Globant S.A.

Consolidated Financial Statements for the financial year ended December 31, 2022, management report and report of independent auditors.

February, 2023

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MANAGEMENT REPORT

In this annual report, references to "Globant", "we", "our", "us" or the "Company" means Globant S.A. and its consolidated subsidiaries, unless the context otherwise requires, or where we make clear that such term refers only to Globant S.A. and not to its subsidiaries.

CURRENCY PRESENTATION AND DEFINITIONS

In this annual report references to currencies are defined in the following table:

"U.S. dollars" and "$"	refer to the lawful currency of the United States
"Argentine pesos"	refers to the lawful currency of the Republic of Argentina
"Colombian pesos"	refers to the lawful currency of the Republic of Colombia
"Uruguayan pesos"	refers to the lawful currency of the Republic of Uruguay
"Mexican pesos"	refers to the lawful currency of Mexico
"Chilean pesos"	refers to the lawful currency of Chile
"Rupees" or "Indian rupees"	refer to the lawful currency of the Republic of India
"Reais" or "Brazilian Real"	refer to the lawful currency of Brazil
"Peruvian Sol"	refers to the lawful currency of Peru
"Romanian Leu"	refers to the lawful currency of Romania
"Belarusian ruble"	refers to the lawful currency of Belarus
"Euro" or "€"	refer 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
"Pound", "British Sterling pound" or "£"	refer to the lawful currency of the United Kingdom
"Canadian dollars"	refers to the lawful currency of Canada
"Costa Rican Colon"	refers to the lawful currency of the Republic of Costa Rica
"Polish Zloty"	refers to the lawful currency of the Republic of Poland
"Australian dollars"	refers to the lawful currency of the Commonwealth of Australia
"Danish Krone"	refers to the lawful currency of Denmark

Unless otherwise specified or the context requires otherwise in this management 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;
- "Attrition rate," during a specific period, refers to the ratio of IT professionals that voluntarily left our company during the period to the number of IT professionals that were on our payroll on the last day of the period; and
- "Globers" refers to the employees that work for Globant.

"GLOBANT" and its logo are our trademarks. Solely for convenience, we refer to our trademarks in this annual report 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 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"), Forrester Research, Inc. and/or one of its affiliates (collectively, "Forrester"), 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.

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."

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 Overview" in this annual report for a more complete discussion of the factors that could affect us.

We undertake no obligation to update, revise or receive any audit comfort for any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

HISTORY AND DEVELOPMENT OF THE COMPANY

We were founded in 2003 by Martín Migoya, our Chairman and Chief Executive Officer; Guibert Englebienne, our President of Globant X, Globant Ventures and Latin America; Martín Umaran, our Chief Corporate Development Officer and President of EMEA; and Nestor Nocetti, our Executive Vice President of Corporate Affairs. Our founders' vision was to create a global company that succeeds by transforming organizations and providing opportunities for talent around the world to make a positive global impact.

We have benefited from strong organic growth and have built a roster of world-class clients, many of which are at the forefront of emerging technologies. Over that same period, we have expanded our network of locations, and we are now present in more than 25 countries. In addition, we have garnered several awards and recognition from organizations such as Endeavor, the IDC MarketScape, Gartner, Everest Group, Frost & Sullivan, Global Services, Great Place to Work, the International Association of Outsourcing Professionals, Fortune 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 2009, we created our Studio Model. Our Studios have deep pockets of expertise across industries and in the latest technologies and trends. We believe our Studio model helps us foster creativity and innovation while allowing us to build, enhance and consolidate expertise around a variety of emerging technologies. In order to leverage specific expertise and deliver tailored solutions to address our clients' technological challenges, Globant has launched twenty-one Digital Studios (e.g. Data & AI, Cloud Ops, and Fast Code), eleven Industry Reinvention Studios (e.g. Healthcare & Lifesciences, Gaming, and Finance), and four Enterprise Platform Studios (e.g. Salesforce, SAP, and Oracle). This Studio Model has been our trademark for delivering quality services over the years, allowing us to better serve our ever-evolving industry and assist our customers in transforming their organizations.

In July 2014, we closed the initial public offering of our common shares in the United States. Since then, we have closed five follow-on offerings in the United States, with the most recent offering occurring in May 2021.

While our growth has primarily been organic, we have made complementary acquisitions since 2008. 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 worldwide. In 2020, we acquired Grupo Assa Worldwide S.A. ("Grupo Assa") to reinforce leadership in digital and cognitive transformation, and Spain-based BlueCap Management Consulting S.L. ("BlueCap"), to expand our footprint in the EMEA region and strengthen consulting services in the financial and investment sector. In 2021, we acquired Cloudshift, a leading Salesforce partner in the UK that specializes in multi-cloud digital transformation. Also, we acquired Hybrido Worldwide, S.L. ("Habitant") to reinforce our capabilities in digital marketing, MadTech and digital sales, and enhance our footprint in Europe. We also acquired an 86% stake in Walmeric Soluciones S.L. ("Walmeric"), a company that specializes in marketing automation technology, combining lead management, online marketing and sales enablement. The Walmeric transaction represents our first product-oriented acquisition and is expected to strengthen our capabilities with respect to digital marketing and digital sales. To expand and further improve our blockchain and crypto-related solutions, we acquired Atix Labs S.R.L. and Atix Labs LLC ("Atix"), a professional services company that specializes in blockchain. In November 2021, we acquired Navint Partners, LLC and certain of its affiliated entities (collectively "Navint Group"), a leading lead-to-revenue Salesforce partner to strengthen our Salesforce Studio's end-to-end business transformation capabilities and expand our service footprint in the United States, Europe, Middle East and Africa ("EMEA"), and India. In 2022, we acquired Genexus, a low/no code leading platform to foster our product portfolio; Vertic, a digital marketing consultancy, to consolidate our global creative network; Sysdata, a leading business and technology consultancy, focused on delivering digital transformation, to strengthen our delivery capabilities in Italy; and eWave, a digital commerce experience consultancy, with strong expertise in Adobe and Salesforce commerce solutions, to strengthen our delivery capabilities in Asia-Pacific. We also recently reached an agreement with La Liga, Spain's top-flight soccer league, to create a new global technology company to lead the reinvention of the sports and entertainment industry.

During financial year 2022, other business combinations occurred such as Nescara, KTBO and Abdid. Please refer to consolidated financial statement Note 26 for further details.

In 2019, we launched Be Kind, our long-term sustainability framework. Be Kind is an essential part of our culture in which we encourage everyone to be kind to themselves, their peers, the planet and humanity.

In 2021, we established Globant X, an incubator focused on nurturing and cultivating our homegrown innovation. Globant X aims to productize our most transformative technology into platforms.

In 2021, in connection with our Be Kind to the Planet commitment, we became carbon neutral and signed the Science-Based Targets commitment to reinforce our mission to fight climate change. Our efforts to become a net-zero company are aligned with our commitment to make the world a better place.

In 2020 and 2021, IDC MarketSpace recognized Globant as a Worldwide Leader in CX Improvement and a Major Player in Worldwide Salesforce Implementation Services, respectively. In 2022 Globant received several recognitions from trusted specialists, including: Major Contender in Industry 4.0 by Everest Group; 2022 Company of the Year Award for Digital Transformation Services by Frost & Sullivan; and Leader in the 2022 SPARK Matrix for Healthcare IT Services by Quadrant Knowledge Solutions.

Globant was recognized by Brand Finance as one of the fastest-growing IT Services Brands in its “IT Services 25 2023 Report.” Globant was appointed as the 8th strongest IT brand globally gaining two positions in strength this year compared to 2022. Also in this year, Globant was recognized by S&P Global and Corporate Sustainability Assessment (CSA) in the Sustainability Yearbook 2023 for our ESG efforts during 2022.

In 2022, Globant produced its first two commercial films: "Seek Reinvention" and "Meet the Future - Reinventing Consultancy." Also, the Company announced a multi-year partnership with FIFA to wide-range its FIFA+ content app and sponsor global top football competitions, including FIFA World Cup Qatar 2022, and FIFA Women's World Cup Australia & New Zealand 2023.

In November 2022, the Company announced its expansion across Asia-Pacific and the Middle East with the creation of a new, fully dedicated regional unit called “New Markets”.

Corporate Information

Our executive office is located at 37A Avenue J.F. Kennedy L-1855, Luxembourg, and our telephone number is + 352 20 30 15 96 . The R.C.S. number related to Globant S.A. is B 173727. We maintain a website at http://www.globant.com. Our website and the information accessible through it are not incorporated into this annual report.

ACTIVITY AND PERFORMANCE

Operating Results

2022 Compared to 2021

Revenues

Revenues are derived primarily from providing technology services to our clients, which are medium to large-sized companies mainly based in North America, Europe, Asia and Latin America. For the year ended December 31, 2022, revenues increased by 37.3% to $1.8 billion from $1.3 billion for the year ended December 31, 2021.

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

Revenues by Contract type

We perform our services primarily under time-and-material contracts and, to a lesser extent, fixed-price contracts. The remaining portion of our revenues in each year was derived from other types of contracts.

