. In each case, the ruling made the effective date of registration retroactive to September 18, 2014 and provided that the benefits enjoyed under the Software Promotion Law as originally enacted were not extinguished until the ruling goes into effect (which have occurred upon its date of publication in the Argentine government's official gazette).

On May 7, 2015, the Company applied to the Subsecretary of Industry for deregistration of Huddle Group S.A. from the National Registry of Software Producers, as the subsidiary had discontinued activities since January 1, 2015. As a consequence, Huddle Group S.A. is subject to a 35% corporate income tax rate since January 1, 2015.

As of December 31, 2015, the Company recorded a gain of 1,820, related to the partial reversal of the allowance of impairment of tax credit generated under the abovementioned regime up to the date of the reaccreditation of the Argentine subsidiary (Sistemas Globales S.A.) by the Secretary of Industry who stated in the respective resolutions that the tax benefits under the previous regime expired on the date of the reaccreditation. After the date of the reaccreditation under the new law, the Company has not recognized any benefit under the law 25,922.

On December 29, 2017, Argentina enacted a comprehensive tax reform (Law No. 27,430) through publication in the Official Gazette. The Law is effective from January 1, 2018. Specifically, introduces amendments to income tax (both at corporate and individual levels), value added tax (VAT), tax procedural law, criminal tax law, social security contributions, excise tax, tax on fuels, and tax on the transfer of real estate.

At a corporate level, the law decreases the corporate income tax rate from 35% to 30% for fiscal years starting January 1, 2018 to December 31, 2019, and to 25% for fiscal years starting January 1, 2020 and onwards. The Law also establishes dividend withholding tax rates of 7% for profits accrued during fiscal years starting January 1, 2018 to December 31, 2019, and 13% for profits accrued in fiscal years starting January 1, 2020 and onwards. The new withholding rates apply to distributions made to shareholders qualifying as resident individuals or nonresidents.

Even though the combined effective rate for shareholders on distributed income (corporate income tax rates plus dividend withholding rates on the after tax profit) will be close to the prior 35% rate, this change is aimed at promoting the reinvestment of profits. Additionally, the Law repeals the "equalization tax" (i.e., 35% withholding applicable to dividends distributed in excess of the accumulated taxable income) for income accrued from January 1, 2018.

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Regarding the rest of the Company's Argentine subsidiaries, Globers Travel and Dynaflores, as they are not included within the Software Promotion Regime, are subject to a corporate income tax rate of 35% and will be applying the reduced tax rate incorporated by the Law No. 27,430 during next fiscal years.

The Company's Uruguayan subsidiary Sistemas Globales Uruguay S.A. is domiciled in a tax free zone and has an indefinite tax relief of 100% of the income tax rate and an exemption from VAT. Aggregate income tax relief arising under Sistemas Globales Uruguay S.A. for years ended December 31, 2017, 2016 and 2015 were 2,488, 1,231, 1,175, respectively. The Company's Uruguayan subsidiary Difier S.A. is located outside tax-free zone and according to Article 163 bis of Decree No. 150/007 the software development services performed are exempt from income tax and value-added tax applicable as long as they are exported and utilized abroad.

Until December 31, 2017, the Company's Colombian subsidiary Sistemas Colombia S.A.S. was subject to federal corporate income tax at the rate of 34% and a surcharge at the rate of 6% calculated on net income before income tax. For fiscal year 2018, the income tax rate will be 33% and surcharge rate will be 4%. From fiscal year 2019 onwards, surcharge will be eliminated and corporate tax rate will remain at 33%.

Until December 31, 2017, the Company's U.S. subsidiary Globant LLC is subject to U.S. federal income tax at the rate of 34%. For tax purposes, L4 Mobile LLC is considered a partnership which elected to be a disregarded entity. The profit of L4 Mobile LLC will pass directly through the business to Globant LLC and will be taxed on its income tax return.

On 22 December 2017, the United States enacted the Tax Cuts and Jobs Act ("Tax Act") that instituted fundamental changes to the taxation of multinational corporations. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, changes regarding net operating loss carryforwards, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. Furthermore, as part of the transition to the new tax system, a one-time transition tax is imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates. For certain eligible pass-through entities, the Tax Act provides for a qualified business income deduction. The Tax Act introduces various changes to the Internal Revenue Code. The Company is currently evaluating the effect of the changes introduced by the Tax Act on the Company's business. It is anticipated that meaningful guidance explaining the application of certain provisions of the Tax Act will be released in the upcoming year.

The reform also introduces base erosion provisions for U.S. corporations that are part of multinational group. For fiscal years beginning after December 31, 2017, a U.S. corporation is potentially subject to tax under the Base Erosion Anti-Abuse Tax provision ("BEAT"), if the controlled group of which it is a part has sufficient gross receipts and derives a sufficient level of "base erosion tax benefits". The provisions introducing the BEAT are complex and there are currently uncertainties surrounding their practical and technical application.

The Company's English subsidiary Sistemas UK Limited is subject to corporate income tax at the rate of 19%. For the years 2016 and 2015, the corporate income tax rates were 20% and 21%, respectively.

The Company's Chilean subsidiary Sistemas Globales Chile Ases. Ltda. is subject to corporate income tax at the rate of 25.5%. For the years 2017 and 2016, the corporate income tax rates were 25.5% and 24.0%, respectively, and for 2018 it will be 27.0%.

The Company's Brazilian subsidiary Globant Brasil Consultoría Ltda. (formerly Terraforum Consultoría Ltda.), applies the taxable income method called "Lucro real". Under this method, taxable income is based upon a percentage of profit accrued by the Company, adjusted according to the add-backs and exclusions provided in the relevant tax law. The rate applicable to the taxable income derived from the subsidiary's activity is 24% plus 10% if the net income before income tax is higher than 240,000 reais for the years 2017 and 2016, and 120,000 reais for the year 2015.

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The Company's Peruvian subsidiary, Globant Peru S.A.C. is subject to corporate income tax at the rate of 29.5%. For the years 2016 and 2015, the corporate income tax rates were 25.25% and 30%, respectively.

The Company's Mexican subsidiary, Global Systems Outsourcing S.R.L. de C.V., is subject to corporate income tax at the rate of 30%.

The Company's Indian subsidiary Globant India Private Limited is primarily export-oriented and is eligible for certain income tax holiday benefits granted by the government of India for export activities conducted within Special Economic Zones, or SEZs. The services provided by our Pune development center are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the center commenced the provision of services and 50% of such profits or gains for the five years thereafter. Certain tax benefits are also available for a further five years subject to the center meeting defined conditions. Indian profits ineligible for SEZ benefits are subject to corporate income tax at the rate of 34.61%. In addition, all Indian profits, including those generated within SEZs, are subject to the Minimum Alternative Tax (MAT), at the current rate of approximately 21.34%, including surcharges.

3.7.1.2 - Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets including tax loss carry forwards are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the entities are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. The Company has not recorded any current or deferred income tax in other comprehensive income or equity in any each of the years presented.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Under IFRS, deferred income tax assets (liabilities) are classified as non-current assets (liabilities).

The Company does not have unrecognized tax benefits or reserve for uncertain tax positions that require disclosure in its consolidated financial statements.

3.8 - Property and equipment

Fixed assets are valued at acquisition cost, net of the related accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Lands and properties under construction are carried at cost, less any recognized impairment loss. Properties under construction are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Land is not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The value of fixed assets, taken as a whole, does not exceed their recoverable value.

3.9 - Intangible assets

Intangible assets include licenses, customer relationships and non-compete agreements. The accounting policies for the recognition and measurement of these intangible assets are described below.

3.9.1 - Intangible assets acquired separately

Intangible assets with finite useful life that are acquired separately (licenses) are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the intangible assets estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

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3.9.2 - Intangible assets acquired in a business combination

Intangible assets acquired in a business combination (trademarks, customer relationships and non-compete agreements) are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

3.9.3 - Internally-generated intangible assets

Intangible assets arising from development are recognized if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the ability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.9.4 - Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized. No intangible asset has been derecognized in the last three years.

3.10 - Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit or the business, as the case may be.

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The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income for the year.

As of December 31, 2017 the Company recorded an impairment loss of 4,708 related to the intangible assets acquired in business combinations. In 2016 and 2015 no impairment losses were recorded.

3.11 - Provisions for contingencies

The Company has existing or potential claims, lawsuits and other proceedings. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, and the advice of the Company's legal advisors.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The amount of the recognized receivable does not exceed the amount of the provision recorded.

3.12 - Financial assets

Financial assets are classified into the following specified categories: "held-to-maturity" investments, "available-for-sale" ("AFS") financial assets, "fair value through profit or loss" ("FVTPL") and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.12.1 - Effective interest method

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.12.2 - Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

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A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Finance income' line.

3.12.3 - Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) FVTPL.

Listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 27.8. Changes in the carrying amount of AFS financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve.

The AFS financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

3.12.4 - Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment. During December, 2015, the Company has reclassified its held-to-maturity investments as available-for-sale investments, as described in note 27.8.

3.12.5 - Derivative financial instruments

The Company enters into foreign exchange forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

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3.12.6 - Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.12.7 - Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate.

3.12.8 - Other Financial Assets

Call option over non-controlling interest in subsidiary

On October 22, 2015, the Company was granted with a call option to acquire the remaining 33.27% interest in Dynaflo S.A, which can be exercised from October 22, 2020 till October 21, 2021. At the same moment, the Company has also agreed on a put option with the non-controlling shareholders which gives them the right to sell its remaining 33.27% interest on October 22, 2018 or October 22, 2020. As of December 31, 2017 and 2016, the Company accounted for the call option at its fair value of 455 and 319, respectively, in a similar way to a call option over an entity's own equity shares and the initial fair value of the option was recognized in equity.

Clarice Subscription agreement

On May 14, 2015, the Company signed a subscription agreement as described in note 23. According to this agreement, the Company will receive a fix amount of money in exchange of a variable number of shares of the Company. According to IAS 32:11, a financial asset has been recognized in order to reflect the contractual right to receive cash. As of December 31, 2017 and 2016, the Company has recorded 800 and 900 as current financial assets, respectively.

3.12.9- Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost considered to be objective evidence of impairment. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

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In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in the fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty to the issuer or counterparty;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Trade receivables carrying amount is reduced through the use of an allowance account on a case-by-case basis. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

3.12.10 - Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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3.13 - Financial liabilities and equity instruments

3.13.1 - Classification as debt or equity

Debt and equity instruments issued by the Company and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.13.2 - Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.13.3 - Financial liabilities

Financial liabilities, including trade payables, other liabilities and borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.13.4 - Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.14 - Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short-term highly liquid investments (original maturity of less than 90 days). In the consolidated statements of financial position, bank overdrafts are included in borrowings within current liabilities.

Cash and cash equivalents as shown in the statement of cash flows only includes cash and bank balances.

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3.15 - Reimbursable expenses

Out-of-pocket and travel expenses are recognized as expense in the statements of income for the year. Reimbursable expenses are billed to customers and recorded net of the related expense.

3.16 - Share-based compensation plan

The Company has a share-based compensation plan for executives and employees of the Company and its subsidiaries. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set forth in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will potentially vest, with a corresponding increase in equity.

3.17 - Gain on transactions with bonds - Proceeds received by Argentine subsidiaries through capital contributions

During the year ended December 31, 2015, the Argentine subsidiaries of the Company, through cash received from capital contributions, acquired Argentine sovereign bonds, including BODEN and Bonos Argentinos ("BONAR"), in the U.S. market denominated in U.S. dollars. These bonds trade both in the U.S. and Argentine markets. The Company considers the Argentine market to be the principal market for these bonds.

After acquiring these bonds and after holding them for a certain period of time, the Argentine subsidiaries, sell those bonds in the Argentine market. The fair value of these bonds in the Argentine market (in Argentine pesos) during the year ended December 31, 2015 was higher than its quoted price in the U.S. market (in U.S. dollars) converted at the official exchange rate prevailing in Argentina, which is the rate used to convert these transactions in foreign currency into the Company's functional currency; thus, generating a gain when remeasuring the fair value of the bonds in Argentine pesos into U.S. dollars at the official exchange rate prevailing in Argentina.

During the year ended December 31, 2015 the Company recorded a gain amounting to 19,102, due to the above-mentioned transactions that were disclosed under the caption "Gain on transactions with bonds" in the consolidated statements of profit or loss and other comprehensive income.

During the years ended December 31, 2017 and 2016, the Company did not engage in the above described transaction.

3.18 - Components of other comprehensive income

Components of other comprehensive income are items of income and expense that are not recognized in profit or loss as required or permitted by other IFRSs. The Company included gains and losses arising from translating the financial statements of a foreign operation and the income related to the valuation at fair value of the financial assets classified as available for sale.

NOTE 4 - CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The critical accounting estimates concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are the following:

1. Revenue recognition

The Company uses the percentage-of-completion method in accounting for fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate each contract's total labor cost to date as a proportion of the total expected labor cost.

This method is followed where reasonably dependable estimates of revenues and costs can be made. Fixed-price contracts generally correspond for services over a period of 12 months or less. Some fixed-price contracts are recurring contracts that establish a fixed amount per month and do not require the Company to apply significant judgment in accounting for those types of contracts. In consequence, the use of estimates is only applicable for those contracts that are on-going at the year end and that are not recurring.

Reviews to these estimates may result in increases or decreases to revenues and income and are reflected in the consolidated financial statements in the periods in which they are first identified. If the estimates indicate that a contract loss will be incurred, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated costs of the contract exceed the estimated total revenues that will be generated by the contract and are included in cost of revenues in the consolidated statement of income and other comprehensive income. Contract losses for the periods presented in these consolidated financial statements were immaterial.

2. Goodwill impairment analysis

Goodwill is measured as the excess of the cost of an acquisition over the sum of the amounts assigned to tangible and intangible assets acquired less liabilities assumed. The determination of the fair value of the tangible and intangible assets involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

The Company evaluates goodwill for impairment at least annually or more frequently when there is an indication that the unit may be impaired. When determining the fair value of the Company's cash generating unit, the Company utilizes the income approach using discounted cash flow. The income approach considers various assumptions including increase in headcount, headcount utilization rate, income from each country and revenue per employee, income tax rates and discount rates. The assumptions considered by the Company as of December 31, 2017 are the following: projected cash flows for the following five years, the average growth rate considered was 21.5% and the rate used to discount cash flows was 10.58%. The long-term rate used to extrapolate cash flows beyond the projected period was 3%.

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Any adverse changes in key assumptions about the businesses and their prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge. Based upon the Company's evaluation of goodwill, no impairments were recognized during 2017, 2016 and 2015.