	Year ended December 31,			
	2022		2021	
	(in thousands, except percentages)			
By Contract				
Time & Materials	$ 1,472,894	82.7 %	$ 1,062,171	81.9 %
Fixed Price	273,344	15.4 %	218,846	16.9 %
Subscription resales	33,963	1.9 %	16,039	1.2 %
Others	42	— %	22	— %
Revenues	**$ 1,780,243**	**100.0 %**	**$ 1,297,078**	**100.0 %**

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), Middle East & Africa, and Latin America (primarily Argentina, Brazil, 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, 2022, we had 1,249 customers with more than ten thousands U.S. dollars in revenue in the last twelve months.

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,			
	2022		2021	
	(in thousands, except percentages)			
By Geography				
North America	$ 1,135,148	63.8 %	$ 831,300	64.1 %
Europe, Middle East & Africa	186,723	10.5 %	151,334	11.7 %
Asia & Oceania	50,018	2.8 %	26,129	2.0 %
Latin America	408,354	22.9 %	288,315	22.2 %
Revenues	**$ 1,780,243**	**100.0 %**	**$ 1,297,078**	**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, consumer, retail and manufacturing and health care, among others. The following table sets forth our revenues by amount and as a percentage of our revenues by industry vertical for the periods indicated:

	Year ended December 31,			
	2022		2021	
	(in thousands, except percentages)			
By Industry Vertical				
Media and Entertainment	$ 376,134	21.1 %	$ 272,703	21.0 %
Banks, Financial Services and Insurance	359,940	20.2 %	308,227	23.8 %
Consumer, Retail & Manufacturing	254,500	14.3 %	197,620	15.2 %
Technology & Telecommunications	250,299	14.1 %	155,665	12.0 %
Professional Services	235,553	13.2 %	167,997	13.0 %
Travel & Hospitality	139,170	7.8 %	87,567	6.8 %
Health Care	128,669	7.2 %	96,334	7.4 %
Other Verticals	35,978	2.1 %	10,965	0.8 %
Total	**$ 1,780,243**	**100.0 %**	**$ 1,297,078**	**100.0 %**

The increase in revenues from clients in the media and entertainment industry vertical was primarily attributable to a higher demand for our gaming services, scalable platforms and user interface solutions.

The increase in revenues from clients in the banks, financial services and insurance industry vertical was primarily attributable to higher demand for services related to scalable platforms, user interface solutions and strategic transformation.

The increase in revenues from clients in the consumer, retail and manufacturing industry vertical was primarily attributable to higher demand for services related to scalable platforms solutions, adaptive organizations and our digital experience platforms.

The increase in revenues from clients in the technology and telecommunications industry vertical was primarily attributable to higher demand in digital content, AI services and Cloud Ops. solutions.

The increase in revenues from clients in the professional services industry vertical was primarily attributable to higher demand for services related to product acceleration practices, scalable platforms and internet of things solutions.

The increase in revenues from clients in the travel and hospitality industry vertical was primarily attributable to higher demand for services related to, and mainly focused on, scalable platforms services, Data And Artificial Intelligence, and our Digital Experience Platforms.

The increase in revenues from clients in the health care industry vertical was primarily attributable to higher demand for services related to AI services.

The increase in revenues from clients in other verticals is mainly explained by the higher demand for Adaptive Organizations Services, Consulting and Data and Artificial Intelligence.

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,			
	2022		2021	
	(in thousands, except percentages)			
Client concentration				
Top client	$ 191,191	10.7 %	$ 141,100	10.9 %
Top five clients	456,217	25.6 %	345,835	26.7 %
Top ten clients	633,150	35.6 %	506,572	39.1 %
Top twenty clients	812,419	45.6 %	674,883	52.0 %

Our top ten customers for the year ended December 31, 2022 have been working with us for, on average, eleven years.

An increase in revenues from our top ten clients in 2022 reflects our ability to increase the scope of our engagement with our main customers. Revenues from our largest client in 2022, The Walt Disney Company, increased by $50.1 million, or 35.5%, to $191.2 million for 2022 from $141.1 million for 2021.

Our focus on delivering quality to our clients is reflected in the fact that existing clients from 2021 contributed 90.5% of our revenues in 2022. 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 (65 in 2022 and 42 in 2021) and the number of clients that each accounted for at least $1.0 million of our annual revenues increased to 259 in 2022 from 185 in 2021. The following table shows the distribution of our clients by revenues for the year presented:

	Year ended December 31,	
	2022	2021
Over $5 Million	65	42
$1 - $5 Million	194	143
$0.5 - $1 Million	132	106
$0.1 - $0.5 Million	386	287
Less than $0.1 Million (*)	472	343
Total Clients (*)	**1,249**	**921**

(*) Represents customers with more than $0.01 million in revenue during the last twelve months.

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

Up to 80% 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 Knowledge based Economy Law, reducing the effective cost of social security taxes of the base and incentive compensation on which those contributions are calculated. For further discussion of the Knowledge based Economy Law, see note 3.7.1.1 to our audited consolidated financial statements for the year ended December 31, 2022.

Operating expenses was $456.3 million for 2022, representing an increase of $113.3 million, or 33.0%, from $343.0 million for 2021.

Cost of Revenues

The principal components of our cost of revenues are salaries, professional services and travel costs related to the services provided. 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.

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

Our cost of revenues has increased in recent years in line with the growth in our revenues and reflects the expansion of our operations in Spain, 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.

Cost of revenues was $1,110.8 million for 2022, representing an increase of $308.7 million, or 38.5%, from $802.1 million for 2021.

	Year ended December 31,			
	2022		2021	
	(in millions, except percentages)			
	Amount	Variation	Amount	Variation
Main variations in cost of revenues				
Salaries, employee benefits and social security taxes	$ (1,014.5)	36.1 %	$ (745.3)	56.4 %
Professional services	$ (37.3)	55.5 %	$ (24.0)	263.5 %

The increase in salaries, employee benefits and social security taxes is primarily attributable to the net addition of 3,164 IT professionals since December 31, 2021, an increase of 14.3%, to satisfy growing demand for our services, which translated into an increase in salaries. The increase in professional services is mainly attributable to the increase in contractor services related to business growth and software subscriptions.

Cost of revenues as a percentage of revenues increased to 62.4% for 2022 from 61.8% for 2021.

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.

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, right-of-use assets and intangible assets utilized in our sales and administration functions.

Selling, general and administrative expense was $456.3 million for 2022, representing an increase of $113.3 million, or 33.0%, from $343.0 million for 2021.

	Year ended December 31,			
	2022		2021	
	(in millions, except percentages)			
	Amount	Variation	Amount	Variation
Main variations in Selling, General and Administrative Expenses				
Salaries, employee benefits and social security taxes	$ (173.5)	24.6 %	$ (139.3)	61.3 %
Share-based compensation expense	(52.1)	34.3 %	(38.8)	89.3 %
Professional services	(40.5)	31.1 %	(30.9)	34.0 %
Depreciation and amortization expense	(59.2)	29.5 %	(45.7)	116.9 %
Promotional and marketing expenses	(27.0)	162.1 %	(10.3)	192.8 %

The increase of salaries, employee benefits, social security taxes and share based compensation was primarily attributable to the addition of sales and management executives. There was also an increase of $13.5 million in depreciation and amortization related mainly to the intangibles recognized for the business combinations made during 2022 and 2021. In addition, there was a $9.6 million increase in professional services related to consulting tax matters and legal and audit fees, also increase in subscriptions and license expenses and the impact of the acquired companies during 2022. The increase in promotional and marketing expenses is mainly explained by expenses in marketing and publicity for the sponsorship of the FIFA World Cup, and by an increase in special events mainly in the United States and United Kingdom related with stands, events promotions, sponsorship and summits.

Selling, general and administrative expenses as a percentage of revenues decreased to 25.6% for 2022 from 26.4% for 2021. Share-based compensation expense within selling, general and administrative expenses accounted for $52.1 million, or 2.9%, as a percentage of revenues for 2022, and $38.8 million, or 3.0%, as a percentage of revenues for 2021.

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), depreciation of right-of-use assets (primarily office spaces and office equipment) and 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.

Net impairment losses on financial assets

Net impairment losses on financial assets mainly include impairment of trade receivables, which represents an allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. During the years ended December 31, 2022 and 2021, we recorded a loss of $6.4 million and $7.6 million, respectively, related to the recognition of the allowance for expected credit losses.

The increase of the allowance for expected credit losses was mainly attributable to the impact of factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Finance Income

Finance income consists of interest gains on time deposits, financed customers and savings accounts. The increase of finance income up to $2.8 million for the year ended December 31, 2022 from $0.7 million for the year ended December 31, 2021 was primarily attributable to accrued interests from savings accounts.

Finance Expense

Finance expense includes the interests from borrowings, leases contracts, banking fees and other finance expenses. The increase of finance expense up to $16.6 million for the year ended December 31, 2022 from $12.7 million for the year ended December 31, 2021 was due to an increase in interest on lease liabilities and borrowings interests.

Other Financial Results, Net

Other financial results, net consists of foreign exchange gain or loss on monetary assets and liabilities denominated in currencies other than the U.S. dollar, gain or loss on transactions with bonds, interest rate swaps, foreign exchange forward contracts and future contracts, mutual funds and T-Bills.

Other financial results, net increased to a $0.2 million gain for the year ended December 31, 2022 from a $3.9 million loss for the year ended December 31, 2021, primarily reflecting a foreign exchange loss of $6.7 million compared to a gain of $3.9 million in 2021, a loss of $7.5 million net related to losses from financial assets measured at fair value through profit or loss compared to a loss of $8.5 million in 2021 and a gain on transactions with bonds of $13.9 million compared to a gain of $0.7 million in 2021.

Other Income and Expenses, Net

Other income and expenses, net decreased to a loss of $0.4 million for the year ended December 31, 2022 from a loss of $3.4 million for the year ended December 31, 2021. Such decrease is mainly explained by the remeasurement of contingent consideration related to the business combinations.

Income Tax Expense

Income tax expense amounted to $43.4 million for 2022, an increase of $14.9 million from a $28.5 million income tax expense for 2021. The increase in income tax expense was driven by the expansion of our business. Our effective tax rate (calculated as income tax gain or expense divided by the profit before income tax) decreased to 22.5% for 2022 from 22.8% for 2021, primarily due to changes in the geographic distribution of earnings.

Net Income for the Year

As a result of the foregoing, we had a net income of $149.5 million for 2022, compared to $96.4 million for 2021.

Financial instruments

We are exposed to a variety of risks: market risk, including the effects of changes in foreign currency exchange rates and interest rates, and liquidity risk.

Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. We might acquired foreign exchange futures and forward contracts to mitigate the impact of exposure to fluctuations in foreign currency different than U.S. dollar.

Foreign currency risk management

We undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

In 2022, 79.50% of our revenues are denominated in U.S. dollars. Because the majority of its personnel are located in Latin America, we incur the majority of our operating expenses and capital expenditures in non-U.S. dollar currencies, primarily the Colombian peso, Mexican peso, Chilean peso, Peruvian sol, Uruguayan peso and Brazilian real. Operating expenses are also significantly incurred in Indian Rupee, Great Britain Pound and European Union Euros.

Interest rate risk management

We are exposure to market risk for changes in interest rates relates primarily to its cash and bank balances and its credit facilities. We maintain a credit line in the U.S. bear interest at a fixed rate between 1.5% or 1.75% depending on the amount borrowed, as of December 31, 2022 we do not maintain debt related to the Amended and Restated Credit Agreement.

Liquidity risk management

Our primary sources of liquidity are cash flows from operating activities and borrowings under credit facilities.

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, 2022 and 2021, are a reasonable approximation of fair value due to the short time of realization.

	As of December 31, 2022		As of December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Non-current assets</u>				
Other receivables				
Guarantee deposits	5,942	5,686	4,390	4,177
Other assets	10,657	9,780	8,583	7,810
<u>Non-current liabilities</u>				
Trade payables	5,445	5,053	6,387	5,899
Borrowings	861	645	1,935	1,847

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 in the evaluation of our performance and our consolidated financial results. We believe these non-IFRS measures may be 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 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 depreciation and amortization expense, share-based compensation expense and, only with respect to adjusted SG&A expenses, acquisition-related charges and COVID-19 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 assets, net of recoveries, acquisition-related charges and COVID-19 related charges.

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 assets, net of recoveries, share-based compensation expense, COVID-19 related charges and the tax effects of non-IFRS adjustments.

	Year ended December 31,		
	2022	**2021**	**2020**
Reconciliation of adjusted gross profit			
Gross profit	$ 669,395	$ 494,988	$ 304,327
Adjustments			
Depreciation and amortization expense	23,312	14,122	9,759
Share-based compensation expense	4,917	3,568	4,109
Adjusted gross profit	$ 697,624	$ 512,678	$ 318,195
Reconciliation of adjusted selling, general and administrative expenses			
Selling, general and administrative expenses	$ (456,324)	$ (343,004)	$ (217,222)
Adjustments			
Depreciation and amortization expense	62,822	48,796	22,691
Share-based compensation expense - Equity settled	50,296	35,831	20,519
Acquisition-related charges, net (1)	13,612	12,860	10,096
COVID-19 related charges (2)	—	—	(613)
Adjusted selling, general and administrative expenses	$ (329,594)	$ (245,517)	$ (164,529)
Reconciliation of adjusted profit from operations			
Profit from operations	$ 206,707	$ 144,433	$ 83,942
Adjustments			
Share-based compensation expense - Equity settled	55,213	39,399	24,628
Impairment of assets	—	—	(8)
Acquisition-related charges, net (1)	27,456	28,271	12,754
COVID-19 related charges (2)	—	2,228	2,582
Impairment of assets (3)	—	—	83
Adjusted profit from operations	$ 289,376	$ 214,331	$ 123,981
Reconciliation of adjusted net income for the year			
Net income for the year	$ 148,891	$ 96,065	$ 54,217
Adjustments			
Share-based compensation expense - Equity settled	55,213	39,399	24,628
Impairment of assets	—	—	(8)
Acquisition-related charges, net (1)	28,765	35,465	15,796
COVID-19 related charges (2)	—	2,228	2,582
Impairment of assets (3)	—	—	83
Tax effects of non-IFRS adjustments (4)	(15,146)	(14,748)	(6,712)
Adjusted net income for the year	$ 217,723	$ 158,409	$ 90,586

Calculation of adjusted diluted EPS			
Adjusted net income	217,723	158,409	90,586
Diluted shares	42,855	42,076	39,717
Adjusted diluted EPS	5.08	3.76	2.28
Other data:			
Adjusted gross profit	697,624	512,678	318,195
Adjusted gross profit margin percentage	39.2 %	39.5 %	39.1 %
Adjusted selling, general and administrative expenses	(329,594)	(245,517)	(164,529)
Adjusted selling, general and administrative expenses margin percentage	(18.5)%	(18.9)%	(20.2)%
Adjusted profit from operations	289,376	214,331	123,981
Adjusted profit from operations margin percentage	16.3 %	16.5 %	15.2 %
Adjusted net income for the year	217,723	158,409	90,586
Adjusted net income margin percentage for the year	12.2 %	12.2 %	11.1 %

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

(2) COVID-19 related expenses include, when applicable, bad debt provision related to the effect of the COVID-19 pandemic on our clients' businesses, donations and other expenses directly attributable to the pandemic that are both incremental to expenses incurred prior to the outbreak and not expected to recur once the crisis has subsided and operations return to normal and clearly separable from normal operations. Moreover, these expenses also include rent concessions that we were granted due to the pandemic environment.

(3) Impairment of assets, net of recoveries includes, when applicable, charges for impairment of intangible assets, charges for impairment of investments in associates and charges for impairment of tax credits, net of recoveries.

(4) Non-IFRS Adjusted net income and adjusted Diluted EPS for 2022, 2021 and 2020 reflect the tax impact of non-IFRS adjustments. Non-IFRS Adjusted net income and adjusted Diluted EPS 2020 previously presented were recast to conform to the current presentation.

BUSINESS OVERVIEW

Overview

Established in 2003 by four friends in Argentina, we have evolved to become a leading global technology service provider. Today, we are a publicly-traded company, with our common shares listed on the NYSE under the ticker symbol "GLOB". We continue to maintain the entrepreneurial spirit of our founders throughout our business.

We were one of the first companies to deliver engineering, innovation and design at scale, and we believe that professional services organizations must evolve with technological advances. We have had success facilitating digital transformations while many traditional IT outsourcing vendors and consulting companies have and continue to struggle.

Our clients are facing an accelerated need to bridge their digital business gaps to better support their customers and employees. We leverage our cross-industry expertise and deep understanding of technology to focus on key areas of our clients' businesses to facilitate their digital transformations.

We strive to make the world a better place and, in furtherance of that objective, we focus on three key areas: our Be Kind initiative, our talent and culture, and our services. We believe our focus on these areas has contributed to our success and our clients' success.

We take pride in our people, and consider them to be our greatest strength. We are committed to growing our community with an emphasis on diversity and inclusion. We have development centers in North America, Latin America, Europe and Asia, where we have established initiatives to promote and assist individuals who wish to join the IT industry. As of

December 31, 2022, we had 27,122 Globers worldwide, and operations through subsidiaries with offices and Globers in more than 25 countries.

Our principal operating subsidiaries are located in Argentina, Chile, Colombia, Brazil, India, Mexico, Peru, Spain, United Kingdom, United States and Uruguay.

For the year ended December 31, 2022, 63.8% of our revenues were generated by clients in North America, 22.9% in Latin America, 10.5%in Europe, Middle East & Africa and 2.8% in Asia & Oceania.

Our clients include leading global companies such as The Walt Disney Company, which was among our top ten clients in the year ended December 31, 2022. Additionally, for the year ended December 31, 2022, 90.5% of our revenues came from existing clients who used our services in the prior year. We believe our success in building our client base in one of the most sophisticated and competitive markets for IT services demonstrates the strength of our value proposition, the quality of our execution and the value of our culture of innovation and entrepreneurial spirit.

The market opportunity

We are witnessing a transcendental time for technology. Significant technological advancements and societal shifts occurred during the past decade that have impacted businesses. As a result, organizations have a significant opportunity to expand into new areas of the market.

COVID-19 has caused radical changes throughout the world, many of which we believe are here to stay. These changes are pushing organizations to evolve and accelerate their digital transformations. In light of economic uncertainty, customer engagement will remain one of the top strategic business objectives for organizations worldwide, and the need to evolve rapidly has never been more critical.