3. Income taxes

Determining the consolidated provision for income tax expenses, deferred income tax assets and liabilities requires significant judgment. The provision for income taxes includes federal, state, local and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences in each of the jurisdictions where the Company operates of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be reversed. Changes to enacted tax rates would result in either increases or decreases in the provision for income taxes in the period of changes.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. This assessment requires judgments, estimates and assumptions by management. In evaluating the Company's ability to utilize its deferred tax assets, the Company considers all available positive and negative evidence, including the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are recoverable. The Company's judgments regarding future taxable income are based on expectations of market conditions and other facts and circumstances. Any adverse change to the underlying facts or the Company's estimates and assumptions could require that the Company reduces the carrying amount of its net deferred tax assets.

4. The allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its clients to make required payments. The allowance for doubtful accounts is determined by evaluating the relative credit-worthiness of each client, historical collections experience and other information, including the aging of the receivables. If the financial condition of customers of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. Share-based compensation plan

The Company's grants under its share-based compensation plan with employees are measured based on fair value of the Company's shares at the grant date and recognized as compensation expense on a straight-line basis over the requisite service period, with a corresponding impact reflected in additional paid-in capital.

Determining the fair value of the share-based awards at the grant date requires judgments. The Company calculated the fair value of each option award on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the fair value of the Company's shares, expected volatility, expected term, risk-free interest rate and dividend yield.

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Fair value of the shares: For 2014 Equity Incentive Plan, the fair value of the shares is based on the quote market price of the Company's shares at the grant date. For 2012 Equity Incentive Plan, as the Company's shares were not publicly traded the fair value was determined using the market approach technique based on the value per share of private placements. The Company had gone in the past through a series of private placements in which new shares have been issued. The Company understood that the price paid for those new shares was a fair value of those shares at the time of the placement. In January 2012, Globant España S.A. had a capital contribution from a new shareholder, which included cash plus share options granted to the new shareholder, therefore, the Company considered that amount to reflect the fair value of their shares. The fair value of the shares related to this private placement resulted from the following formula: cash minus fair value of share options granted to new shareholder divided by number of newly issued shares. The fair value of the share options granted to the new shareholder was determined using the same variables and methodologies as the share options granted to the employees. After the reorganization in December 2012, shares of Globant S.A (Luxembourg) were sold by existing shareholders in a private placement to WPP. The fair value of the shares related to this private placement results from the total amount paid by WPP to the existing shareholders.

Expected volatility: As the Company does not have sufficient trading history for the purpose of valuing our share options, the expected volatility of their shares is estimated by using the average historic price volatility of the NASDAQ 100 Telecommunication Index.

Expected term: The expected life of options represents the period of time the granted options are expected to be outstanding.

Risk free rate: The risk-free rate for periods within the contractual life of the option is based on the U.S. Federal Treasury yield curve with maturities similar to the expected term of the options.

Dividend yield: The Company has never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

6. Call option over non-controlling interest

As of December 31, 2017 and 2016, the Company held a call option to acquire the 33.27% of the remaining interest in Dynaflo S.A., which could be exercised from October 22, 2020 until October 21, 2021. The Company calculated the fair value of this option using the Black-Scholes option model. The Black-Scholes model requires the input of highly subjective assumptions, including the expected volatility, maturity, risk-free interest rate, value of the underlying asset and dividend yield.

Expected volatility: The Company has considered annualized volatility as multiples of EBITDA and Revenue of publicly traded companies in the technology business in the U.S., Europe and Asia since 2008.

Maturity: The combination between the call and put options (explained in note 23) implied that, assuming no liquidity restrictions as part of the Company at the moment that the option was exercisable and considering that both parties wanted to maximize their benefits, the Company would acquire the minority shareholders shares at the date that this option was exercisable. Therefore, the Company has assumed that the maturity date of call option is October 22, 2020.

Risk free rate: The risk-free rate for periods within the contractual life of the option was based on the Argentinean bonds (BONAR) with a quote in the US market with maturities similar to the expected term of the option.

Value of the underlying assets: The Company considered a multiple of EBITDA and Revenue resulting from the implied multiple in Dynaflo adjusted by the lack of control.

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currencies)

Dividend yield: The Company did not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

7. Recoverability of internally generated intangible assets

During the year, the Company considered the recoverability of its internally generated intangible asset which are included in the consolidated financial statements as of December 31, 2017 and 2016 with a carrying amount of 6,395 and 3,904, respectively.

A detailed recoverability analysis has been carried out by the Company, considering both, revenue from customers in case of the assets sold to third parties and internal usage for those assets that are used internally, and, as a result, the Company believes that the carrying amount of the internally generated intangible assets will be recovered in full. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

8. Fair value measurement and valuation processes

Certain assets and liabilities of the Company are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, if necessary the Company engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 27.9.

9. Useful lives of property, equipment and intangible assets

The Company reviews the estimated useful lives of property, equipment and intangible assets at the end of each reporting period. The Company determined that the useful lives of the assets included as property, equipment and intangible assets are in accordance with their expected lives.

10. Provision for contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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11. The allowance for impairment of tax credits

As of December 31, 2017, the Company recorded an allowance for impairment of tax credits for an amount of 1,586 for estimated losses resulting from substantial doubt about the recoverability of some tax credits. This allowance for impairment of tax credits was determined by estimating future uses of tax credits against value-added tax positions.

The tax credits included in the allowance for impairment are mainly related to Argentine taxation. The Company estimated the future VAT credit and VAT debit that comes from domestic purchases and sales, respectively. Since exports are zero-rated, any excess portion of the credit not used against any VAT debit is reimbursable to the Company, through a special VAT recovery regime. However, according to VAT recovery rules, there are certain limitations on the amount that may be reimbursed and the Company considered any VAT credit that cannot be reimbursed to be an impairment.

12. Recoverability of intangible assets acquired in business combinations

The Company evaluates intangible assets acquired in business combinations for impairment at least annually or more frequently when there is an indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. The determination of the fair value of intangible assets acquired in business combinations involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. When determining the fair value, we utilize the income approach using discounted cash flow.

A total amount of 4,708 of impairment loss related to the intangible assets acquired in business combinations was recognized as of December 31, 2017 and is included as other operating expenses. The impairment was recognized as a result of the Company's evaluation of such intangible assets, upon which the Company projected lower future cash flows from the related customer relationships. In 2016 and 2015 no impairment losses were recorded.

NOTE 5 - COST OF REVENUES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

5.1 - Cost of revenues

	For the year ended December 31,		
	2017	2016	2015
Salaries, employee benefits and social security taxes	(239,257)	(176,490)	(146,271)
Shared-based compensation expense	(5,666)	(917)	(735)
Depreciation and amortization expense	(4,339)	(4,281)	(4,441)
Travel and housing	(6,631)	(6,586)	(6,673)
Office expenses	(1,692)	(1,084)	(1,504)
Professional services	(5,005)	(1,754)	(361)
Recruiting, training and other employee expenses	(415)	(216)	(227)
Taxes other than income tax	(166)	(67)	(80)
TOTAL	<u>(263,171)</u>	<u>(191,395)</u>	<u>(160,292)</u>

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5.2 - Selling, general and administrative expenses

	For the year ended December 31,		
	2017	2016	2015
Salaries, employee benefits and social security taxes	(42,897)	(30,603)	(28,029)
Shared-based compensation expense	(8,798)	(2,703)	(1,647)
Rental expenses	(13,739)	(12,032)	(9,945)
Office expenses	(11,800)	(10,200)	(9,448)
Professional services	(9,885)	(7,599)	(7,463)
Travel and housing	(4,460)	(5,054)	(3,435)
Taxes other than income tax	(6,140)	(5,010)	(4,908)
Depreciation and amortization expense	(11,789)	(6,637)	(4,860)
Promotional and marketing expenses	(1,305)	(1,123)	(1,654)
Recovery (charge) to allowance for doubtful accounts, net	5	(928)	(205)
TOTAL	<u>(110,808)</u>	<u>(81,889)</u>	<u>(71,594)</u>

NOTE 6 - FINANCE INCOME / EXPENSE

	For the year ended December 31,		
	2017	2016	2015
Finance income			
Interest gain	479	60	8
Gain arising for held-for-trading investments	923	3,619	13,453
Gain arising for held-to-maturity investments	-	-	4,941
Gain arising for available-for-sale investments (*)	240	6,325	-
Foreign exchange gain	6,314	6,211	9,153
Subtotal	<u>7,956</u>	<u>16,215</u>	<u>27,555</u>
Finance expense			
Interest expense on borrowings	(95)	(41)	(108)
Loss arising for held-for-trading investments	(620)	(2,966)	-
Foreign exchange loss	(9,043)	(14,831)	(19,289)
Other interest	(788)	(776)	(888)
Other	(490)	(613)	(667)
Subtotal	<u>(11,036)</u>	<u>(19,227)</u>	<u>(20,952)</u>
TOTAL	<u>(3,080)</u>	<u>(3,012)</u>	<u>6,603</u>

(*) As of December 31, 2017 and 2016 includes 27 and 52, respectively, related to the gain recognized as Other comprehensive income as of December 31, 2016 and December 31, 2015, respectively.

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NOTE 7 - INCOME TAXES

7.1 - INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	For the year ended December 31,		
	2017	2016	2015
Tax expense:			
Current tax expense	(14,053)	(15,057)	(19,522)
Deferred tax benefit ⁽¹⁾	5,972	730	1,102
TOTAL INCOME TAX EXPENSE	(8,081)	(14,327)	(18,420)

(1) As of December 31, 2017, includes 1,004 of deferred tax gain related to changes in tax rates.

Substantially all revenues are generated in the U.S. and United Kingdom through subsidiaries located in those countries. The Company's workforce is mainly located in Latin America and to a lesser extent in India and U.S.

The following table provides a reconciliation of the statutory tax rate to the effective tax rate. As the operations of the Argentine subsidiaries are the most significant source of net taxable income of the Company, the following reconciliation has been prepared using the Argentine tax rate:

	For the year ended December 31,		
	2017	2016	2015
Profit before income tax	38,544	50,189	50,040
Tax rate (note 3.7.1.1)	35%	35%	35%
Income tax expense	(13,490)	(17,566)	(17,514)
Permanent differences			
Argentine Software Promotion Regime (note 3.7.1.1)	3,541	7,189	15,037
Effect of different tax rates of subsidiaries operating in countries other than Argentina	2,019	1,069	1,362
Non-deductible expenses	1,187	2,301	1,184
Tax loss carry forward not recognized	(374)	(878)	(1,681)
Exchange difference	(860)	(6,593)	(17,560)
Other	(104)	151	752
INCOME TAX EXPENSE RECOGNIZED IN PROFIT AND LOSS	(8,081)	(14,327)	(18,420)

7.2 - DEFERRED TAX ASSETS

	As of December 31,	
	2017	2016
Share-based compensation plan	5,772	4,919
Provision for vacation and bonus	1,309	1,339
Intercompany trade payables	3,126	-
Property and equipment	756	(298)
Contingencies	-	31
Others	(182)	(39)
Loss carryforward ⁽¹⁾	2,405	1,739
TOTAL DEFERRED TAX ASSETS	13,186	7,691

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(1) As of December 31, 2017 and 2016, the detail of the loss carryforward is as follows:

Company	2017		2016	
	Loss carryforward	Expiration date	Loss carryforward	Expiration date
Globant S.A.	737	2035	-	-
Dynaflows S.A.	80	2020	17	2020
Globant Brasil Consultoría Ltda. ⁽²⁾	1,219	does not expire	1,235	does not expire
We Are London Limited	253	does not expire	-	-
Sistemas UK Limited	116	does not expire	105	does not expire
Sistemas Globales Chile Ases. Ltda.	-	-	101	does not expire
Globant LLC	-	-	274	does not expire
Software Product Creation S.L.	-	-	7	does not expire
	2,405		1,739	

(2) The amount of the carryforward that can be utilized for Globant Brasil Consultoría Ltda. is limited to 30% of taxable income in each carryforward year.

The roll forward of the deferred tax assets/(liabilities) presented in the consolidated financial position is as follows:

	Opening balance	Recognised in profit or loss	Recognised directly in equity	Acquisitions/disposals	Closing balance
Deferred tax assets/(liabilities) in relation to:					
Share-based compensation plan	4,919	1,026	1,400	(1,573)	5,772
Provision for vacation and bonus	1,339	(30)	-	-	1,309
Intercompany trade payables	-	3,126	-	-	3,126
Property and equipment	(298)	1,054	-	-	756
Contingencies	31	(31)	-	-	-
Others	(39)	(143)	-	-	(182)
Subtotal	5,952	5,002	1,400	(1,573)	10,781
Loss carryforward	1,739	970	-	(304)	2,405
TOTAL	7,691	5,972	1,400	(1,877)	13,186

NOTE 8 - EARNINGS PER SHARE

The earnings and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:

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	<u>For the year ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net income for the year attributable to owners of the Company	30,539	35,876	31,653
Weighted average number of shares (in thousands) for the purpose of basic earnings per share	34,919	34,402	33,960
Weighted average number of shares (in thousands) for the purpose of diluted earnings per share	36,094	35,413	35,013
BASIC EARNINGS PER SHARE	\$ 0.87	\$ 1.04	\$ 0.93
DILUTED EARNINGS PER SHARE	\$ 0.84	\$ 1.01	\$ 0.90

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weight average number of ordinary shares for the purpose of diluted earnings per share:

	<u>For the year ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Shares deemed to be issued in respect of employee options	603,159	1,021,250	748,198

NOTE 9 - INVESTMENTS

9.1 - Current investments

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Mutual funds ⁽¹⁾	7,620	9,355
LEBACs ⁽²⁾	527	-
TOTAL	8,147	9,355

- (1) Held for trading investment.
(2) Available for sale investment.

9.2 - Investments in associates

CHVG investment

The Company owns the 40% of total shares of CHVG S.A. ("CHVG") and accounted for this investment using the equity method.

Collokia investment

As of December 31, 2017 and 2016, the Company has a 19.5% of participation in Collokia LLC for an amount of 800.

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On February 25, 2016, the Company signed a subscription agreement with Colloquia LLC, through which Colloquia LLC agreed to increase its capital by issuing 55,645 preferred units, from which the Company acquired 20,998 at the price of \$23.81 per share for a total amount of 500. After this subscription, the Company has a 19.5% of participation in Colloquia LLC for a total amount of 800 and accounted for this investment using the equity method considering that the Company has significant influence over the operating and governance decisions of Colloquia LLC, as the participation in the board of director, the approval of budget and business plan, among other decisions.