Demand for IT will remain strong as companies pursue digital transformation initiatives in response to economic turmoil, with a renewed focus in accelerating time to value on digital investments. According to IDC, digital transformation spending will reach $3.4 trillion in 2026, with the United States accounting for nearly 35% of the worldwide total and surpassing the $1 trillion mark in 2025.

As organizations push for operational efficiencies and cost reductions, industry analysts also expect a growth in more traditional back-office operational needs. Gartner predicts that Global IT spend will total $4.6 trillion in 2023, growing at a rate of 5.1% up from 0.8% growth in 2022.

By 2024, digital-first enterprises will enable empathetic customer experiences and resilient operating models by shifting 70% of all tech and services spending to as-a- service and outcomes-centric models, according to IDC.

By 2026, enterprises that successfully generate digital innovation will derive over 25% of their revenue from digital products, services, and/or experiences, according to IDC.

By 2026, 85% of enterprises will combine human expertise with artificial intelligence ("AI"), machine learning ("ML"), natural language processing and pattern recognition to augment foresight across the organization, making workers 25% more productive and effective, according to IDC.

Business and Tech trends

Industries and organizations are preparing to exist and innovate as they adapt to a world reinvented. In 2023, market instability and the rise of empowered consumers will push industries and organizations to create breakthrough solutions, building flexible paths that will secure their longevity during both disruptive and calmer periods.

Business models will continue to focus on strategic alliances across industries and establish a new paradigm for customer relationships. Organizations must take proactive steps to identify new opportunities and detect places for optimization and efficiencies to continuously drive growth. As industry boundaries begin to fade, the need for collaboration and innovative business alliances will continue to emerge.

The ability of people and organizations to be flexible and to adapt to new situations will be a competitive advantage in 2023 and beyond. Vertical structures are being challenged as innovative technologies create a new way to lead. Leadership roles need to be redefined to enhance the development of teams by providing employees with opportunities for experimentation, learning, innovation, and specialization.

Sustainability initiatives will continue to enhance an organization's ability to develop and execute strategies that promote cultural and economic change. Businesses can utilize technology to create sustainable purposes and goals, making them part of the climate solution while attracting like-minded employees. Developing a well-established technological infrastructure will enable organizations to offer the necessary elements to drive productivity and collaboration within a hybrid workforce model. Data and AI will be critical in the creation of engaging workplace experiences.

The concept of fast code, enabled by low-code and no-code tools, will be at the forefront of technology for organizations continuing their digital transformation. Approaches like Super Apps will allow companies to keep up with ever-changing technology while keeping an integrated approach to customer experience. Additionally, with staffing models evolving, the need for systems and processes to quickly make sense of the existing code base will also be an important factor.

Organizations will ultimately have to address consumer pressure to participate in the new web ecosystem or risk losing customers. Blockchain has been an important technology for years, but 2023 will be a pivotal year for companies promising new unique phygital experiences. Organizations are looking for new ways to access consumers who demand experiences connecting the virtual world with the real world. According to our most recent Tech Trends report, in 2023, the use of non-fungible tokens ("NFTs") is expected to become more nuanced, personalized, and commercialized as the Web3 ecosystem moves past the "jpeg" era of NFTs, characterized by low utility digital art projects.

2023 will put the metaverse to the test. Billions of dollars have been invested into this incredible technology, and the market is eager to see some truly impactful and real applications of this new product. We believe there are some signs that point to the mass adoption of the metaverse. Major players in the metaverse space pushing towards a viable product in 2023 will open the door to reduced costs and lower barriers to entry, allowing the technology to reach more businesses and impact people's lives worldwide.

We believe that the use of AI will continue to accelerate and influence the strategies of organizations that we serve. Foundation Models and Generative AI are recent examples of this paradigm shift. We have been investing in developing our AI capabilities and expertise for more than six years, and we are prepared to address this significant new opportunity. We believe that digital products will frequently have AI layers and Large Language Models that can simplify software development creation.

Strategy

We seek to maintain our status as a leading digital transformation services provider that leverages the latest technologies and methodologies to help organizations respond to the changing demands of their customers and employees. The key elements of our strategy for achieving this objective are, described below:

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 and industries. 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 emerging technologies and digital transformation

We believe our Studios have been highly effective in enabling us to deliver innovative software solutions that leverage our deep domain expertise across industries, 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 and digital transformation, which will enable us to enter new markets and capture additional business opportunities.

Development of products and platforms

We will continue to focus on expanding our product and platform offerings to complement our service offerings. Globant X is the division of the Company focused on next-generation products and platforms that help organizations excel and reach their goals more efficiently. Acting as a guide for digital transformation, Globant X productizes ideas and accelerates from proof of concept to minimum viable product to expansion, catapulting them to in-market success.

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. In doing so, we offer 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 several universities throughout the world.

Selectively pursue strategic acquisitions

In building on our track record of successfully acquiring and integrating complementary companies, we will continue to selectively pursue strategic acquisition opportunities that deepen our relationships with key clients, extend our technology capabilities, broaden our service offerings and expand the geographic footprint of our delivery centers in order to enhance our ability to serve our clients.

Competitive Strengths

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

Deep domain expertise across industries, in emerging technologies and related market trends

We have deep domain expertise across industries, in emerging technologies and related market trends. We organize our areas of expertise in Studios, which we believe provide us with a strong competitive advantage and allow us to leverage prior experiences to deliver superior solutions to clients.

Long-term relationships with blue chip clients

We have built a roster of blue chip clients such as Google, Electronic Arts, and The Walt Disney Company, 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 ten years. 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 provide 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

A key element of our strategy is to expand our delivery footprint, including increasing the number of employees that work onsite at our clients or near client locations. We will continue to focus on expanding our global delivery footprint to gain access to additional pools of talent to effectively meet the demands of our clients.

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 20 years of experience in the technology industry giving them a comprehensive understanding of the industry as well as insight into the industries in which our clients operate, emerging technologies and opportunities for strategic expansion.

Our services

Companies are facing an accelerated need to adapt their business models, multiply their impact and enable a path for future success. We believe that organizations with the ability to adapt and respond to changing demands from customers and employees will survive and thrive.

We help our clients re-examine their core business models and effectuate changes in to enable sustainable success.

Our Approach

We deliver our services through our Studio model, Globant X, and our global autonomous culture, each of which is further described below.

***1. Our 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 and industries. Our 30+ Studios are deep pockets of knowledge, bringing expertise to technologies and industries. We utilize our Studio model to deliver tailored solutions focused on specific challenges and improving the connection between organizations and their customers and employees.

Our Industry Reinvention Studios were designed to focus on specific industries in order to assist our customers reconfigure their businesses, operations, and technology to respond to demands from customers and employees.

Our Digital Studios focus on developing business models and technical capabilities in the latest technologies and trends to help our customers with their digital transformation, digitizing processes, experiences, and their relationships with their stakeholders, among others.

Our Enterprise Platform Studios combine Globant's knowledge and expertise in enterprise platforms such as Salesforce, SAP, and Oracle with its world-class technologies to drive process innovation, optimization, and customer value.

Our Industry Reinvention Studios:

Airlines: Enhancing passengers experience through digital innovation

By recognizing the airline industry's highly competitive and regulated nature, we leverage our cross-industry expertise to drive digital transformation and boost business for our clients by putting the passenger experience at the forefront of all strategies.

Automotive: where mobility meets scale

This Studio leverages opportunities in the automotive industry, building the bridge from where this industry currently stands, to where it's headed. Our experts and partners are creating cutting-edge solutions, scaling and enhancing customer experiences, leveraging AI for efficiency and boosting new business models.

EdTech: creating immersive learning experiences

The education industry is facing a new paradigm shift, in which learning and teaching experiences are undergoing a digital transformation. This Studio helps to personalize those experiences with scalable technology solutions to build more robust, accessible, engaging, and compelling content throughout the entire learning cycle.

Finance: driving innovation in financial institutions

This Studio leverages our in-depth expertise in the financial sector to deliver customized transformational programs tailored to our client's needs, which boost new business models and enhance the experience of customers.

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.

Healthcare & Life Sciences: Reinventing the Life Sciences ecosystem through tangible technologically-driven solutions

Technology and life sciences are now intertwined. We aim to bridge the gap to help life sciences and healthcare organizations achieve their mission of delivering innovation and services faster and more efficiently by enabling them to enhance patient value and improve outcomes.

Media and Entertainment: Reach and engage new audiences

With this Studio, we partner with our clients to build meaningful relationships with their customers by providing the most effective and relevant ways of creating, managing, delivering, and monetizing content.

Retail: Transforming relationships and unlocking value

Exceeding customer expectations is only part of the retail journey. There's a whole supply chain challenge behind the scenes that's critical to the sector. We boost innovation through digital retail solutions for full supply chain visibility and automation in tandem with creating phygital experiences that boost engagement for customers.

Smart Payments: empowering the future of payments

We provide strategic business and technical consultancy to help organizations analyze their payment programs, develop technical integration, and deliver experiences that are seamless, personalized, and engaging.

Hospitality & Leisure: Building experiences that create long lasting memories

Guests expect personalized, end-to-end digital interactions.. We leverage the latest trends and technologies to help companies create a frictionless customer-first approach that delivers relevant and context-appropriate experiences to their guests.

Our Digital Studios:

Agile Organizations: Enabling organizational evolution in the constant change of business.

Organizational agility is the difference between a company flourishing or disappearing. We're constantly studying the art of adaptation, perfecting tools and tactics such as evidence based management, value stream flow, and adaptive strategy cycle, which help companies successfully navigate uncertainty.

Blockchain: Driving decentralized solutions

We design and build tailored decentralized and resilient solutions that boost strategic business value enabling efficiency, immutability and transparency.

Business Hacking: Disruptive ways to create new business value

Digitalization and high consumer expectations are radically changing the way we interact with each other, and organizations who know how to manage these trends will be successful. Our business hacking framework is designed to make transformations tangible, measurable and in order to find new ways to optimize culture and business impact.

CloudOps: Helping our customers embrace their cloud transformation journey

By combining the best in cloud technologies, DevOps practices, and innovative capabilities we facilitate new and more efficient ways of doing business.

Conversational Interfaces: Humanizing the technology

Language and voice are some of the most powerful tools we've evolved for communication. We believe customers want to engage with companies in a more human way and our accelerators can make it possible.

Cultural Hacking: Powering cultural transformations

We focus on crafting cultures of empowered and innovative people that help organizations reach their purpose and business goals.

Cybersecurity: Building secure digital experiences

We help organizations create secure digital experiences by improving the maturity of software development processes. We have built proprietary security tools to enable businesses to gain better visibility into security risks and quickly take action when needed.

Data & AI: Discovering the real value of data

Using Design Thinking methodologies, we partner with companies' internal teams to discover, define, and build the best data products and data strategies to meet their business needs. Following agile methodologies, we evolve products and designs from early definitions to get them live in production, ensuring that throughout the process business stakeholders are involved and aligned with the final product.

Design: Designing relevant experiences

The Design Studio delivers quality, design, strategy, and production to address worldwide digital challenges. We base the definition of our design on the evidence of consumer behavior and observation of market trends. We create solid and relevant solutions that appeal to both users and businesses.

Digital Sales: Increasing digital sales through new marketing, data and technology.

Our Digital Sales Studio aims to solve key business problems and boost results by disrupting traditional sales and marketing processes through our end-to-end model with customer data and lead management technology.

Digital Experience Platforms: Leading consumer experience to intelligent digital journeys

Our Digital Experience Platforms Studio focuses on crafting contextualized cross-channel experiences across customer digital journeys using seamless, personalized and scalable solutions.

In the cognitive era, we believe that disruptive thinking in the search for new roads to gain consumers and the support of adaptive technologies are key to success. Within our Digital Experience Platforms studio, we help companies to find smart new ways to engage their consumers through innovative omnichannel delivery to bring their services and products to unknown spaces to them.

Digital Performance: Maximizing technology delivery

We reinvent how people, processes, and technology work together because high functioning teams produce the most valuable work product.

Digital Marketing: Making brands more engaging

The Digital Marketing Studio combines a data-driven approach with forward-thinking creativity to detect and solve organizations' most pressing, deep-rooted digital marketing challenges. By working cross-functionally and leveraging technology to design, we create and execute high-impact, innovative strategies that exceed business' goals.

Fast Code: Move faster. Deliver value.

We deliver value at a high rate by leveraging our set of flexible and ever-evolving platforms that accelerate software development. By improving time-to-value, we help our clients tackle present and future challenges.

Internet of Things: Connecting the physical world

We specialize in providing end-to-end solutions focusing on edge and IoT platform development. Our wide expertise in hardware integration and embedded software development that seamlessly merges into Cloud Platforms ecosystems blurs the boundaries between the physical and digital worlds.

We help our customers to develop new business opportunities and enhance existing products and services, bringing new ones to life.

Metaverse: We open portals into the metaverse

The Metaverse Studio focuses on opening portals to digital spaces for our customers by providing a pipeline for digital twin generation and enhanced content production systems, resulting in a presence in the different virtual online worlds. We help companies create and operate their new virtual spaces where they can extend their brand presence and product offering, which maximizes engagement with their clients and employees while reinventing their business verticals.

Product: Delivering best-in-class digital products

We help clients solve the right problems, delivering value for customers and client organizations from strategy through product delivery.

Quality Engineering: Enabling quality everywhere

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 our onshore, nearshore and offshore teams to their maximum potential.

Scalable Platforms: Enabling digital products through robust and future-proof architecture

We provide a proven path to strategize and build the digital platforms that will be the foundation of our customers' business transformation.

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.

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, that deliver the same experience in a frictionless way. Those interfaces are aware of users, from context to context and device to device. They act proactively to make the experience simpler, leaner and faster, and suggest new behaviors based on interactions. We deliver leading digital products for users, making use of tools, frameworks and components, and providing a single architecture and codebase with the right functionality in any platform.

Sustainable Business: Reinventing business through climate action and sustainable tech

We operate at the intersection of digital technology and sustainability. We offer our clients tech-based and data-driven sustainable business solutions, altogether a practice that we call "IT for Green".

Our Enterprise Platforms Studios:

Oracle: Empower companies' end-to-end sustainable value chain

We help companies evolve the end-to-end value chain with Oracle applications, cloud platforms, and next generation technologies. With 20+ years of Oracle experience in global enterprise transformation combining business consulting, AI/ML-enabled process transformation, organizational change management, and agile practices, we're highly focused on assuring revenue streams, reducing costs, and optimizing operations.

Process Optimization: efficiency driven by technology

In a fast-changing market, businesses across the world are focusing on making their operations more efficient, adaptable and resilient to increase their return on investment. By partnering with our clients to drive efficiency through technology, we reduce risk by preparing operations against uncertain events. We support business reinvention starting from the core, enhancing operations and processes, and readying the foundation of the organization for transformation.

Salesforce: Seek reinvention with through Salesforce

Using Salesforce and its technology ecosystem, we enable organizations to transform their business, drive desired outcomes, and build customer loyalty and growth. Our customer-centric, data-driven, and business-led approach helps customers create better experiences with Salesforce and augmented digital engagements with their customers, partners, and employees.

SAP: Accelerating value for enterprise-wide reinvention

Our extensive experience developing complex SAP projects help us deliver end-to-end business process transformation across an entire enterprise. Our SAP experts bring best practices in agile frameworks, enterprise-wide integration capabilities and the cutting-edge technology expertise required for business transformation.

2. Globant X

Globant X is the division of the Company focused on next-generation products and platforms that help organizations excel and reach their goals more efficiently. Acting as a guide for digital transformation, Globant X productizes ideas and accelerates from proof of concept to minimum viable product to expansion, catapulting them to in-market success.

Globant X's lineup of platforms:

- **Augoor -** Our patented AI-powered tool makes code more accessible and beneficial for developers, managers and companies by helping them to comprehend and automatically document codebases from multiple repositories.
- **MagnifAI -** Our automated testing platform leverages the power of AI to improve and simplify quality assurance in complex visual testing scenarios. This tool helps businesses meet customers' expectations with an enhanced visual experience while improving quality, lowering costs, and reducing time-to-market**.**
- **StarMeUp -** StarMeUp is a behavioral-science-based, AI-enhanced platform that helps companies optimize their culture and create a sense of meaning and belonging at work to decrease attrition and increase employee productivity.
- **WaaSabi -** WaaSabi is a Wallet-as-a-Service that allows any company to process payments and collections over WhatsApp or any other digital experience in a scalable and cost-efficient model.
- **Walmeric -** Walmeric is a lead-to-revenue management product that helps B2C companies with assisted sales to reach their business objectives through accelerated sales and marketing, increasing their conversion rate and reducing their cost per acquisition.
- **GeneXus -** GeneXus is an enterprise low-code software development platform that leverages the power of AI to automate and simplify the creation, evolution and maintenance of software solutions.
- **Navigate -** Navigate is a fast, AI-driven assessment platform for business processes, revealing data-driven insights, finding opportunities of enhancements and efficiencies, and providing real-time predictive insights.

- **BeHealthy -** BeHealthy is an innovative white-label platform that promotes wellness and brand engagement through a configurable rewards program.

- **FluentLab -** FluentLab is an accelerator platform that creates meaningful conversational experiences. It is also a powerful no-code chatbot for non-technical authors.

3. Global autonomous culture:

We have developed a software product design and development model, known as Agile Pods. It is designed to better align 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 technology decisions and reduce risk. These teams are fully responsible for creating solutions, building and sustaining features, products or platforms. Agile Pods are in constant contact with our clients and are in full control of the products we create, which augments their autonomy and ultimately propels productivity. We manage this by having the Agile Pods at the forefront of our inverted organizational chart, existing with a customer-centric and autonomous culture.

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.

Our Delivery Model

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.

Our talent and our culture

Our culture

Our culture is the foundation that supports and facilitates our distinctive approach and advances our organization forward. 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 culture 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.

Our core values are:

- **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 confront every "impossible" and 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.
- **Be kind –** This value represents our vision of doing business and conducting ourselves in an ethical manner, with integrity, and our responsibility to improve our society, transform ourselves through kindness and make the world a better place.