Acamica investment

On January 26, 2016, the Company signed a subscription agreement with Ignacio Moreno, Tomás Escobar, Gonzalo Orsi and Juan Badino (jointly "the Founders"); Fitory S.A., a company organized under the laws of Uruguay; Wayra Argentina S.A., a corporation organized under the laws of Argentina; Stultum Pecuniam Ventures LLC, a limited liability company organized under the laws of the state of Washington, United States; Ms. Eun Young Hwang ("Rebecca"); Acamica S.A., a company organized under the laws of Argentina ("Acamica Argentina") and Acamica Inc, a corporation organized under the laws of the state of Delaware, United States ("Acamica US" and together with Acamica Argentina, the "Acamica Group Companies") whereas the Founders own 100% of the capital share of Acamica Group Companies and formed a new company organized under the laws of Spain ("Holdco") which owned 100% of the capital shares of Acamica US and 97% of the capital shares of Acamica Argentina.

On January 3, 2017, pursuant to the terms of the subscription agreement the Company made a capital contribution of 750 to the Acamica Tecnologías S.L. (previously referred as Holdco) in exchange for a 20% ownership stake in the entity. The investment is accounted using the equity method considering that the Company has significant influence over the operating and governance decisions of Acamica Tecnologías S.L., as the participation in the board of director, the approval of budget and business plan, among other decisions.

Assets, liabilities, results and other comprehensive income for all the above mentioned investments as of December 31, 2017, 2016 and 2015 were not significant individually nor in the aggregate.

NOTE 10 - TRADE RECEIVABLES

	As of December 31,	
	2017	2016
Accounts receivable ⁽¹⁾	71,846	47,466
Unbilled revenue	8,841	7,321
Subtotal	80,687	54,787
Less: Allowance for doubtful accounts	(609)	(617)
TOTAL	80,078	54,170

(1) Includes amounts due from related parties of 463 and 575 as of December 31, 2017 and 2016 (see note 21.1).

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Roll forward of the allowance for doubtful accounts

	<u>As of December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Balance at beginning of year	(617)	(438)	(243)
Additions, net of recoveries ⁽¹⁾	5	(928)	(205)
Additions related to business combinations (note 23)	-	-	(109)
Write-off of receivables	3	749	117
Translation	-	-	2
Balance at end of year	<u>(609)</u>	<u>(617)</u>	<u>(438)</u>

(1) The impairment recognized represents the difference between the carrying amount of these trade receivables and the present value of the recoverable amounts included those expected in liquidation proceeds. The Company does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each fiscal year.

Aging of past due not impaired trade receivables

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
60-90 days	873	472
91+ days	775	108
Balance at end of year	<u>1,648</u>	<u>580</u>

The average credit period on sales is 65 days. No interest is charged on trade receivables. The Company reviews past due balances on a case-by-case basis. The Company has recognized an allowance for doubtful accounts of some individually trade receivables that are considered not recoverable and 100% against all receivables over 120 days because historical experience has been that receivables that are past due beyond 120 days are usually not recoverable.

Aging of impaired trade receivables

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
91-180 days	4	617
180+ days	605	-
Balance at end of year	<u>609</u>	<u>617</u>

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NOTE 11 - OTHER RECEIVABLES

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Other receivables		
Current		
Tax credit - VAT	3,984	7,391
Tax credit - Software Promotion Regime (note 3.7.1.1)	4,813	4,486
Income tax credits	2,869	978
Other tax credits	153	471
Advances to suppliers (*)	155	4,013
Prepaid expenses	1,931	1,034
Loans granted to employees	186	32
Other	266	464
TOTAL	<u>14,357</u>	<u>18,869</u>

(*) As of December 31, 2016 includes 2,992 related to advance to acquired building as explained in note 20.

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Non-current		
Advances to suppliers (note 20)	25,498	20,977
Tax credit - VAT	3,325	4,122
Income tax credits	2,129	577
Tax credit - Software Promotion Regime (note 3.7.1.1)	132	-
Other tax credits	105	-
Guarantee deposits	1,347	1,289
Other	500	500
Subtotal	33,036	27,465
Allowance for impairment of tax credits	(1,300)	-
TOTAL	<u>31,736</u>	<u>27,465</u>

Roll forward of the allowance for impairment of tax credits

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance at beginning of year	-	-
Additions (note 4.11)	1,586	-
Foreign exchange	(286)	-
Balance at end of year	<u>1,300</u>	<u>-</u>

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NOTE 12 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2017 included the following:

	<u>Computer equipment and software</u>	<u>Furniture and office supplies</u>	<u>Office fixtures</u>	<u>Vehicles</u>	<u>Buildings</u>	<u>Lands</u>	<u>Properties under construction</u>	<u>Total</u>
Useful life (years)	3	5	3	5	50			
Cost								
Values at beginning of year	18,097	5,117	29,723	34	6,981	2,354	3,899	66,205
Additions related to business combinations (note 23)	116	55	3	3	-	-	15	192
Additions	5,244	324	2,275	-	-	-	9,687	17,530
Transfers	98	477	1,431	-	-	-	(2,006)	-
Disposals	(166)	(222)	(152)	-	-	-	(428)	(968)
Translation	(8)	59	(5)	-	-	-	-	46
Values at end of year	<u>23,381</u>	<u>5,810</u>	<u>33,275</u>	<u>37</u>	<u>6,981</u>	<u>2,354</u>	<u>11,167</u>	<u>83,005</u>
Depreciation								
Accumulated at beginning of year	11,219	3,136	15,921	4	249	-	-	30,529
Additions	3,529	717	4,658	9	140	-	-	9,053
Disposals	(133)	(218)	(149)	-	-	-	-	(500)
Translation	(6)	59	(9)	-	-	-	-	44
Accumulated at end of year	<u>14,609</u>	<u>3,694</u>	<u>20,421</u>	<u>13</u>	<u>389</u>	<u>-</u>	<u>-</u>	<u>39,126</u>
Carrying amount	<u>8,772</u>	<u>2,116</u>	<u>12,854</u>	<u>24</u>	<u>6,592</u>	<u>2,354</u>	<u>11,167</u>	<u>43,879</u>

Property and equipment as of December 31, 2016 included the following:

	<u>Computer equipment and software</u>	<u>Furniture and office supplies</u>	<u>Office fixtures</u>	<u>Vehicles</u>	<u>Buildings</u>	<u>Lands</u>	<u>Properties under construction</u>	<u>Total</u>
Useful life (years)	3	5	3	5	50			
Cost								
Values at beginning of year	14,351	3,439	19,793	-	4,204	2,354	5,790	49,931
Additions related to business combinations (note 23)	156	55	48	-	-	-	-	259
Additions	3,547	1,083	1,353	34	2,777	-	7,120	15,914
Transfers	31	557	8,423	-	-	-	(9,011)	-
Disposals	(53)	-	-	-	-	-	-	(53)
Translation	65	(17)	106	-	-	-	-	154
Values at end of year	<u>18,097</u>	<u>5,117</u>	<u>29,723</u>	<u>34</u>	<u>6,981</u>	<u>2,354</u>	<u>3,899</u>	<u>66,205</u>
Depreciation								
Accumulated at beginning of year	8,870	2,434	12,751	-	156	-	-	24,211
Additions	2,306	725	3,162	4	93	-	-	6,290
Disposals	(3)	-	-	-	-	-	-	(3)
Translation	46	(23)	8	-	-	-	-	31
Accumulated at end of year	<u>11,219</u>	<u>3,136</u>	<u>15,921</u>	<u>4</u>	<u>249</u>	<u>-</u>	<u>-</u>	<u>30,529</u>
Carrying amount	<u>6,878</u>	<u>1,981</u>	<u>13,802</u>	<u>30</u>	<u>6,732</u>	<u>2,354</u>	<u>3,899</u>	<u>35,676</u>

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NOTE 13- INTANGIBLE ASSETS

Intangible assets as of December 31, 2017 included the following:

	<u>Licenses and internal developments</u>	<u>Customer relationships</u>	<u>Non-compete agreement</u>	<u>Total</u>
Useful life (years)	5	3 - 10	3	
Cost				
Values at beginning of year	18,591	9,634	586	28,811
Additions related to business combinations (note 23)	7	517	-	524
Additions	8,784	-	-	8,784
Translation	(1)	2	-	1
Values at end of year	<u>27,381</u>	<u>10,153</u>	<u>586</u>	<u>38,120</u>
Amortization and impairment				
Accumulated at beginning of year	11,935	2,499	586	15,020
Additions	5,391	1,684	-	7,075
Impairment loss recognised in profit or loss (note 4.12)	-	4,708	-	4,708
Translation	(1)	(47)	-	(48)
Accumulated at end of year	<u>17,325</u>	<u>8,844</u>	<u>586</u>	<u>26,755</u>
Carrying amount	<u>10,056</u>	<u>1,309</u>	<u>-</u>	<u>11,365</u>

Intangible assets as of December 31, 2016 included the following:

	<u>Licenses and internal developments</u>	<u>Customer relationships</u>	<u>Non-compete agreement</u>	<u>Total</u>
Useful life (years)	5	3 - 10	3	
Cost				
Values at beginning of year	12,611	4,334	586	17,531
Additions related to business combinations (note 23)	28	5,054	-	5,082
Additions	5,942	-	-	5,942
Translation	10	246	-	256
Values at end of year	<u>18,591</u>	<u>9,634</u>	<u>586</u>	<u>28,811</u>
Amortization				
Accumulated at beginning of year	8,229	1,507	586	10,322
Additions	3,702	926	-	4,628
Translation	4	66	-	70
Accumulated at end of year	<u>11,935</u>	<u>2,499</u>	<u>586</u>	<u>15,020</u>
Carrying amount	<u>6,656</u>	<u>7,135</u>	<u>-</u>	<u>13,791</u>

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NOTE 14 - GOODWILL

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Cost		
Balance at beginning of year	65,180	32,532
Additions (note 23)	33,699	32,325
Translation	47	323
Balance at end of year	<u>98,926</u>	<u>65,180</u>

NOTE 15 - TRADE PAYABLES

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Suppliers	7,258	1,951
Expenses accrual	4,382	3,652
TOTAL	<u>11,640</u>	<u>5,603</u>

NOTE 16 - PAYROLL AND SOCIAL SECURITY TAXES PAYABLE

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Salaries	5,069	5,388
Social security tax	6,755	5,508
Provision for vacation and bonus	28,378	19,218
Directors fees	216	186
Other	54	28
TOTAL	<u>40,472</u>	<u>30,328</u>

NOTE 17 - BORROWINGS

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current		
Bank and financial institutions (note 25)	6,011	217
TOTAL	<u>6,011</u>	<u>217</u>

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NOTE 18 - TAX LIABILITIES

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Income tax	3,328	4,813
Periodic payment plan	13	127
VAT payable	861	461
Software Promotion Law - Annual and monthly rates	231	561
Other	820	287
TOTAL	<u>5,253</u>	<u>6,249</u>

NOTE 19 - PROVISIONS FOR CONTINGENCIES

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. The Company has recorded a provision for labor and regulatory claims where the risk of loss is considered probable. The final resolution of these potential claims is not likely to have a material effect on the results of operations, cash flow or the financial position of the Company.

Breakdown of reserves for lawsuits claims and other disputed matters include the following:

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Reserve for labor claims	49	138
Reserve for regulatory claims	1,130	1,807
TOTAL	<u>1,179</u>	<u>1,945</u>

Roll forward is as follows:

	<u>As of December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Balance at beginning of year	1,945	650	794
Additions	527	1,343	490
Additions related to business combinations (note 23)	-	817	-
Recovery	-	(344)	(253)
Utilization of provision for contingencies	(1,320)	(400)	(91)
Foreign exchange	27	(121)	(290)
Balance at end of year	<u>1,179</u>	<u>1,945</u>	<u>650</u>

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NOTE 20 - ADVANCES TO ACQUIRE BUILDINGS

On December 4, 2015, our Argentine subsidiaries Sistemas Globales S.A. and IAFH Global S.A., entered into a Purchase Agreement with IRSA Inversiones y Representaciones Sociedad Anónima (“IRSA”) to acquire four floors representing approximately 4,896 square meters in a building to be constructed in a premium business zone of the City of Buenos Aires, Argentina.

In consideration for the property the subsidiaries agreed to pay IRSA the following purchase price: (i) AR\$ 180,279 on the date of signing of the purchase agreement, equivalent to 18,779 at such date; (ii) 8,567 during a three-year term beginning in June 2016; and (iii) the remaining 3,672 at the moment of transfer of the property ownership, after finalization of the building.

As explained in note 4.11, during the year 2017, the Company estimated the future use of some tax credits and concluded that the value-added tax related to the advance payments to IRSA which amounted to 1,660 will not be recoverable and were included as advances to suppliers paid to IRSA.

As of December 31, 2017 and 2016, 25,498 and 20,977 are included in these consolidated financial statements as other receivables non-current.

Additionally, during the year 2016 the Company gave other advances to acquire a building in La Plata and Tucumán, Argentina. As of December 31, 2016 2,992 are included in these consolidated financial statements as other receivables current.

NOTE 21 - RELATED PARTIES BALANCES AND TRANSACTIONS

21.1 - WPP and Other related parties

The Company provides software and consultancy services to certain WPP subsidiaries and other related parties. WPP is a shareholder of the Company. Outstanding receivable balances as of December 31, 2017 and 2016 are as follows:

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Added Value	-	2
Grey Global Group Inc.	104	98
Group M Worldwide Inc	44	59
JWT	77	241
Kantar Operations	-	13
Kantar Retail	23	8
Mercado Libre S.R.L.	9	43
TNS	206	111
Total	<u>463</u>	<u>575</u>

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During the year ended December 31, 2017, 2016 and 2015, the Company recognized revenues for 5,590, 6,462 and 6,655, respectively, as follows:

	<u>For the year ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Acceleration eMarketing	-	-	12
Added Value	13	790	361
Blue State Digital	-	-	41
Burson Marsteller	-	59	261
Fbiz Comunicação Ltda.	-	-	267
Geometry Global	-	-	2
Grey Global Group Inc.	1,238	1,182	1,011
Group M Worldwide Inc	521	822	868
IBOPE Argentina	-	244	6
IBOPE Pesquisa de Mídia Ltda	-	-	288
JWT	1,043	919	957
Kantar Group	791	674	282
Kantar Retail	93	93	69
Mindshare	-	-	71
Ogilvy & Mather Brasil Communication	1,677	611	-
Qualicorp	-	-	275
Rockfish Interactive Corporation	-	-	77
Tenthavenue Media ltd	-	-	69
TNS	30	579	1,086
Young & Rubicam	-	366	652
Mercado Libre S.R.L.	-	100	-
Mirum Inc.	41	-	-
Coretech	-	23	-
Total	<u>5,590</u>	<u>6,462</u>	<u>6,655</u>

21.2 - Loan agreement to Collokia

On May, 5, 2017, the Company and Collokia LLC, signed a loan agreement whereby the Company provides a financing facility of 100. Interest on the entire outstanding principal balance is computed at an annual rate of 2.8%. Collokia shall repay the loan in full within 18 months from the date that this agreement has been signed off. The Company has the right to convert any portion of the outstanding principal into preferred units of Collokia. As of December 31, 2017, the fair value of the loan agreement amount to 100 and is exposed as other financial assets non current.

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currencies)

21.3 - Compensation of key management personnel

The remuneration of directors and other members of key management personnel during each of the three years are as follows:

	For the year ended December 31,		
	2017	2016	2015
Salaries and bonuses	4,507	4,432	4,211
Total	4,507	4,432	4,211

The remuneration of directors and key executives is determined by the Board of Directors based on the performance of individuals and market trends.

During 2015, the Company granted 30,000 and 273,000 share options at a strike price of \$22.77 and \$28.31, respectively. During 2016, the Company granted 260,000 and 82,500 share options at a strike price of \$29.01 and \$32.36, respectively. During 2017, the Company granted 12,836 and 62,162 restricted stock units at a grant price of \$34.96 and \$37.00, respectively.

NOTE 22- EMPLOYEE BENEFITS

22.1 - Share-based compensation plan

Share-based compensation expense for awards of equity instruments to employees and non-employee directors is determined based on the grant-date fair value of the awards. Fair value is calculated using Black & Scholes model.

In June 2012, the Company decided to replace its Stock Appreciation Rights ("SAR") program with a new share-based compensation program. The 2012 share-based compensation agreement was signed by the employees on June 30, 2012, considering the actual grant dates of the SARs to employees.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry (seven years after the effective date).

All options vested on the date of modification of the plan or all other non-vested options expire within seven years after the effective date or seven years after the period of vesting finalizes.

In July 2014, the Company adopted a new Equity Incentive Program, the 2014 Plan.

Pursuant to this plan, on July 18, 2014, the first trading day of the Company common shares on the NYSE, the Company made the annual grants for 2014 Plan to certain of the executive officers and other employees. The grants included share options with a vesting period of 4 years, becoming exercisable a 25% of the options on each anniversary of the grant date through the fourth anniversary of the grant. Share-based compensation expense for awards of equity instruments is determined based on the fair value of the awards at the grant date.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry (ten years after the effective date).

Under this share-based compensation plan, during the year 2017 and 2016, other share-based compensation agreements were signed for a total of 85,000 and 1,003,250 options granted, respectively.

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During the year 2017, as part of the 2014 Equity Incentive Plan, the Company granted awards to certain employees in the form of Restricted Stock Units ("RSUs"), having a par value of \$1.20 each, with a specific period of vesting. Each RSU is equivalent in value to one share of the company's common stock and represents the Company's commitment to issue one share of the Company's common stock at a future date, subject to the term of the RSU agreement.

Until the RSUs vest, they are an unfunded promise to issue shares of stock to the recipient at some point in the future. The RSUs carry neither rights to dividends nor voting rights. RSU's vesting is subject to the condition that the employee must remain in such condition at of the vesting date.

The Company may determine a percentage of RSU, as part of the full year compensation package payment.

These RSUs agreements have been recorded as Equity Settled transactions in accordance to IFRS 2, and they were measured at fair value of shares at the grant date.

The following shows the evolution of the share options for the years ended at December 31, 2017 and 2016:

	<u>As of December 31, 2017</u>		<u>As of December 31, 2016</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
Balance at the beginning of year	2,658,595	22.21	1,933,239	15.40
Options granted during the year	85,000	39.69	1,003,250	31.89
Forfeited during the year	(249,035)	30.08	(33,979)	25.75
Exercised during the year	(338,709)	15.63	(243,915)	7.64
Balance at end of year	<u>2,155,851</u>	<u>23.02</u>	<u>2,658,595</u>	<u>22.21</u>

The following shows the evolution of the RSUs for the year ended at December 31, 2017:

	<u>As of December 31, 2017</u>	
	<u>Number of RSU</u>	<u>Weighted average grant price</u>
Balance at the beginning of year	-	-
RSU granted during the year	254,328	37.07
Forfeited during the year	(2,538)	36.59
Issued during the year	(86,931)	36.11
Balance at end of year	<u>164,859</u>	<u>37.58</u>

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The following tables summarizes the RSU at the end of the year:

<u>Grant date</u>	<u>Grant Price (\$)</u>	<u>Number of Restricted Stock Units</u>	<u>Fair value at grant date (\$)</u>	<u>Expense as of December 31, 2017 (\$)</u>
2017	34.96	-	-	1,476
	36.30	2,000	73	3
	37.00	143,188	5,298	2,766
	42.00	9,000	378	101
	43.42	8,000	347	34
Subtotal		<u>162,188</u>	<u>6,096</u>	<u>4,380</u>
Non employees stock options				
2017	37.44	2,671	100	63
Subtotal		<u>2,671</u>	<u>100</u>	<u>63</u>
Total		<u>164,859</u>	<u>6,196</u>	<u>4,443</u>

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The following tables summarizes the share options at the end of the year:

<u>Grant date</u>	<u>Exercise price (\$)</u>	<u>Number of stock options</u>	<u>Number of stock options vested as of December 31, 2017</u>	<u>Fair value at grant date (\$)</u>	<u>Fair value vested (\$)</u>	<u>Expense as of December 31, 2017 (*)</u>
2006	0.95	11,003	11,003	60	60	-
2007	0.71	200,000	200,000	1,135	1,135	-
	1.40	616	616	3	3	8
2010	2.48	3,097	3,097	12	12	14
	2.93	-	-	-	-	-
	3.38	32,955	32,955	109	109	144
2011	2.71	6,031	6,031	23	23	202
2012	6.77	-	-	-	-	12
	7.04	-	-	-	-	37
2013	12.22	24,999	24,999	65	65	-
2014	10.00	350,517	226,651	1,166	754	881
	13.20	3,769	1,648	8	3	15
2015	22.77	30,000	20,000	221	147	74
	28.31	490,275	195,800	3,398	1,357	1,160
	29.34	18,454	14,868	125	100	29
	34.20	16,500	8,250	142	71	35
2016	29.01	241,250	46,250	1,663	319	477
	32.36	547,875	133,688	4,438	1,083	1,118
2017	36.30	15,000	-	127	-	4
	38.16	40,000	-	364	-	23
	43.42	30,000	-	311	-	30
Subtotal		2,062,341	925,856	13,370	5,241	4,263
Non employees stock options						
2012	6.77	22,170	22,170	35	35	-
2013	12.22	22,170	22,170	52	52	-
2014	10.00	22,170	22,170	43	43	-
2016	39.37	27,000	6,750	248	62	62
Subtotal		93,510	73,260	378	192	62
Total		2,155,851	999,116	13,748	5,433	4,325

(*) Includes social security taxes.

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Deferred income tax asset arising from the recognition of the share-based compensation plan amounted to 5,772 and 4,919 for the years ended December 31, 2017 and 2016, respectively.

22.2 - Share options exercised and RSU vested during the year:

	<u>As of December 31, 2017</u>		<u>As of December 31, 2016</u>	
	<u>Number of options exercised</u>	<u>Exercise price</u>	<u>Number of options exercised</u>	<u>Exercise price</u>
Granted in 2006	4,600	0.95	3,196	0.95
Granted in 2007	-	0.71	36,538	0.71
Granted in 2007	800	1.40	6,321	1.40
Granted in 2010	1,623	2.48	3,295	2.48
Granted in 2010	-	2.93	1,402	2.93
Granted in 2010	22,377	3.38	39,142	3.38
Granted in 2011	26,194	2.71	60,000	2.71
Granted in 2012	1,651	6.77	2,000	6.77
Granted in 2012	3,991	7.04	13,191	7.04
Granted in 2013	2,395	14.40	-	0.00
Granted in 2014	149,337	10.00	42,645	10.00
Granted in 2014	1,918	13.20	2,901	13.20
Granted in 2015	90,787	28.31	30,465	28.31
Granted in 2015	9,911	29.34	2,819	29.34
Granted in 2016	18,750	29.01	-	-
Granted in 2016	4,375	32.36	-	-
Balance at end of the year	<u>338,709</u>		<u>243,915</u>	

The average market price of the share amounted to 38.77 and 36.77 for year 2017 and 2016, respectively.

The following tables summarizes the RSU vested during the year 2017:

	<u>As of December 31, 2017</u>	
	<u>Number of RSUs vested</u>	<u>Grant price</u>
Granted in 2017	37,546	34.96
Granted in 2017	49,385	37.00
Balance at end of the year	<u>86,931</u>	

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22.3 - Fair value of share-based compensation granted

Determining the fair value of the stock-based awards at the grant date requires judgment. The Company calculated the fair value of each option award on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the fair value of the Company's shares, expected volatility, expected term, risk-free interest rate and dividend yield.

The Company estimated the following assumptions for the calculation of the fair value of the share options:

<u>Assumptions</u>	<u>Granted in 2017 for 2014 plan</u>	<u>Granted in 2016 for 2014 plan</u>	<u>Granted in 2015 for 2014 plan</u>
Stock price	39.69	31.89	28.29
Expected option life	6 years	6 years	6 years
Volatility	19%	20%	20%
Risk-free interest rate	2.00%	1.95%	1.76%

See Note 4 for a description of the assumptions.

NOTE 23 - BUSINESS COMBINATIONS

23.1 Acquisition of Huddle Group

On October 11, 2013, the Company entered into a Stock Purchase Agreement to purchase 86.25% of the capital interests of Huddle Investment LLP, a company organized and existing under the laws of England ("Huddle UK"). Huddle UK owned, directly or indirectly, 100% of the capital stock and voting rights of the following subsidiaries: Huddle Group S.A., a corporation (*sociedad anónima*) organized and existing under the laws of the Republic of Argentina; Huddle Group S.A., a corporation (*sociedad anónima*) organized and existing under the laws of the Republic of Chile; and Huddle Group Corp., a corporation organized and existing under the laws of the State of Washington.

The aggregate purchase price under the Stock Purchase Agreement was 8,395. Such purchase price was payable to the Sellers in seven installments. Such payments were made as follows:

- On October 21, 2013 and November 4, 2013, the Company paid a total of 3,436 including interest.
- Second installment: On April 21, 2014, the Company paid a total of 2,156, including interests.
- Third installment: Based on the gross revenue and gross profit achieved by the Huddle Group for the year 2013, the Company paid on April 22, 2014, 861.
- Fourth installment: On October 25, 2014, the Company paid 870, including interests.
- Fifth installment: On April 2, 2015, the Company paid 647, including interests.
- Sixth installment: On March 31, 2016, the Company paid 187, including interests.
- The seventh installment of 115 shall be paid no later than the fifth anniversary date of Closing Date.

The consideration transferred for Huddle Group acquisition was calculated as follows:

<u>Purchase price</u>	<u>Amount</u>
Down payment	3,019
Installment payment	5,117 ^{(a)(b)}
Total consideration	<u>8,136</u>

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- (a) Net present value of future installment payments including interest.
- (b) The outstanding balance as of December 31, 2017 and 2016 amounted to 110 and 104, respectively, including interest; classified 110 as current as of December 31, 2017 and 104 as non-current other financial liabilities as of December 31, 2016.

Minority interest purchase agreement

On October 11, 2013, the Company entered into a Stock Purchase Agreement to purchase an additional 13.75% of the capital interests of Huddle UK, which was amended on October 23, 2014. The consideration for the purchase of the minority interest amounted to 650 and was payable in three installments. Such payments were made as follows:

- First installment: the amount of 100 was paid on October 23, 2014.
- Second installment: the amount of 225 was paid on February 28, 2015.
- Third installment: On January 22, 2016, the Company granted 11,213 treasury shares at a price of \$27.2 per share to Mr. Spitz to cancel the remaining liability of 305. The Company withholds the remaining amount of 20 as an escrow till October 23, 2018.

As a consequence of this amendment, the call and put option explained above were recalled and the Company increased its percentage of shares in Huddle UK to 100%. The carrying amount of the non-controlling interest was adjusted to reflect this transaction. The difference between the amount by which the non-controlling interest was adjusted, and the fair value of the consideration paid was recognized directly in equity and attributed to the owners of the parent.

23.2 Acquisition of Clarice Technologies

On May 14, 2015 ("closing date"), Globant España S.A. acquired Clarice Technologies PVT, Ltd ("Clarice"), a company organized and existing under the laws of India. Clarice is an innovative software product development services company that offers product engineering and user experience (UX) services and has operations in the United States and India. As of the closing date, the total headcount of Clarice was 337 employees distributed in India and United States. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Clarice.

On August 5, 2015 the Company changed the legal name of Clarice to Globant India Private Limited ("Globant India").

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 20,184.

On May 16, 2017, the Company signed an amendment to the SPA. Based on this amendment, purchase price may be subject to adjustments based on the future performance of Clarice and was payable to the sellers as follows:

1. **First Closing:** As of the closing date, the sellers transferred 10,200 shares representing 76.13% of the shares to the Company for an aggregate consideration of 9,324 paid by the Company to the sellers on May 14, 2015.
2. **Staggered Acquisition:** The remaining 23.87% of the shares shall be transferred to the Company and the remaining purchase price shall be paid to each of the Sellers in three tranches, in the following manner, provided that the remaining purchase price paid out to each of the sellers shall be the higher of the following:

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2.1 Fair Market Value of such shares, calculated in accordance with the methodology prescribed by the Reserve Bank of India by an appointed chartered accountant; or

2.2 The consideration as detailed below:

2.2.1 The second share transfer tranche, comprising 1,249 shares representing 9.32% of the shares of Globant India was transferred by the sellers to the Company on July 15, 2016. Based on the revenue and gross profit achieved by Globant India for the period between May 15, 2015 and May 15, 2016, the Company paid on July 15, 2016, 4,208 and recognized as of December 31, 2016 a gain of 418 arisen on the remeasurement of the liability, included in "Other income and expense, net".

2.2.2 The third Share transfer tranche, comprising 920 of the shares representing 6.87% of the shares of Globant India, was transferred by the sellers to the Company on March, 2018. Based on the targets achieved by Globant India for the period between January 1, 2017 and December 31, 2017, the Company paid on March 2018, 3,128.

2.2.3 The fourth share transfer tranche comprising the transfer of 550 shares representing 4.11% of the shares of Globant India shall be transferred by the sellers to the Company no later than on January 31, 2019, in consideration for payment of the minimum share price for such shares, defined as 916.77 per share for this tranche, plus an amount of 1,754, subject to the achievement of certain capacity target by Clarice.