Our workplace embodies our culture

We reimagined and designed workplaces to enhance the overall work experience. We developed a new model office focused on where and how Globers want to work.

Globant's offices are being reshaped to meet a social purpose, providing flexibility and a wide range of options. We want to provide employees with the ability to work in different environments, feel comfortable in the way they work, and undergo a full workday without having to be in the same space constantly. Experiencing the office also means developing Globant's culture. We prioritize spaces where people can share, connect and exchange moments that would be difficult to experience if everyone was at home. We seek to consolidate a sense of belonging and continue to foster our core values.

Fostering employees' career growth

Globers who are eager to grow, expand their knowledge, and discover new possibilities have a vast number of opportunities available to them at Globant. We want to empower them to make their own decisions and contributions to the company and make the most out of these five professional development dimensions:

- **Technology -** Our more than 30 Studios consolidate experience in more than 100 emerging technologies and practices where Globers can learn, develop, specialize and stay relevant. We have numerous trainings and development opportunities that allow them to grow professionally.
- **Clients -** We have a portfolio of leading global brands that Globers can work with over the course of their career.
- **Industries -** We work with leading companies from different industries, such as media, health care, finance, travel, gaming and e-learning. This enables Globers to benefit from an in-depth look into many industries and gives them the opportunity to specialize in one.
- **Specialty -** Globers can transition their career, role or position. They can develop their career by gaining seniority in their current path or moving internally into other roles in different areas of expertise.
- **Geocultural diversity -** We encourage Globers to seek new opportunities and embrace cultural exchanges. Our Globers can work on projects with people from diverse cultures and have the chance to live an international experience. We have open positions and relocation opportunities in all of the countries where we operate.

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.

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 driving innovation. Entrepreneurship is one of our keys to success, and we encourage Globers to dream and create meaningful and rewarding experiences for our customers.

We have our own accelerator for tech startups named Globant Ventures. The objective of Globant Ventures is to promote the emergence of new entrepreneurs that are involved in cutting-edge areas of technology, such as Artificial Intelligence and other emerging trends.

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 abundantly skilled IT talent pool. According to the Science and Technology Indicator Network (Red de Indicadores de Ciencia y Tecnologia), over 345,000 engineering and technology students have graduated annually from 2012 – 2016 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 Stackoverflow, SmartPlanet and Nearshore Americas. This labor pool remains relatively untapped compared to other regions such as North America, Central and Eastern Europe and Asia. The region's professionals possess a breadth of skills that is optimally suited for providing technology services at competitive rates. 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 of The National Association of Software and Services Companies (NASSCOM), the Indian IT-BPM Industry currently employs around 4 million people. 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.

RISK FACTORS

The following summarizes the principal factors that make an investment in our company speculative or risky. The following factors could result in harm to our business, reputation, revenue, financial results, and prospects, among other impacts. 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 the 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, our operating efficiency and productivity may decrease, and we may not have the necessary resources to maintain client relationships and expand our business.
- If we are unable to achieve anticipated growth, our revenues, results of operations, business and prospects may be adversely affected.
- 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.
- 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, which could adversely affect our results of operations, financial condition and cash flows from operations.
- 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.
- 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.
- 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 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.
- 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.
- Our labor costs and the operating restrictions that apply to us could increase as a result of collective bargaining negotiations and changes in labor laws and regulations, and disputes resulting in work stoppages, strikes, or disruptions could adversely affect our business.
- Our aspirations and disclosures related to environmental, social and governance (“ESG”) matters expose us to risks that could adversely affect our reputation and performance.

Risks Related to our Global Operations

- Our results of operations could be adversely affected by economic and political conditions globally and, in particular, in the markets in which we operate.
- The governments of many countries in which we operate have exercised and may continue to exercise significant influence over those countries' economies, which could adversely affect our business, financial condition, results of operations and prospects.
- Inflation in the countries in which we operate could adversely affect our business and results of operations.
- Our business, results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates.
- Changes in the tax laws or in the interpretation or enforcement or the loss of any country-specific tax benefits could have a material adverse effect on our financial condition and results of operations.
- Our business, results of operations and financial condition may be adversely affected by the various conflicting and/or onerous legal and regulatory obligations required in the countries where we operate.

Risks Related to the Company and the Ownership of Our Common Shares

- The price of our common shares may be highly volatile.
- 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.
- 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.

STOCK INCENTIVE AND PURCHASE PLANS

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 on May 9, 2016, February 13, 2019, May 18, 2021 and June 8, 2022. Pursuant to the June 8, 2022 amendment adopted by our board of directors, we may issue stock awards up to an aggregate amount of 5,666,667 common shares under the 20214 Equity Incentive Plan. As of the date of this annual report, the number of common shares available for issuance pursuant to existing unexercised and/or unvested and future Stock Awards is 2,781,409. 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.

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. 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 compensation committee, as 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, performance awards, other stock-based awards and stock equivalent awards, or any combination of the foregoing.

In the event of any transaction resulting in a “change in control” of us, 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, in the event of a change in control, all awards, subject to certain exclusions, granted to senior executives will (a) become vested and payable in equal parts on each of the change in control completion date, and the 6th and 12th month anniversaries from such date, unless full payment is resolved by the administrator upon consummation of the change in control; (b) be paid and settled in cash immediately, if the senior executive is terminated without cause or resigns with good reason during the first year following the change in control completion date; and (c) become vested and settled in cash on the change in control completion date, if the executive is terminated without cause or resigned with good reason at any time from the date the Company was made aware of the potential change in control, and such change in control occurs within the 6 months following the executive's dismissal or resignation.

The plan will be effective until July 3, 2024. Our board of directors may amend or terminate the plan at any time. Shareholder approval is required to reprice underwater options.

From the date of the 2014 Equity Incentive Plan's adoption, we have granted to members of our senior management and certain other employees options to purchase common shares and restricted stock units ("RSUs"). On September 27, 2021, our compensation committee adopted and approved the granting of performance-based restricted stock units ("PRSUs"). Since that time, subject to limited exceptions, between 40% and 50% of the awards granted under the 2014 Equity Incentive Plan were in the form of PRSUs and between 50% and 60% were in the form of RSUs.

Each of our employee share options is exercisable for one of our common shares, and each of our RSUs and PRSUs will be settled, automatically upon its vesting, with one of our common shares. No amounts are paid or payable by the recipient upon receipt of an option, RSU or PRSU. Neither the options, nor the RSUs or PRSUs 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). Most RSUs and PRSUs under the plan were granted with a vesting period of four years, 25% becoming exercisable on or about 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 as of the grant date. Fair value is calculated using the Black-Scholes option pricing model.

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 2,248,122 common shares and 2,240,261 RSUs and PRSUs, net of any cancelled and/or forfeited awards.

In addition, on December 1, 2021, our compensation committee, as administrator, approved the granting of awards in the form of stock-equivalent units ("SEUs") and performance-based stock-equivalent units ("PSEUs") to be settled in cash or common shares, or a combination thereof, under the 2014 Equity Incentive Plan. The purpose of the granting awards in the form of stock-equivalent units is to provide an incentive to attract, retain and reward talent in the IT industry and to prompt such persons to contribute to the growth and profitability of the Company. Eligible employees will receive a grant of stock-equivalent units with a unit value equal to the market value of one common share of the Company, to be settled in cash or common shares of the Company.

Under the terms of our 2014 Equity Incentive Plan, we have granted to eligible employees 57,779 SEUs and PSEUs, net of any cancelled and/or forfeited awards, all of which were outstanding as of December 31, 2022. All stock-equivalent units were granted 50% in the form of PSEUs and 50% in the form of SEUs, each with a vesting period of four years, 25% becoming exercisable on or about each anniversary of the grant date.

There were 1,636,554, 1,223,449 and 1,521,988 stock options, RSUs and/or PRSUs outstanding as of December 31, 2022, 2021 and 2020, respectively. For 2022, 2021 and 2020, we recorded $57.1 million, $42.4 million and $24.6 million of share-based compensation expense related to these share option and restricted stock unit agreements, respectively.

2021 Employee Stock Purchase Plan

On March 1, 2021, our board of directors adopted an Employee Stock Purchase Plan (the "ESPP"). The purpose of the ESPP is to advance the interests of the Company and our shareholders by providing an incentive to attract, retain and reward our eligible employees and by motivating such persons to contribute to the growth and profitability of the Company. The ESPP provides such eligible employees with an opportunity to acquire a proprietary interest in the Company through the purchase of the Company’s common shares payable by means of payroll deductions.

In the event of a change in control, an acquiring or successor corporation may assume the Company's rights and obligations under outstanding purchase rights or substitute substantially equivalent purchase rights. If the acquiring or successor corporation does not assume or substitute for outstanding purchase rights, then the purchase date of the offering periods then in progress will be accelerated to a date prior to the change in control.

The ESPP will continue in effect until terminated by the administrator.

On March 12, 2021, the administrator approved the participation in the ESPP by several of the company's subsidiaries, pursuant to the following terms and conditions:

Eligibility. In addition to those employees excluded under the plan, trainees or college trainees and fixed-term employees will also be excluded from the plan.