2.2.4 The fifth share transfer tranche comprising the transfer of 277 shares representing 2.07% of the shares of Globant India shall be transferred by the sellers to the Company no later than on January 31, 2020, in consideration for payment of the minimum share price for such shares, defined as 970.78 per share for this tranche, plus an amount of 877, subject to the achievement of certain capacity target by Globant India.

All financial targets and capacity targets payments shall be subject to the condition that sellers who were employee of Globant India at the date of acquisition, remain as employee of Globant India or any associated entity of the Company on the due date of such payment.

The Company has concluded that as in the same SPA all parties have agreed the transfer of the 100% of the shares of Clarice in different stages, the transaction should be considered as one, and therefore the Company has accounted the acquisition for the 100% of the shares of Clarice and the consideration involved is the sum of the amount paid at closing date and the installments payables in years 2016, 2017, 2018, 2019 and 2020.

The consideration transferred for Clarice acquisition was calculated as follows:

<u>Purchase price</u>	<u>Amount</u>
Down payment	9,324
Installment payment	2,483(a)
Contingent consideration	8,377(a)
Total consideration	<u>20,184</u>

(a) As of December 31, 2017 and 2016 included 3,119 and 4,446 as Other financial liabilities current, and 4,497 and 2,408 as Other financial liabilities non-current, respectively.

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currencies)

On February 23, 2017, the Company signed an amendment of the SPA with one of the shareholders where they agreed on the acquisition of the shares held by the employee for an amount of 600 and the termination of the employment agreement.

As a consequence of the amendments to the SPA and remeasurement of the fair value of the contingent considerations, the Company recorded a loss of 1,173 and a gain of 418 as of December 31, 2017 and 2016, respectively.

Clarice sellers' subscription agreement

On May 14, 2015, the Company signed two agreements whereas agreed to issue to the subscribers, as detailed below, and the subscribers agree to subscribe from the Company the number of shares set forth below:

First agreement

First tranche

The first tranche for 38,984 common shares were subscribed by two employees and their spouses for a total amount of 800.

Second and third tranches

Regarding second tranche, on July 25, 2016, the Company issued 20,896 common shares for an amount of 800.

Regarding the third tranche, the Company will issue additional shares at a price equal to the volume weighted average trading price ("VWAP") (derived from the trading price of the shares as quoted in the NYSE) for the 60-trading period ending on the second trading day prior to the third tranche issue date. Such numbers of shares will be allocated among the subscribers in the proportion in which they were allocated in the First tranche. The number of the third Tranche shares to be issued to each of the subscribers shall be the lower of (i) 80% of the maximum amount of shares that such subscriber is eligible to purchase under applicable law and (ii) the quotient obtained by dividing 200 by the third tranche 60-day VWAP.

Total estimated amount is 800 for third tranche.

Second agreement

First tranche

The first tranche for 4,873 common shares was subscribed by one employee for a total amount of 100.

Second and third tranches

Regarding second tranche, on July 25, 2016, the Company issued 2,612 common shares for an amount of 100.

Based on the amendment to the SPA signed on February 23, 2017, third tranche was canceled and no shares were issued.

As of December 31, 2016, 23,508 shares were issued for a total amount of 900.

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Both agreements are forward contracts to issue and sell a variable number of shares for a fixed amount of cash, thus according to IAS 32, the Company recorded a financial liability and a financial asset for the shares to be issued and the payment to be received, respectively, for an amount of 800 and 900 as of December 31, 2017 and 2016, respectively.

23.3 Acquisition of Dynaflo

On October 22, 2015, the Company acquired from Alfonso Amat, Wayra Argentina S.A., BDCINE S.R.L., Laura A. Muchnik, Facundo Bertranou, Mora Amat and Fabio Paliouff (jointly "the Sellers") 9,014 shares, which represents 38.5% of the capital stock of Dynaflo S.A. Before this acquisition, the Company had 22.7% of the capital stock of Dynaflo and classified it as investment in associates. Through this transaction, the Company gained the control of Dynaflo S.A. As a consequence, the Company accounted for this acquisition in accordance with IFRS 3 as a business combination achieved in stages and as such, the Company remeasured its previously held equity interest in Dynaflo at its acquisition date fair value and recognize the resulting gain for an amount of 625 in Other income and expense, net.

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to ARS 13,316 (1,402) and 414, payable in two installments, as following:

- The first installment amounted to ARS 13,316 (1,402) paid at the closing date.
- The second installment amounted to 414 paid on April 22, 2016.

On the same date, the Company made a capital contribution of 868 (ARS 8,250) to Dynaflo by issuing 9,190 shares.

After both agreements and considering the previous equity interest held by the Company of 22.7%, the Company holds the 66.73% of participation in Dynaflo.

The consideration transferred for Dynaflo acquisition was calculated as follows:

Purchase price	Amount
Down payment	1,402
Installment payment	414
Total consideration	<u>1,816</u> ^(a)

(a) As of December 31, 2017 and 2016 the consideration was fully settled.

Minority interest purchase agreement

On October 22, 2015, the Company entered into a Shareholders Agreement (the "Minority Interest SHA") with Alfonso Amat and Mora Amat (the "non-controlling shareholders") to agree on a put option over the 33.27% of the remaining interest of Dynaflo effective on the third or fifth anniversary from the date of acquisition, pursuant to which the non-controlling shareholders shall have the right (the "Put Option") to sell and the Company shall purchase all, but not less than all the shareholder's non-controlling interest. The aggregate purchase price to be paid by the Company upon exercise of the Put Option shall be equal to the price resulting from valuing the Company at the following:

In case the put option is exercised in the third anniversary, 50% of the total of: 1) eight (8) times EBITDA multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option; plus 2) four (4) times Revenue multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option;

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In case the put option is exercised in the fifth anniversary, the total of: 1) eight (8) times EBITDA multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option; plus 2) four (4) times Revenue multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option;

The Company implemented the IFRIC Interpretation DI/2012/2 "Put Options Written on Non-controlling Interests" issued in May 2012 that requires a financial liability initially measured at the present value of the redemption amount in the parent's consolidated financial statements for written puts on non-controlling interest. Subsequently, the financial liability is measured in accordance with IAS 39.

As of December 31, 2017 and 2016, the Company has recognized as non-current other financial liabilities the written put option for an amount of 2,797 and 4,388, respectively equal to the present value of the amount that could be required to be paid to the counterparty discounted at an interest rate of 3.5%. Changes in the measurement of the gross obligation are recognized in profit or loss.

Pursuant to the shareholder's agreement, the Company also agreed on a call option over non-controlling interest effective after the fifth anniversary from the closing date till the sixth anniversary from the closing date pursuant to which the Company shall have the right to purchase and the non-controlling interest shareholders shall sell all but not less than all the shareholder's non-controlling interest then owned by the non-controlling shareholders. The Company calculated the fair value of call option on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the maturity, exercise price, spot, risk-free and standard deviation. See Note 4 for a description of the assumptions.

As of December 31, 2017 and 2016, the Company has accounted for the call option at its fair value of 455 and 319 in a similar way to a call option over an entity's own equity shares and the initial fair value of the option was recognized in equity.

23.4 Acquisition of WAE

On May 23, 2016 (closing date), Globant España S.A. acquired 100% of shares of We Are London Limited (WAE UK), a company organized and existing under the laws of England and Wales and 100% of shares of We Are Experience, Inc. a corporation organized and existing under the Laws of the State of New York, United States (WAE US) (jointly WAE UK and WAE US are WAE). WAE is a service design consultancy, specialized in three distinct but complementary service offerings - Research, Strategy and Creative. Total headcount of WAE was 40 employees with operations in United States and United Kingdom. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of WAE.

The aggregate purchase price under the Stock Purchase Agreement (SPA) amounted to 19,851, of which 12,131 relates to WAE UK and 7,720 relates to WAE US. Such purchase price may be subject to adjustments based on the future performance of WAE and is payable to the sellers as follows:

1. Up-front payment: As of the closing date, the Company paid an aggregate consideration of 8,500 to the sellers.
2. First earn-out payment: On August 16, 2017, the Company paid an amount of 5,000 to the sellers.

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3. **Second earn-out payment:** Not later than August 20, 2018, the amount of 5,000, provided that such amount shall be reduced in proportion to the percentage of revenue and gross profit achievement by WAE during the period commencing on June 1, 2017 and ending on May 31, 2018.

Additionally, the Company shall pay to the sellers an amount of 575 in cash on the first earn-out payment date and/or the second earn-out payment date related to the corporation tax saved by WAE UK prior to such date as a result of any deduction obtained under income tax law applicable to United Kingdom attributable to the exercise of the stock options plan granted by WAE UK to the option holders. This amount is considered by the Company as part of the consideration amount. On October 2017, the Company paid 436 in cash related to the corporation tax saved to be reimbursed to the sellers.

Finally, as part of the total consideration the Company computed the working capital adjustment defined in the SPA. Total adjustment amounted to 1,357.

Acquisition-related charges amounting to 515 have been excluded from the consideration transferred and have been recognized as an expense in profit or loss in the current year, within the Professional services line item.

The fair value of the consideration transferred for WAE acquisition at the acquisition date was calculated as follows:

Purchase price	Amount
Down payment	8,500
Working capital adjustment	1,352
Installment payment	551(a)
Contingent consideration	9,448(a)
Total consideration	19,851

(a) As of December 31, 2017 and 2016 included 924 and 5,457, respectively, as Other financial liabilities current and 4,735 as Other financial liabilities non-current as of December 31, 2016.

23.5 Acquisition of Difier

On November 14, 2016, the Company entered into a Stock Purchase Agreement ("SPA") with 3Cinteractive corp. ("3C") to purchase the 100% of the capital stock of Difier S.A., a Uruguayan company ("Difier"). Difier is engaged in the business of providing information technology support services to 3C, who has been and remains the only customer of Difier.

The aggregate purchase price under the SPA amounted to 25 and was paid as of the closing date. Jointly with this SPA, the Company signed with 3C a consulting services agreement representing a customer relationship, to provide software services in the United States and other jurisdictions for the following four years. The fair value of this agreement was recognized as an intangible asset as of the date of acquisition for an amount of 652, which originated a gain for a bargain business combination of 225 included in "Other income and expenses, net" as of December 31, 2016.

Acquisition related expenses were not material and were recognized directly as expense.

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23.6 Acquisition of L4

On November 14, 2016 ("closing date"), Globant LLC acquired 100% of shares of L4 Mobile, LLC ("L4"), a limited liability company organized and existing under the laws of the State of Washington, United States. L4 offers the digital product consulting, design, development and quality assurance services necessary to build and manage robust digital products. Total headcount of L4 was 90 employees with operations in United States. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of L4.

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 20,388.

On January 30, 2018, the Company signed an amendment to the SPA. Considering this amendment, purchase price may be subject to adjustments based on the future performance of L4 and is payable to the seller as follows:

Up-front payment: As of the closing date, the Company paid an aggregate consideration of 11,000 to the seller.

1. First earn-out payment: On February 15, 2017, the Company paid an aggregate consideration of 990 to the sellers.
2. Second earn-out payment: On February 15, 2018, the Company paid an aggregate consideration of 1,850.
3. Third earn-out payment: Not later than February 15, 2019, the amount of 1,160, provided that such amount shall be reduced in proportion to the percentage of revenue and gross profit achievement by L4 during the period commencing on January 1, 2018 and ending on December 31, 2018.
4. Fourth earn-out payment: Not later than February 15, 2020, the amount of 1,160, provided that such amount shall be reduced in proportion to the percentage of revenue and gross profit achievement by L4 during the period commencing on January 1, 2019 and ending on December 31, 2019.

The fair value of the consideration transferred for L4 acquisition at the acquisition date was calculated as follows:

<u>Purchase price</u>	<u>Amount</u>
Down payment	11,000
Working capital adjustment	817(a)
Contingent consideration	8,571(a)
Total consideration	<u>20,388</u>

(a) As of December 31, 2017 and 2016 included 1,845 and 1,799, respectively, as Other financial liabilities current and 1,803 and 7,589 as Other financial liabilities non-current, respectively.

Acquisition related expenses were not material and were recognized directly as expense.

23.7 Acquisition of Ratio

On February 28, 2017, Globant LLC acquired 100% of shares of Ratio Cypress, LLC ("Ratio"), a limited liability company organized and existing under the laws of the State of Washington, United States. Ratio offers design, development and quality assurance services necessary to build and manage robust digital products and video streaming solutions for major media companies. Total headcount of Ratio was 45 employees with operations in United States.

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The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Ratio.

The aggregate purchase price under the Stock Purchase Agreement ("SPA"), amended on March 2, 2018, amounted to 9,529. Such purchase price may be subject to adjustments based on the future performance of Ratio and is payable to the seller as follows:

1. Up-front payment: As of the closing date, the Company paid an aggregate consideration of 5,800 to the seller.
2. First earn-out payment: On February 15, 2018, the Company paid the aggregate consideration 1,669 to the sellers.
3. Second earn-out payment: Not later than February 15, 2019, the amount of 1,500, considering the financial targets achievement by Ratio during the period commencing on January 1, 2018 and ending on December 31, 2018.
4. Third earn-out payment: Not later than February 15, 2020, the amount of 750, considering the financial targets achievement by Ratio during the period commencing on January 1, 2019 and ending on December 31, 2019.

The fair value of the consideration transferred for Ratio acquisition was calculated as follows:

<u>Purchase price at acquisition date</u>	<u>Amount</u>
Down payment	5,800
Working capital adjustment	(97)
Contingent consideration	3,826(a)
Total consideration	<u>9,529</u>

(a) As of December 31, 2017 included 1,666 and 2,216 as Other financial liabilities current and non-current, respectively.

Acquisition related expenses were not material and were recognized directly as expense for each period.

23. 8 Acquisition of PointSource

On June 1, 2017, Globant LLC acquired 100% of shares of PointSource, LLC ("PointSource"), a limited liability company organized and existing under the laws of the State of Florida, United States. PointSource offers digital solutions to its customers which include design, digital strategy, development and marketing services. Total headcount of PointSource was 97 employees with operations in United States.

The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of PointSource.

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 28,629. Such purchase price may be subject to adjustments based on the future performance of PointSource and is payable to the seller as follows:

1. Up-front payment: The Company paid the first payment of 15,500 in two installments:
 - a. As of the closing date, the Company paid an aggregate consideration of 3,100 to the seller.
 - b. On June 7, 2017, the Company paid the second portion of the first payment for a total amount of 12,400.

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currencies)

2. **First earn-out payment:** On February 22, 2018, the Company paid the aggregate consideration of 2,206 to the sellers.
3. **Second earn-out payment:** Not later than February 28, 2019, the amount of 4,275, considering the financial targets achievement by PointSource during the period commencing on January 1, 2018 and ending on December 31, 2018.
4. **Third earn-out payment:** Not later than February 29, 2020, the amount of 4,525, considering the financial targets achievement by PointSource during the period commencing on January 1, 2019 and ending on December 31, 2019.

Additionally, as part of the total consideration the Company computed the working capital adjustment for a total amount of 3,756.

Equity purchase agreement

On June 1, 2017, the Company signed an equity purchase agreement to have the option to acquire the 100% of the shares of PointSource Limited Liability Company (PS Belarus), a company established in accordance with the laws of the Republic of Belarus and totally owned by Christopher L. Hugill, Chief Executive Officer (CEO) of PointSource.

Additionally, PointSource and PS Belarus are parties in a subcontractor agreement, dated as of July 1, 2015, pursuant to which PS Belarus performs services to PointSource as an independent contractor. Considering that the Company owned 100% of PointSource which is the only customer of PS Belarus and that the CEO of PointSource is the wholly-owned shareholder of PS Belarus, the Company concluded that has the control over PS Belarus and has to consolidated in 100% as the following factors are met:

- (a) PointSource has power over PS Belarus;
- (b) PointSource has the ability to use its power over PS Belarus to affect the amounts of its return as it is the only customer.

The fair value of the consideration transferred for PointSource acquisition was calculated as follows:

Purchase price at acquisition date	Amount
Down payment	15,500
Working capital adjustment	3,756
Contingent consideration	9,373(a)
Total consideration	28,629

(a) As of December 31, 2017 included 2,200 and 7,261 as Other financial liabilities current and non-current, respectively.

Acquisition related expenses were not material and were recognized directly as expense for each period.

23.9 Outstanding balances

Outstanding balances of financial liabilities related to the abovementioned acquisitions as of December 31, 2017 and 2016 are as follows:

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	As of December 31, 2017		As of December 31, 2016	
	Other financial liabilities - current	Other financial liabilities - non current	Other financial liabilities - current	Other financial liabilities - non current
Huddle Group	110	-	-	104
Clarice	3,119	4,497	4,446	2,408
Subscription agreement	800	-	900	-
Put option on minority interest of Dynaflows	-	2,797	-	4,388
WAE	924	-	5,457	4,735
L4	1,845	1,803	1,799	7,589
Ratio	1,666	2,216	-	-
PointSource	2,200	7,261	-	-
Total	<u>10,664</u>	<u>18,574</u>	<u>12,602</u>	<u>19,224</u>

The significant inputs are disclosed in note 27.10.1.

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23.10 Purchase Price Allocation

As of December 31, 2017 and 2016, fair values of the assets acquired, liabilities assumed and goodwill or bargain gain determined at the date of acquisition in the business combinations are as follows:

	For the year ended December 31,	
	2017	2016
Current Assets		
Cash and cash equivalents	2,151	2,941
Investments	5	-
Trade receivables	3,170	5,748
Other receivables	2,893	1,752
Non current assets		
Property and equipment	192	259
Intangibles	524	5,082
Deferred tax	-	562
Other receivables	151	530
Goodwill ⁽¹⁾	33,699	32,325
Current liabilities		
Trade and other payables	(3,310)	(4,504)
Tax liabilities	(22)	(1,883)
Payroll and social security	(1,295)	(1,234)
Other liabilities	-	(22)
Non current liabilities		
Provision for contingencies ⁽²⁾	-	(817)
Borrowings	-	(250)
Gain from bargain business combination ⁽³⁾	-	(225)
Total consideration	38,158	40,264

(1) As of December 31, 2017 and 2016, 33,699 and 16,124, respectively, are deductible for tax purposes. As of December 31, 2016, 16,201 is not deductible for tax purposes.

(2) Includes provision for contingencies from Difier S.A. related to potential regulatory claims.

(3) As the total amount paid for Difier S.A. is less than the fair value of the assets and liabilities recognized at the date of acquisition, the Company has recorded a gain from bargain business combination.

Goodwill has arisen in the acquisition of Ratio and PointSource because the cost of the equity interest acquired included a control premium. In addition, the consideration paid for this acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, customer relationships, future market development and the assembled workforce of acquired companies. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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Goodwill arose in the acquisition of WAE and L4 because the cost of the equity interests acquired included control premium. In addition, the consideration paid for these acquisitions effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of acquired companies. Only the customer relationships are recognized as intangible. The other benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The fair values of the receivables acquired do not differ from their gross contractual amount.

Acquisition related expenses were not material and were recognized directly as expense for each period.

23.11 Impact of acquisitions on the results of the Company

The net income for the year ended December 31, 2015 includes a gain of 1,623 attributable to the business generated by Clarice. Revenue for the year ended December 31, 2015 includes 7,084 related to the business of that company. Had the business combination been effected at January 1, 2015, the consolidated revenue of the Company would have been 263,393 and the net profit for the year ended December 31, 2015 would have been 33,890.

The net income for the year ended December 31, 2015 includes a loss of 98 attributable to the business generated by Dynaflows. Revenue for the year ended December 31, 2015 includes 194 related to the business of that company. Had the business combination been effected at January 1, 2015, the consolidated revenue of the Company would have been 254,382 and the net profit for the year ended December 31, 2015 would have been 31,471.

Had the two business combinations made in 2015, as described above, been performed on January 1, 2015, the consolidated revenue of the Company would have been 263,979 and the net profit for the year ended December 31, 2016 would have been 33,471.

The net income for the year ended December 31, 2016 includes 2,312 attributable to the business generated by WAE. Revenue for the year ended December 31, 2016 includes 7,475 related to the business of that company. Had the business combination been effected at January 1, 2016, the consolidated revenue of the Company would have been 326,175 and the net profit for the year ended December 31, 2016 would have been 35,739.

The net income for the year ended December 31, 2016 includes a loss of 7 attributable to the business generated by Difier. Revenue for the year ended December 31, 2016 includes 444 related to the business of that company. Had the business combination been effected at January 1, 2016, the consolidated revenue of the Company would have been 324,229 and the net profit for the year ended December 31, 2016 would have been 36,095.

The net income for the year ended December 31, 2016 includes a gain of 823 attributable to the business generated by L4. Revenue for the year ended December 31, 2016 includes 3,422 related to the business of that company. Had the business combination been effected at January 1, 2016, the consolidated revenue of the Company would have been 335,307 and the net profit for the year ended December 31, 2016 would have been 37,014.

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Had the three business combinations made in 2016, as described above, been performed on January 1, 2016, the consolidated revenue of the Company would have been 339,999 and the net profit for the year ended December 31, 2016 would have been 35,354.

Directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the Company on an annualized basis and to provide a reference point for comparison in future periods.

The net income for the year ended December 31, 2017 includes a gain of 812 and 383 attributable to the business generated by Ratio and Pointsource, respectively, determined based on the information available as of June 30, 2017. Revenue for the year ended December 31, 2017 includes 4,188 and 2,108 related to the business of Ratio and Pointsource, respectively, computed also with the information available as of June 30, 2017. Since then, the business of the two entities were fully integrated within the business of our subsidiary Globant LLC; furthermore, during the last semester of 2017 both entities were formally merged into our subsidiary Globant LLC. Consequently, it has not been possible to determine a reasonable estimate of the total amounts related to the revenue and net income attributable to the separate businesses of Ratio and Pointsource for the full year included in the consolidated income for the year ended December 31, 2017.

NOTE 24 - SEGMENT INFORMATION

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker ("CODM") in deciding on how to allocate resources and in assessing performance. The Company's CODM is considered to be the Company's chief executive officer ("CEO"). The CEO reviews financial information presented on an entity level basis for purposes of making operating decisions and assessing financial performance. Therefore, the Company has determined that it operates in a single operating and reportable segment.

The Company provides services related to application development, testing, infrastructure management and application maintenance.

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The following table summarizes revenues by geography:

	For the year ended December 31,		
	2017	2016	2015
North America			
United States of America	322,658	258,388	208,203
Canada	2,956	2,535	4,209
<i>Subtotal North America</i>	<u>325,614</u>	<u>260,923</u>	<u>212,412</u>
Europe			
Spain	23,831	12,929	3,671
Ireland	-	165	1,787
United Kingdom	9,996	10,305	6,468
Luxembourg	1,000	961	205
Germany	1,540	2,478	698
Sweden	1,317	1,251	250
Italy	-	718	40
Others	800	499	389
<i>Subtotal Europe</i>	<u>38,484</u>	<u>29,306</u>	<u>13,508</u>
Asia			
India	673	1,132	1,392
Japan	-	-	42
Others	27	133	-
<i>Subtotal Asia</i>	<u>700</u>	<u>1,265</u>	<u>1,434</u>
Latin America and others			
Argentina	14,886	10,216	7,574
Brazil	358	2,344	2,084
Colombia	3,553	3,177	1,436
Chile	19,243	13,425	12,424
Uruguay	231	84	1,184
Mexico	7,418	966	964
Perú	2,627	852	76
Others	325	298	700
<i>Subtotal Latin America and others</i>	<u>48,641</u>	<u>31,362</u>	<u>26,442</u>
TOTAL	<u>413,439</u>	<u>322,856</u>	<u>253,796</u>

One single customer accounted for 10.2% and 12.3% of revenues for the years ended December 31, 2017 and 2015. However, no single customer accounted for 10% or more of revenues for the year ended December 31, 2016.

The following table summarizes non-current assets other than deferred taxes as stated in IFRS 8, paragraph 33.b, by jurisdiction:

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	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Argentina	69,511	59,595
Spain	38,454	38,825
United States of America	57,071	22,087
Brazil	1,870	2,652
Uruguay	555	722
Luxembourg	5,316	5,568
Colombia	7,997	4,976
México	3,460	4,101
India	2,206	3,258
Chile	1,037	971
Other countries	534	476
TOTAL	<u>188,011</u>	<u>143,231</u>

NOTE 25 - BORROWINGS

25.1 - Bank and financial institutions

The principal balances of outstanding borrowings under lines of credit with banks and financial institutions were as follows:

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
HSBC Bank (Argentina)	-	38
Banco Santander Rio (Argentina)	4	118
HSBC Bank and Citibank - Syndicated loan (United States)	6,007	-
Financial institution - Leasing (Uruguay)	-	61
TOTAL	<u>6,011</u>	<u>217</u>

Such balances were included as current borrowings in the consolidated statement of financial position.

On August 3, 2017, Globant LLC, our U.S. subsidiary, entered into a secured revolving credit facility with HSBC Bank USA, N.A. and Citibank N.A., with HSBC Bank USA, N.A. acting as administrative agent. Under this credit facility, Globant LLC may borrow up to \$40.0 million in advances accruing interest at LIBOR plus 1.75%. This credit facility is guaranteed by Globant S.A. and Globant España S.A. and is secured by Globant LLC's now owned and after-acquired assets. This facility matures on August 2, 2022 and includes the following covenants: delivery of certain financial information; reports on any legal actions, complying with tax payments; maintain an asset coverage ratio of no less than 1.10; Globant LLC's capital expenditures limited to 5% the Company's consolidated annual revenue per year; restricted payments not to exceed 10,000 per year; Globant LLC's annual revenue is to remain at no less than 60% of the Company's consolidated annual revenue and Globant LLC's net intercompany payable outstanding with Argentine affiliates is to be no more than five months of billings from Argentina.

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On December 19, 2017, Globant LLC has borrowed 6,000 under this credit facility. This loan matured on March 19, 2018 but was renewed until May 21, 2018, and is included as a current borrowing.

Movements in borrowings are analyzed as follows:

	<u>As of December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Balance at the beginning of year	217	548	1,285
Borrowings related to business combination (note 23)	-	250	-
Proceeds from new borrowings ⁽¹⁾	22,000	-	-
Payment of borrowings	(16,293)	(584)	(613)
Accrued interest	95	41	108
Foreign exchange	(8)	(38)	(232)
TOTAL	<u>6,011</u>	<u>217</u>	<u>548</u>

(1) The Company, through its Argentine subsidiary, Sistemas Globales S.A. and IAFH Global S.A., entered into 6 loan agreements with Santander Rio for a total amount of \$16,000. These loans matured before December 31, 2017. On December 19, 2017, Globant LLC has borrowed \$6,000 under the credit facility mentioned above. This loan matured on March 19, 2018 but was renewed until May 21, 2018.

NOTE 26 - OPERATING AND FINANCE LEASES

The Company is obligated under various operating leases for office space and office equipment. Total lease expense incurred under these leases was approximately 13,972; 12,032 and 9,945 for the years ended December 31, 2017, 2016 and 2015, respectively.

During the year ended December 31, 2016, the Company recognized some agreements related to computer leases as finance leases. The related liability arises to 61 classified as current borrowings as of December 31, 2016.

The undiscounted amounts of future fixed minimum annual lease commitments are as follows at December 31, 2017:

<u>Year</u>	<u>Amount</u>
2018	12,823
2019	10,070
2020	7,906
2021	3,032
2022	1,202
Total	<u>35,033</u>

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NOTE 27 - FINANCIAL INSTRUMENTS

27.1 - Categories of financial instruments

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Financial assets		
Cash and cash equivalents	52,525	50,532
HFT assets	8,147	9,355
Other financial assets	1,428	1,219
Loans and receivables	126,171	100,504
Financial liabilities		
<u>Amortized cost</u>		
Trade payables	11,640	5,603
Payroll and social security taxes	40,472	30,328
Borrowings	6,011	217
Other financial liabilities ⁽¹⁾	29,238	31,826
Tax liabilities	5,253	6,249
Other liabilities	20	20

(1) As of December 31, 2017, other financial liabilities include 6,099, 816, 3,653, 3,876 and 9,461 related to contingent liability arisen in Clarice, WAE, L4, Ratio and PointSource acquisitions, respectively, which are measured at fair value (see note 27.10.1).

At the end of the reporting years, there were no loans or receivables designated at fair value through profit or loss. The carrying amounts reflected above represents the Company's maximum exposure to credit risk for such loans and receivables.

27.2 - Market risk

The Company is exposed to a variety of risks: market risk, including the effects of changes in foreign currency exchange rates and interest rates, and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative instruments to hedge its exposure to risks, apart from those mentioned in note 27.10.3.

27.3 - Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Except in Globant Brasil Consultoría Ltda. (formerly TerraForum Consultoría Ltda.), Globers S.A. and We are London Limited, the subsidiary's functional currency is the U.S. dollar. In 2017, 91% of the Company's revenues are denominated in U.S. dollars. Because the majority of its personnel are located in Latin America, the Company incurs the majority of its operating expenses and capital expenditures in non-U.S. dollar currencies, primarily the Argentine peso, Uruguayan peso, Brazilian Real, Mexican peso, Peruvian Sol, Indian Rupee, Colombian peso and Great Britain Pound.

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Foreign exchange sensitivity analysis

The Company is mainly exposed to Argentine pesos.