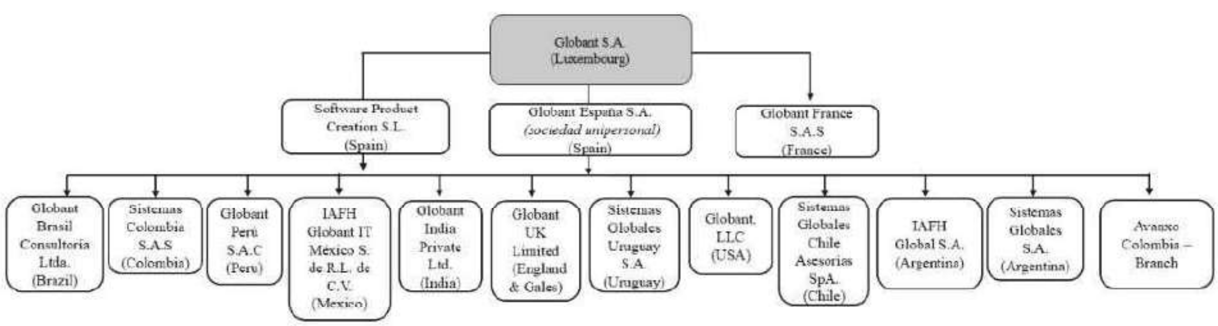
Offering periods. Each offering period will have a 6 months duration; provided that in respect to Sistemas UK Limited, Sistemas Globales Uruguay S.A. and Difier S.A., their first offering period will have a 5 months duration, commencing on April 1st, 2021; and in respect of IAFH Global S.A., Sistemas Globales S.A., Globers S.A., Dynaflows S.A., Avanxo S.A., BSF S.A., Xappia S.R.L., Decision Support S.A. and Banking Solutions S.A., the offering periods will have 1 month duration, and shall reiterate every 3 months, starting on June 1st, 2021.

Purchase price. 90% of the common shares "fair market value" (as defined in the plan). The amount to be deducted from the compensation of the participant will be in rounded percentages of not less than 1% and not more than 10%, at the participant's discretion; provided that in respect of IAFH Global S.A., Sistemas Globales S.A., Globers S.A., Dynaflows S.A., Avanxo S.A., BSF S.A., Xappia S.R.L., Decision Support S.A. and Banking Solutions S.A., the amount to be deducted from the compensation of the participant will be in rounded percentages of not less than 1% and not more than 30%, at the participant's discretion.

In connection with the plan, the administrator approved the repurchase of up to 100,000 common shares. As of the date of this annual report, the administrator has repurchased 73,500 common shares, and has delivered 46,589 common shares under the plan.

SUBSIDIARIES AND BRANCHES

The following chart is a summary of our principal subsidiaries as of December 31, 2022:



As of December 31, 2022 the Company does not have any branches.

SHARE CAPITAL

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 Luxembour*g) under number B 173 727 and have our registered office at 37A Avenue J.F. Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg.

The following is a summary of some of the terms of our common shares, based on our articles of association.

As of December 31, 2022, our issued share capital was $50,921,666.40, represented by 42,434,722 common shares with a nominal value of $1.20 each, of which 165,063 were treasury shares held by us.

We had an authorized share capital, excluding the issued share capital, of $4,184,718, consisting of 3,487,265 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 time and on such terms as our board of directors may decide during a period ending on the fifth anniversary of the extraordinary general meeting of shareholders held on April 22, 2022, which may be renewed. Accordingly, as of December 31, 2022, our board of directors may issue up to 3,487,265 common shares until such date.

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 a two-thirds majority of the vote 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 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 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).

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".

SHARE REPURCHASE

On May 31, 2019, the general meeting of shareholders of the Company granted our board of directors the authorization to repurchase a maximum number of our common shares representing 20% of our share capital. Repurchase of shares are made from time to time in open market transactions in compliance with trading conditions on Rile 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended, and applicable rules and regulations. The authorization does not require the Company to acquire any specific number or amount of shares.

On June 13, 2022 the Company entered into a 10b5-1 repurchase plan with HSBC Securities (USA), Inc., acting as agent for the Company, for the repurchase of an aggregate of up to 50,000 common shares. The 10b5-1 repurchase plan will expire on March 8, 2023.

As of December 31, 2022, the Company repurchased 46,500 shares, of which 39,136 have been applied to the ESPP. The outstanding treasury shares as of December 31, 2022 totaled 165,063, which represented 0.39% of the issued shares.

ANTI-CORRUPTION AND ANTI-BRIBERY MEASURES

We are committed with the compliance with all laws governing anti-bribery and anti-corruption activities, including all laws prohibiting improper payments, gifts or inducements of any kind to any person, including officials in the private or public sector, customers and suppliers. In 2015, we adopted an Anti-Bribery and Anti-Corruption policy aiming at ensuring full compliance by the company, its officers, directors, employees and agents with anti-corruption laws such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 and any local anti-bribery or anti-corruption laws. In addition, on January 26, 2022, we adopted a new Code of Ethics, which became effective on March 1, 2022, and introduced new important topics, including, among others, anti-money laundering provisions.

SUBSEQUENT EVENTS

The Company has evaluated subsequent events until February 15, 2023, date of approval of these consolidated financial statements, to assess the need for potential adjustments or disclosures in these consolidated financial statements in accordance with IAS 10 "Events after the reporting period". The Company doesn't have any subsequent events to report.

FINANCIAL STATEMENTS

GLOBANT S.A.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Globant S.A.

Consolidated Financial Statements for the year ended December 31, 2022

Audit report

To the Shareholders of
Globant S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Globant S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers, Société coopérative
Represented by

Electronically signed by:
Julien Melotte

Julien Melotte

Luxembourg, 28 February 2023

GLOBANT S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31, 2022	2021
Revenues	**5**	1,780,243	1,297,078
Cost of revenues	**6.1**	(1,110,848)	(802,090)
Gross profit		**669,395**	**494,988**
Selling, general and administrative expenses	**6.2**	(456,324)	(343,004)
Net impairment losses on financial assets		(6,364)	(7,551)
Profit from operations		**206,707**	**144,433**
Finance income	**7**	2,832	652
Finance expense	**7**	(16,552)	(12,708)
Other financial results, net	**7**	173	(3,923)
Financial results, net		**(13,547)**	**(15,979)**
Share of results of investment in associates	**12.2**	119	(233)
Other income and expenses, net	**8**	(395)	(3,369)
Profit before income tax		**192,884**	**124,852**
Income tax	**9.1**	(43,405)	(28,497)
Net income for the year		**149,479**	**96,355**
Other comprehensive income (loss) net of income tax effects			
Items that may be reclassified subsequently to profit and loss:			
- Exchange differences on translating foreign operations		(21,770)	(3,733)
- Net change in fair value on financial assets measured at FVOCI		(107)	1
- Gains and losses on cash flow hedges		(3,171)	11
Total comprehensive income for the year		**124,431**	**92,634**
Net income attributable to:			
Owners of the Company		148,891	96,065
Non-controlling interest		588	290
Net income for the year		**149,479**	**96,355**
Total comprehensive income for the year attributable to:			
Owners of the Company		123,044	92,344
Non-controlling interest		1,387	290
Total comprehensive income for the year		**124,431**	**92,634**

GLOBANT S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31, 2022	2021
Earnings per share			
Basic	**10**	3.55	2.35
Diluted	**10**	3.47	2.28
Weighted average of outstanding shares (in thousands)			
Basic	**10**	41,929	40,940
Diluted	**10**	42,855	42,076

The accompanying notes 1 to 35 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021
(in thousands of U.S. dollars)

	Notes	As of December 31, 2022	As of December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	**11**	292,457	427,804
Investments	**12.1**	48,408	32,581
Trade receivables	**13**	425,422	300,109
Other assets	**17**	15,197	7,855
Other receivables	**14**	70,212	49,194
Other financial assets	**18**	6,529	2,057
Total current assets		858,225	819,600
Non-current assets			
Investments	**12.1**	1,513	1,027
Other assets	**17**	10,657	8,583
Other receivables	**14**	16,316	24,263
Deferred tax assets	**9.2**	46,574	58,404
Investment in associates	**12.2**	1,337	—
Other financial assets	**18**	34,978	25,233
Property and equipment	**15**	161,733	133,373
Intangible assets	**16**	181,612	102,016
Right-of-use asset	**28**	147,311	144,581
Goodwill	**26.4**	739,204	567,451
Total non-current assets		1,341,235	1,064,931
TOTAL ASSETS		**2,199,460**	**1,884,531**
LIABILITIES			
Current liabilities			
Trade payables	**19**	88,648	63,210
Payroll and social security taxes payable	**20**	203,819	184,464
Borrowings	**21**	2,838	10,305
Other financial liabilities	**18**	59,316	63,059
Lease liabilities	**28**	37,681	25,917
Tax liabilities	**22**	23,454	18,071
Income tax payable		11,276	20,318
Other liabilities		808	955
Total current liabilities		427,840	386,299
Non-current liabilities			
Trade payables	**19**	5,445	6,387
Borrowings	**21**	861	1,935
Other financial liabilities	**18**	82,222	61,226
Lease liabilities	**28**	97,457	108,568
Deferred tax liabilities	**9.2**	11,291	1,289
Income tax payable		—	877
Payroll and social security taxes payable	**20**	4,316	—
Contingent liabilities	**23**	13,615	9,637
Total non-current liabilities		215,207	189,919
TOTAL LIABILITIES		**643,047**	**576,218**
Capital and reserves			
Issued capital		50,724	50,080
Additional paid-in capital		950,520	872,030
Other reserves		(32,242)	(6,395)
Retained earnings		538,551	389,660
Total equity attributable to owners of the Company		1,507,553	1,305,375
Non-controlling interests		48,860	2,938
Total equity		1,556,413	1,308,313
TOTAL EQUITY AND LIABILITIES		**2,199,460**	**1,884,531**