The following table details the Company's sensitivity to a 30% increase and decrease in the U.S. dollar against the relevant foreign currency. The sensitivity analysis includes outstanding foreign currency denominated monetary items at December 31, 2017 and adjusts their translation at the year-end for a 30% change in U.S. dollars against the relevant foreign currency and the same change that affects net income as certain costs are incurred in Argentine pesos.

<u>Account</u>	<u>Currency</u>	<u>Amount</u>	<u>Gain/(loss)</u>	
			<u>30% Increase</u>	<u>30% Decrease</u>
Net balances	Argentine pesos	(1,149)	265	(345)
	Total	(1,149)	265	(345)

<u>Account</u>	<u>Currency</u>	<u>Amount</u>	<u>Gain/(loss)</u>	
			<u>30% Increase</u>	<u>30% Decrease</u>
Costs	Argentine pesos	(127,475)	29,417	(38,242)
	Total	(127,475)	29,417	(38,242)

The estimated effect in net income for the year ended December 31, 2017 due to a 30% increase in the U.S. dollar against the Argentine peso is a gain of 29,682 and such effect due to a 30% decrease in the U.S. dollar against the Argentine peso is a loss of 38,587.

Depreciation of the Argentine Peso

During 2017, the Argentine peso experienced a 17% devaluation from 15.84 Argentine peso per US dollar to 18.60 Argentine peso per US dollar. During 2016, the Argentine peso experienced a 14% devaluation from 13.91 Argentine peso per US dollar to 15.84 Argentine peso per US dollar.

On December 17, 2015, the Argentine peso experienced a 42% devaluation from 9.835 Argentine peso per US dollar to 13.95 Argentine peso per US dollar. Since it occurred during the last days of the year 2015, this fluctuation did not cause any significant impact in the Company's costs and expenses generated by the Company's Argentine subsidiaries in Argentine pesos, as expressed in U.S. dollars, neither on the Company's revenues, as revenues are mostly in U.S. dollars for the year ended 2015. However, this fluctuation caused a significant foreign exchange loss of 4,967 related to net exposure of monetary assets and liabilities nominated in Argentine pesos.

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27.4 - Interest rate risk management

The Company's exposure to market risk for changes in interest rates relates primarily to its cash and bank balances and its credit facilities. The Company's credit lines in Argentina and U.S. bear interest at fixed rates ranging from 15.25% and 15.50% in local currency (equivalent to an interest rate around 3.75% and 4%), and at variable rates from 1.75% at 3.4%, respectively. The Company does not use derivative financial instruments to hedge its risk of interest rate volatility.

27.5 - Liquidity risk management

The Company's primary sources of liquidity are cash flows from operating activities and borrowings under credit facilities. See note 25.1.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flow.

The table below analyzes financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Expected Maturity Date				Total
	2018	2019	2020	Thereafter	
Borrowings	6,011	-	-	-	6,011
Interest to be paid	44	-	-	-	44
Other financial liabilities	10,664	8,940	9,634	-	29,238
TOTAL	16,719	8,940	9,634	-	35,293

27.6 - Concentration of credit risk

The Company derives revenues from clients in the U.S. (approximately 79%) and clients related from diverse industries. For the years ended December 31, 2017, 2016 and 2015, the Company's top five clients accounted for 28.9%, 33.7% and 33.0% of its revenues, respectively. One single customer accounted for 10.2% and 12.3% of revenues for the years ended December 31, 2017 and 2015. However, no single customer accounted for 10% or more of revenues for the years ended December 31, 2016.

27.7 - Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the carrying amounts of financial assets and liabilities included in the consolidated statement of financial position as of December 31, 2017 and 2016, approximate to their fair values.

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	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Non-current assets				
Other receivables				
Guarantee deposits	1,347	1,226	1,289	1,167
Tax credit - VAT ^(*)	2,025	2,096	4,122	3,867
Income tax credits	2,129	2,059	577	553
Tax credit - Software Promotion Regime	132	45	-	-
Other tax credits	105	56	-	-
	<u>5,738</u>	<u>5,482</u>	<u>5,988</u>	<u>5,587</u>

^(*) Net of allowance for impairment of tax credits.

27.8 Available-for-sale investments

During the years ended December 31, 2017, 2016 and 2015, the Company acquired "Letras del Banco Central" (LEBAC) with SBS Sociedad de Bolsa S.A. LEBAC are short-term securities issued and tendered by the Argentine Central Bank, nominated in Argentine pesos, and can be purchased with cash through banks or stock brokering companies. LEBAC do not pay interest during the life of the instrument. Instead, LEBAC are bought at a discount from their face value, which is the amount the instrument will be worth at its settlement. When these instruments reach their maturity, the investor receives an amount equal to the face value of the instrument.

The purpose of this transaction is to ensure a fixed return in Argentine Pesos.

During the year ended December 31, 2017, the Company acquired "Letras del Tesoro" (LETE) with JP Morgan and Allaria y Cia. Agente de Valores SpA. LETE are short-term securities issued and tendered by the Argentine Central Bank, nominated in U.S. dollars, and can be purchased with cash through banks or stock brokering companies. LETE do not pay interest during the life of the instrument. Instead, LETE are bought at a discounted from their face value, which is the amount the instrument will be worth at its settlement. When these instruments reach their maturity, the investor receives an amount equal to the face value of the instrument.

The purpose of this transaction is to ensure a fixed return in U.S. dollars.

According to the Company's accounting policy (note 3.12.4), held-to-maturity investments (HTM) are measured at amortized cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial instrument to the net carrying amount of the financial asset.

According to the nature, intention and ability of the Company to hold those LEBACs until maturity, they were initially classified as held-to-maturity investments. However, during December, 2015, the Company sold some of those LEBACs and consequently, changed the classification of the remaining LEBACs. As of December 31, 2017 and 2016, LEBACs are classified as Available-for-sale investments, since it was not permitted to classify investments as held-to-maturity in accordance with IAS 39. As of December 31, 2017 and 2016, the loss of 27 and 52, net of tax effect, are recorded as Other comprehensive income.

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Changes in the carrying amount of AFS financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income.

27.9 - Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into a three-level fair value hierarchy as mandated by IFRS 13, as follows:

Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those derived from unobservable inputs for the assets or liabilities.

	As of December 31, 2017			Total
	Level 1	Level 2	Level 3	
Financial assets				
Mutual funds	-	7,620	-	7,620
LEBACs	-	527	-	527
Foreign exchange forward contracts	-	73	-	73
Call option on minority interest (see note 23)	-	-	455	455
Convertibles notes	-	100	-	100
Financial liabilities				
Contingent consideration	-	-	23,905	23,905
Put option on minority interest (see note 23)	-	-	2,797	2,797
	As of December 31, 2016			Total
	Level 1	Level 2	Level 3	
Financial assets				
Mutual funds	-	9,355	-	9,355
Call option on minority interest (see note 23)	-	-	319	319
Financial liabilities				
Contingent consideration	-	-	23,314	23,314
Put option on minority interest (see note 23)	-	-	4,388	4,388

There were no transfers of financial assets between Level 1, Level 2 and Level 3 during the period.

The Company has applied the market approach technique in order to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities.

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27.10 Level 3

27.10.1 Contingent consideration

As explained in note 23, the acquisition of Clarice included a contingent consideration agreement which was payable on a deferred basis and which will be subject to reduction upon the occurrence of certain events relating, among other things, to the acquired company's gross revenue, gross profit and capacity.

As of December 31, 2016, the Company remeasured the fair value of the contingent consideration related to Clarice described above, considering that the gross revenue and gross profit target established by the second tranche payment, as defined in the purchase agreement, was partially met. Additionally, during February, 2017, the Company signed an amendment to the original SPA defining a new structure of earn outs explained in note 23. Gain arising from the change in fair value amounted to 418.

As of December 31, 2017, the Company remeasured the fair value of the contingent consideration related to Clarice described above, considering the new targets established by the amendment signed on May 16, 2017 to Globant India Private Ltd. (formerly Clarice Technologies PVT Ltd.) Share Purchase Agreement dated on May 14, 2015. Loss arising from the change in fair value amounted to 1,173 and includes a loss arising from the change in fair value of the contingent consideration for an amount of 1,401.

The new targets established by the above mentioned amendment are relative to the assignment to Globant India's employees to billable projects ("billable hours growth target").

As of December 31, 2017 and 2016, the nominal value of contingent consideration related to Clarice amounted to 6,291 and 5,392, respectively. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 2,193 and 6,578 as of December 31, 2017 and 2,695 and 5,664 as of December 31, 2016. The fair value of the contingent consideration related to Clarice arrangement of 6,099 and 5,063 as of December 31, 2017 and 2016, respectively, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 23, the acquisition of WAE (jointly We are London Limited and We are Experience, Inc.) included a contingent consideration agreement which is payable on a deferred basis and which will be subject to reduction upon the occurrence of certain events relating, among other things, to the acquired company's gross revenue and gross profit.

As of December 31, 2017, the Company remeasured the fair value of the contingent consideration related to WAE described above. Gain arising from the change in fair value of the contingent consideration amount to 3,850.

As of December 31, 2017 and 2016, the nominal value of contingent consideration related to WAE amounted to 829 and 10,000, respectively. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was 816 as of December 31, 2017 and between 7,264 and 10,000 as of December 31, 2016. The fair value of the contingent consideration arrangement of 816 and 9,647 as of December 31, 2017 and 2016, respectively, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 23, the acquisition of L4 included a contingent consideration agreement which is payable on a deferred basis and which will be subject to reduction upon the occurrence of certain events relating, among other things, to the acquired company's gross revenue and gross profit.

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As of December 31, 2017, the Company remeasured the fair value of the contingent consideration related to L4 described above, considering the new targets established by the amendment signed on January 30, 2018 to the SPA dated on November 14, 2016. Gain arising from the change in fair value of the contingent consideration amounted to 4,058.

As of December 31, 2017 and 2016, the nominal value of contingent consideration related to L4 amounted to 3,750 and 9,000, respectively. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 4,320 and an unlimited maximum amount as of December 31, 2017 and 6,391 and 9,500 as of December 31, 2016. The fair value of the contingent consideration arrangement of 3,653 and 8,604 as of December 31, 2017 and 2016, respectively, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 23, the acquisition of Ratio Cypress LLC (Ratio), included a contingent consideration agreement which is payable on a deferred basis and which will be subject to reduction upon the occurrence of certain events relating, among other things, to the acquired company's gross revenue and gross margin.

As of December 31, 2017, the nominal value of contingent consideration related to Ratio amounted to 3,923. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 2,746 and an unlimited maximum amount as of December 31, 2017. The fair value of the contingent consideration arrangement of 3,876 as of December 31, 2017 was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 23, the acquisition of PointSource LLC (PointSource), included a contingent consideration agreement which is payable on a deferred basis and which will be subject to reduction upon the occurrence of certain events relating, among other things, to the acquired company's gross revenue and gross margin.

As of December 31, 2017, the nominal value of contingent consideration related to PointSource amounted to 9,626. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 3,850 and an unlimited maximum amount as of December 31, 2017. The fair value of the contingent consideration arrangement of 9,461 as of December 31, 2017 was estimated by discounting to present value using a risk-adjusted discount rate.

27.10.2 Put and call option on minority interests

As described in note 23, on October 22, 2015, the Company entered into a Shareholders Agreement (the "Minority Interest SHA") with the "non-controlling shareholders" to agree on a put option over the 33.27% of the remaining interest of Dynaflows.

The expected payment is determined by considering the possible scenarios. The significant unobservable input used is forecasted Revenue Growth Rate of Dynaflows at the time of the delivery of such exercise of the put option.

Changing the significant unobservable input used in the reasonably possible alternative assumptions would have the following effects:

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	<u>Increase (Decrease) in unobservable input</u>	<u>Increase (Decrease) in put option</u>
Forecasted Revenue Growth Rate	5% (5)%	427 (61)

As described in note 23, the Company also agreed on a call option over non-controlling interest. The fair value of the call option on minority interest was estimated by using the Black & Scholes method considering the EBITDA and Revenue of the Dynaflo's most recent audited annual financial statements at the time of the delivery of such exercise of the call option to present value using a risk-adjusted discount rate.

The expected payment is determined by considering the possible scenarios. The significant unobservable inputs used are: (i) forecasted EBITDA and Revenue of Dynaflo's most recent audited annual financial statements at the time of the delivery of such exercise of the call option, and (ii) risk-adjusted discount rate.

Changing one or more of the significant unobservable inputs used in the reasonably possible alternative assumptions would have the following effects:

	<u>Increase (Decrease) in unobservable input</u>	<u>Increase (Decrease) in call option</u>
Risk-adjusted discount rate	0.25% (0.25)%	3 (3)
Forecasted EBITDA & Revenue	5% (5)%	(20) 21

As of December 31, 2017 and 2016, the Company recorded a gain of 1,727 and 2,981 related to the remeasurement at fair value of the put and call option described above.

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	<u>Financial Assets</u>	<u>Financial liabilities</u>
	<u>Call option on minority interest</u>	<u>Contingent consideration</u>
		<u>Put option on minority interest</u>
December 31, 2015	321	7,371
Fair value remeasurement	(2)	(2,983)
Acquisition of business	-	-
Payments	-	-
Interests	-	-
December 31, 2016	<u>319</u>	<u>4,388</u>

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	<u>Financial Assets</u>	<u>Financial liabilities</u>	
	<u>Call option on minority interest</u>	<u>Contingent consideration</u>	<u>Put option on minority interest</u>
December 31, 2016	319	23,314	4,388
Fair value remeasurement	136	(6,878)	(1,591)
Acquisition of business		13,199	
Payments		(5,990)	
Interests		260	
December 31, 2017	<u>455</u>	<u>23,905</u>	<u>2,797</u>

27.10.3 Foreign exchange futures and forward contracts

During the years ended December 31, 2017, 2016 and 2015, the Argentinian subsidiaries, Sistemas Globales S.A. and IAFH Global S.A. have acquired foreign exchange futures contracts with SBS Sociedad de Bolsa S.A. (SBS) in U.S. dollars, with the purpose of hedging the possible decrease of assets' value held in Argentine Pesos due to the risk of exposure to fluctuations in foreign currency. The foreign exchange futures contracts were recognized, according to IAS 39, as financial assets at fair value through profit or loss. For the years ended December 31, 2017, 2016 and 2015 the Company has recognized a loss of 421 and 1,126, and a gain of 7,152, respectively.

These futures contracts have daily settlements, in which the futures value changes daily. Sistemas Globales S.A. and IAFH Global S.A. recognize daily variations in SBS primary accounts, and the gains or losses generated by each daily position through profit or loss. Thus, at the closing of each day, according to the future price of the exchange rate U.S. Dollar - Argentine peso, the companies perceive a gain or loss for the difference. As future contracts have daily settlements, hence fair value as of December 31, 2017, 2016 and 2015 was zero.

Pursuant to these contracts, Sistemas Globales S.A. and IAFH Global S.A. are required to maintain collaterals in an amount equal to a percentage of the notional amounts purchased until settlement of the contracts. As of December 31, 2017, IAFH Global S.A. held a 10% of the value of those collaterals in LEBACs in SBS primary account. This ensures minimal funding, in case SBS has to transfer funds to "Mercado a Término de Rosario S.A" (ROFEX) if losses are generated by daily settlements. This amount must also remain restricted during the term of the contracts. As of December 31, 2017, both collaterals regarding the transactions are restricted assets for an amount of 473 in LEBACs included as investments. As of December 31, 2016, foreign exchange future contracts acquired by the Company were all settled.

During the year ended December 31, 2017, the subsidiary Globant LLC, has acquired foreign exchange forward contracts with Bridge Bank in rupees currency, with the purpose of hedging the risk of exposure to fluctuations in that currency within the Group. Those contracts were recognized, according to IAS 39, as financial assets at fair value through profit or loss. For the year ended December 31, 2017 the Company has recognized a gain of 118.

During 2017, the Argentinian subsidiary, Sistemas Globales S.A. has entered into foreign exchange forward contracts with HSBC in U.S. dollars at a specified price. Sistemas Globales S.A. uses these foreign exchange forward contracts to reduce the risk of exposure to fluctuations in foreign currency. For the year ended December 31, 2017, the Company has recognized a gain of 34. As of December 31, 2017, the foreign exchange forward contract that was settled on January 31, 2018, was recognized, according to IAS 39, as a financial asset at fair value through profit or loss, for an amount of 73.

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	<u>Foreign currency rate from contracts</u>	<u>Notional foreign currency rate</u>	<u>Fair value assets / (liabilities)</u>
Less than 3 months	18.045	18.95	<u>73</u>
Fair value as of December 31, 2017			<u>73</u>

The most frequently applied valuation techniques include forward pricing models. The models incorporate various inputs including: foreign exchange spot, interest rates curves of the respective currencies and the term of the contract.

NOTE 28 - CONTINGENCIES

On February 10, 2012, Federacion Argentina de Empleados de Comercio y Servicios ("FAECYS") filed a lawsuit against our Argentine subsidiary, Sistemas Globales S.A., in which FAECYS is demanding the application of its collective labor agreement to the employees of that subsidiary. According to FAECYS's claim, Sistemas Globales should have withheld and transferred to FAECYS an amount of 0.5% of the gross monthly salaries of Sistemas Globales's employees from October 2006 through October 2011. Furthermore, FAECYS' claim may be increased to cover withholdings from October 2006 through the date of a future judgment.

Although we believe Sistemas Globales has meritorious defenses to this lawsuit, no assurance can be provided as to what the ultimate outcome of this matter will be. In the opinion of our management and our legal advisors, an adverse outcome from this claim is not probable. Consequently, no amount has been accrued at December 31, 2017. We estimate that the amount of possible loss as of the date of issuance of these financial statements ranges between 0.7 and 0.8, including legal costs and expenses.

In December 2015, we received a civil investigative demand from the U.S. Attorney's Office for the Northern District of Texas (the "US DOJ") for the production of records in connection with an investigation relating to alleged non-compliance with laws governing the application for and use of B visas during the period January 1, 2009 through December 31, 2015 (the "Relevant Period").

In order to avoid the inconvenience and expense of litigation, we settled this matter by entering into a Settlement Agreement with the US DOJ ("Settlement Agreement") on March 15, 2017. Under the terms of the Settlement Agreement, we denied the US DOJ's allegations and all liability in connection with the conduct alleged by the US DOJ to have involved 21 employees from June 2010 through December 2012. Under the Settlement Agreement, we agreed, among other things, to pay an amount equal to 1,000. Of that amount, 500 is attributable to penalties connected to the above-described conduct and 500 is attributable to reimbursement of the US DOJ's investigative costs. In return, the US DOJ has agreed, among other things, to release us and/or our affiliates from any civil or administrative monetary claim that the US DOJ has for the above-described conduct during the Relevant Period with respect to the foreign nationals referenced in the Settlement Agreement, subject to customary exceptions. On March 17, 2017, we paid the total amount of 1,000 related to this agreement.

Our U.S. subsidiary, Globant LLC, is currently under examination by the Internal Revenue Service ("IRS") regarding payroll and employment taxes primarily in connection with services performed by employees of certain of our subsidiaries in the United States from 2013 to 2015. Such examination is currently in progress and, at this stage, we cannot make any predictions about the final outcome of this matter. Management estimates that the amount of possible loss as of December 31, 2017 could range between 300 and 500.

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The Company's US subsidiary, Globant LLC, was under examination for fiscal year 2012 by the Internal Revenue Service ("IRS") regarding transfer pricing matters and others related to the activities performed by the Company's subsidiaries in the US. On August 31, 2016, the IRS issued final outcome of the audit resulted in no adjustment to the originally reported profit of the Company on the 2012 income tax return.

As of December 31, 2017, the Company is also a party in certain labor claims where the risk of loss is considered possible. The final resolution of these claims is not likely to have a material effect on the Company's financial position and results of operations.

During the year ended December 31, 2017, some labor claims where the Company was involved came to final resolution and a utilization of the provision for contingencies was recorded for an amount of 320.

NOTE 29 - CAPITAL AND RESERVES

29.1 Issuance of common shares

On December 31, 2017, 338,709 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by some employees. Options were exercised at an average price of 15.63 per share amounting to a total of 5,296.

On December 31, 2017, 254,328 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company. During 2017, 86,931 RSUs were vested at an average price of 36.11 per share amounting to a total of 3,141.

On August 17, 2017, the Company issued 34,219 common shares for a total amount of 1,435 as part of the subscription agreement stated in the stock purchase agreement signed with WAE's sellers explained in note 23.

On June 1, 2017, the Company issued 84,953 common shares for a total amount of 3,100 as part of the subscription agreement stated in the stock purchase agreement signed with PointSource's sellers explained in note 23.

On March 1, 2017, the Company issued 34,309 common shares for a total amount of 1,160 as part of the subscription agreement stated in the stock purchase agreement signed with Ratio's sellers explained in note 23.

On December 31, 2016, 243,915 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by some employees. Options were exercised at an average price of 7.64 per share amounting to a total of 1,863.

On November 14, 2016, the Company issued 70,380 common shares for an amount of 2,970 as part of the subscription agreement stated in the Stock Purchase Agreement signed with L4's sellers, explained in note 23.

On July 25, 2016, the Company issued 23,508 common shares for an amount of 900 as part of the subscription agreement signed with Clarice's sellers, explained in note 23.

On May 23, 2016, the Company issued 75,221 common shares for an amount of 2,550 as part of the subscription agreement stated in the Stock Purchase Agreement signed with WAE's sellers, explained in note 23.

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On January 22, 2016, the Company granted 11,213 treasury shares at a price of \$ 27.2 per share to Mr. Spitz to cancel the remaining liability of 305, related to the acquisition of the minority interest of Huddle Group. The Company withholds the remaining amount of 20 as an escrow till October 23, 2019.

On December 31, 2015, 545,649 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by some employees. Options were exercised at an average price of 4.10 per share amounting to a total of 2,236.

On July 16, 2015, the Company issued 43,857 common shares for an amount of 900 as part of the subscription agreement signed with Clarice's sellers, explained in note 23.

On April 30, 2015, the Company granted to one employee 30,000 common shares to be carried out in two tranches: 15,000 shares delivered during April 2015 and the remaining 15,000 shares was delivered on 1 April 2016. Shares were granted at a price of 21.01 per share amounting to a total of 315 per year.

29.2 Public offerings

On August 2, 2016, the Company applied to the Luxembourg Stock Exchange for listing on the Official List of the Luxembourg Stock Exchange and for the admission to trading on its regulated market of 34,594,324 existing common shares, issued in registered form, with a nominal value of US\$ 1.20 each, representing the entire share capital of the Company at that moment. The fees estimated in connection with the listing of the common shares amounted to 162 and are including within professional services.

On August 11, 2016, the Company applied to the Luxembourg Financial Sector Supervisory Authority (Commission de Surveillance du Secteur Financier) (the "CSSF") in its capacity as competent authority, for the approval of the Company's prospectus, which was approved by the CSSF on August 11, 2016.

As of December 31, 2017, 25,363,926 common shares of the Company's share capital are registered with the SEC and quoted in the New York Stock Exchange.

NOTE 30 - APPROPRIATION OF RETAINED EARNINGS UNDER SUBSIDIARIES' LOCAL LAW

In accordance with Argentine and Uruguayan Law, the Argentine subsidiaries of the Company must appropriate at least 5% of net income for the year to a legal reserve, until such reserve equals 20% of their respective share capital amounts.

As of December 31, 2017, the legal reserve amounted to 759 for all Argentine subsidiaries and as of that date was fully constituted.

As of December 31, 2017, the legal reserve amounted to 42 for the Company's Uruguayan subsidiary and as of that date was fully constituted.

According to the ByLaws of Sistemas Colombia S.A.S., the Colombian subsidiary of the Company must appropriate at least 10% of the net income of the year to a legal reserve until such reserve equal 50% of its share capital. As of December 31, 2017, there was a legal reserve of 0.4 that was fully constituted.

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Under Spanish law, the Spanish subsidiaries of the Company must appropriate 10% of its standalone profit to a legal reserve until such reserve equals to 20% of their respective share capital amount. As of December 31, 2017, the legal reserve amounted to 7,922 for all Spanish subsidiaries.

In accordance with Brazilian Law, there is no requirement for limited liability companies to allocate profits for the creation of a legal reserve. The Company's Brazilian subsidiary did not have a legal reserve as of December 31, 2017.

Under Luxembourg law, at least 5% of our net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve subsequently falls below the 10% threshold, at least 5% of net profits again must be allocated toward the reserve. If the legal reserve exceeds 10% of our issued share capital, the legal reserve may be reduced in proportion so that it does not exceed 10% of our issued share capital. The legal reserve is not available for distribution. As of December 31, 2017, no reserve had been constituted. Dividends paid by the Company to the holders of our common shares are as a rule subject to a 15% withholding tax in Luxembourg, unless a reduced withholding tax rate applies pursuant to an applicable double tax treaty or an exemption pursuant to the application of the participation exemption, and, to the extent withholding tax applies, we are responsible for withholding amounts corresponding to such taxation at its source.

In accordance with Peru corporate law, the Peruvian subsidiary of the Company must reserve at least 10% of its net income of the year to a legal reserve, until such reserve equals 20% of its respective amount capital stock. As of December 31, 2017, there was no legal reserve constituted.

According to Mexican Law, the Mexican subsidiary of the Company must appropriate at least 5% of net income of the year to a legal reserve, until such reserve equals the fifth portion of their respective share capital amounts. As of December 31, 2017, the legal reserve amounted to 49 for the Company's Mexican subsidiary.

Regarding India Law, the Companies Act, 2013 does not mandate any fixed quantum of profits to be transferred / allocated to the reserves of a company. As of December 31, 2017, the legal reserve amounted to 17 for the Company's Indian subsidiary.

In UK there is no requirement for the UK's Company subsidiary to allocate profits for the creation of a legal reserve. As of December 31, 2017, there was no legal reserve constituted.

In Chile there is no requirement for the Chilean subsidiary of the Company to allocate profits for the creation of a legal reserve. As of December 31, 2017, there was no legal reserve constituted.

NOTE 31 - SUBSEQUENT EVENTS

The Company evaluated transactions occurring after December 31, 2017 in accordance to IAS 10 'Events after the reporting period', through April 3, 2018, which is the date that the consolidated financial statements were made available for issuance.

NOTE 32 - APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved by the Board of Directors on April 3, 2018.

Martín Migoya
President

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GRI 418	418-1	19	Substantiated complaints concerning breaches of customer privacy and losses of customer data

Integrated Report Content

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ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

What does the organization do and what are the circumstances under which it operates?

23-25, 33	Culture, ethics and values
34, 132, 175-176	Ownership and operating structure
12-14	Principal activities and markets
12-14	"Competitive landscape and market positioning"
6-7	Position within the value chain
6-7	Key quantitative information
5	Significant factors affecting the external environment

GOVERNANCE

How does the organization's governance structure support its ability to create value in the short, medium and long term?

34, 166-170	"leadership structure, including the skills and diversity"
31-32	"Specific processes used to make strategic decisions"
23-26	"How the organization's culture, ethics and values are reflected in its use of and effects on the capitals"
23-26	"The responsibility those charged with governance take for promoting and enabling innovation"
31	"How remuneration and incentives are linked to value creation in the short, medium and long term"

BUSINESS MODEL

What is the organization's business model?

6-7	Inputs
6-7	Business Activities
6-7	Outputs
6-7	Outcomes

Page

Description

RISKS AND OPPORTUNITIES

What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?

62-92 Key risks and opportunities that are specific to the organization

62-92 Organization's approach to any real risks (whether they be in the short, medium or long term) that are fundamental to the ongoing ability of the organization to create value

STRATEGY AND RESOURCE ALLOCATION

Where does the organization want to go and how does it intend to get there?

4, 6-7, 12 Objectives and strategic plans

PERFORMANCE

To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?

6-7 Quantitative information

6-7 Impact on capitals

44-47 Relationships with stakeholders

OUTLOOK

What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?

11-15 organization's expectations about the external environment

11-15 Mechanisms to address challenges and opportunities

BASIS OF PREPARATION AND PRESENTATION

How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

44-47 organization's expectations about the external environment

44-47 Mechanisms to address challenges and opportunities

44-47

Report profile



Stock

Globant is listed in NYSE under the ticker GLOB and in the LuxSE under ISIN number LU0974299876



Independent Audit Firm*

Deloitte

* Sustainability disclosures have not been externally verified

Sustainability Advisor

Crowe



Transfer Agent

American Stock Transfer & Trust Company, LLC



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Reporting cycle

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IR Contact

Paula Conde

IRO

paula.conde@globant.com



Sustainability Contact

Francisco Michref

Corporate Affairs & Sustainability Manager

francisco.michref@globant.com



Website

www.globant.com



**37A, Avenue JF Kennedy,
L-1855 Luxembourg**

BP 2501 · L-1025, Luxembourg



**650 Fifth Avenue, Suite 1001
New York, NY 10019**



**Ingeniero Butty 240 9° floor
Laminar Plaza Tower**

C1001AFB, City of Buenos Aires



**875 Howard St, 3rd floor,
Of: Suite 320**

CA 94103, San Francisco