The accompanying notes 1 to 35 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in thousands of U.S. dollars except number of shares issued)

	Number of Shares Issued (1)	Issued capital	Additional paid-in capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve and cash flow hedge reserve	Attributable to owners of the Parent	Non-controlling interests	Total
Balance at January 1, 2021	**39,884,788**	**47,861**	**541,157**	**293,595**	**(2,895)**	**221**	**879,939**	**—**	**879,939**
Issuance of shares under share-based compensation plan (see note 30.1)	449,078	539	27,065	—	—	—	27,604	—	27,604
Issuance of shares under ESPP plan (note 17.3)	7,453	9	2,331	—	—	—	2,340		2,340
Issuance of shares under subscription agreement (see note 30.1)	38,879	47	9,074	—	—	—	9,121	—	9,121
Equity settled deferred consideration (note 26)	—	—	2,152	—	—	—	2,152	—	2,152
Common shares issued pursuant to the May 2021 public offering (see note 30.2)	1,380,000	1,656	284,551	—	—	—	286,207	—	286,207
Share-based compensation plan (see note 25)	—	—	29,209	—	—	—	29,209	—	29,209
Repurchase of shares (note 25.4)	(27,000)	(32)	(7,224)	—	—	—	(7,256)	—	(7,256)
Non-controlling interest arising on a business combination (note 26)	—	—	—	—	—	—	—	2,648	2,648
Put option over non-controlling interest (note 3.13.3)	—	—	(16,285)	—	—	—	(16,285)	—	(16,285)
Other comprehensive income (loss) for the year	—	—	—	—	(3,733)	12	(3,721)	—	(3,721)
Net income for the year	—	—	—	96,065	—	—	96,065	290	96,355
Balance at December 31, 2021	**41,733,198**	**50,080**	**872,030**	**389,660**	**(6,628)**	**233**	**1,305,375**	**2,938**	**1,308,313**

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in thousands of U.S. dollars except number of shares issued)

	Number of Shares Issued (1)	Issued capital	Additional paid-in capital	Retained earnings (losses)	Foreign currency translation reserve	Investment revaluation reserve and cash flow hedge reserve	Attributable to owners of the Parent	Non-controlling interest	Total
Balance at January 1, 2022	**41,733,198**	**50,080**	**872,030**	**389,660**	**(6,628)**	**233**	**1,305,375**	**2,938**	**1,308,313**
Issuance of shares under share-based compensation plan (see note 30.1)	360,680	433	35,641	—	—	—	36,074	—	36,074
Issuance of shares under ESPP plan (note 25.4)	39,136	47	8,934	—	—		8,981	—	8,981
Issuance of shares under subscription agreement (see note 30.1)	183,145	220	35,636	—	—	—	35,856	—	35,856
Share-based compensation plan (see note 25)	—	—	6,605	—	—	—	6,605	—	6,605
Repurchase of shares (note 25.4)	(46,500)	(56)	(9,260)	—	—	—	(9,316)	—	(9,316)
Put option over non-controlling interest (note 3.13.3)	—	—	934	—	—	—	934	(934)	—
Non-controlling interest arising on a business combination (note 26)	—	—	—	—	—	—	—	45,469	45,469
Other comprehensive income (loss) for the year	—	—	—	—	(21,770)	(3,278)	(25,847)	799	(25,048)
Net income for the year	—	—	—	148,891	—	—	148,891	588	149,479
Balance at December 31, 2022	**42,269,659**	**50,724**	**950,520**	**538,551**	**(28,398)**	**(3,045)**	**1,507,553**	**48,860**	**1,556,413**

(1) All shares are issued, authorized and fully paid. Each share is issued at a nominal value of $1.20 per share and entitles to one vote.

The accompanying notes 1 to 35 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in thousands of U.S. dollars)

	For the year ended December 31,	
	2022	2021
Cash flows from operating activities		
Net income for the year	149,479	96,355
Adjustments to reconcile net income for the year to net cash flows from operating activities:		
Share-based compensation expense	60,251	37,031
Current income tax (note 9.1)	44,756	53,319
Deferred income tax (note 9.1)	(1,351)	(24,822)
Depreciation of property and equipment (note 15)	25,324	19,799
Depreciation of right-of-use assets (note 28)	35,244	23,833
Amortization of intangible assets (note 16)	47,365	36,654
Impairment of intangible assets (note 16)	1,017	80
Net impairment losses on financial assets	6,364	7,551
Remeasurement at fair value of investment in associates	—	(1,538)
Allowance for claims and lawsuits (note 23)	1,871	5,769
(Gain) Loss on remeasurement of contingent consideration and call/put option over non-controlling interest (note 29.9.1)	(1,147)	4,694
Gain on transactions with bonds (note 3.18)	(13,883)	(708)
Accrued interest	11,203	9,828
Interest received	2,686	585
Net loss arising on financial assets measured at FVPL	7,537	8,537
Net (gain) loss arising on financial assets measured at FVOCI	(165)	130
Exchange differences	4,648	(5,708)
Share of results of investment in associates	(119)	233
Payments related to forward and future contracts	(6,242)	(1,692)
Proceeds related to forward and future contracts	3,918	1,368
Payments of remeasured earn-outs related to acquisition of business	(4,467)	—
Gain arising from lease disposals	—	(643)
Loss arising from property and equipment and intangibles derecognition	1,632	—
Changes in working capital:		
Net increase in trade receivables	(104,315)	(93,019)
Net increase in other receivables	(21,021)	(21,149)
Net (increase) decrease in other assets	(9,416)	(1,338)
Net (decrease) increase in trade payables	(2,651)	10,870
Net increase in payroll and social security taxes payable	13,398	66,670
Net increase in tax liabilities	264	4,595
Utilization of provision for contingent liabilities (note 23)	(1,750)	(8,113)
Income tax paid	(52,906)	(50,197)
Net cash provided by operating activities	**197,524**	**178,974**
Cash flows from investing activities		
Acquisition of property and equipment (2)	(47,063)	(42,766)
Proceeds from disposals of property and equipment and intangibles	—	1,249
Acquisition of intangible assets (3)	(48,367)	(34,868)
Acquisition of investment in sovereign bonds	(24,883)	(5,990)
Proceeds from investment in sovereign bonds	38,766	6,698
Payments related to forward and future contracts	(25,561)	(13,534)
Proceeds related to forward and future contracts	12,511	3,923
Acquisition of investments measured at FVPL	(414,950)	(238,991)
Proceeds from investments measured at FVPL	393,059	230,236
Acquisition of investments measured at FVOCI	(264,992)	(49,965)
Proceeds from investments measured at FVOCI	269,102	44,976

(in thousands of U.S. dollars)

Payments to acquire equity instruments	(5,148)	(5,762)
Payments to acquire investments in associates	(500)	(1,389)
Acquisition of investment in convertible notes (note 29)	(2,667)	(2,772)
Acquisition of business, net of cash (note 26) (1)	(126,370)	(144,503)
Payments of earn-outs related to acquisition of business	(22,241)	(19,422)
Net cash used in investing activities	**(269,304)**	**(272,880)**

	For the year ended December 31,	
	2022	**2021**
Cash flows from financing activities		
Proceeds from the issuance of common shares pursuant to May 2021 and June 2020 Public Offering, net of costs	—	286,207
Proceeds from the issuance of shares under the share-based compensation plan (note 30.1)	3,508	6,612
Proceeds from the issuance of shares under the ESPP plan	8,981	2,340
Repurchase of shares	(9,316)	(7,256)
Payment of call/put-option over non-controlling interest	(5,166)	—
Proceeds from borrowings (note 21)	—	13,500
Repayment of borrowings (note 21)	(8,269)	(29,384)
Payments of principal portion of lease liabilities (note 28)	(30,564)	(21,786)
Payments of lease liabilities interest (note 28)	(6,822)	(5,415)
Interest paid (note 21)	(2,491)	(832)
Payments of installments related to acquisition of business	(15,541)	—
Net cash (used in) provided by financing activities	**(65,680)**	**243,986**
(Decrease) increase in cash and cash equivalents	(137,460)	150,080
Cash and cash equivalents at beginning of the year	427,804	278,939
Effect of exchange rate changes on cash and cash equivalents	2,113	(1,215)
Cash and cash equivalents at end of the year	292,457	427,804

(1) Cash paid for assets acquired and liabilities assumed in the acquisition of subsidiaries net of cash acquired (note 26):

Supplemental information		
Cash paid	172,445	161,107
Less: cash and cash equivalents acquired	(46,075)	(16,604)
Total consideration paid net of cash and cash equivalents acquired	**126,370**	**144,503**

As of December 31, 2022, the Company issued 135,096 common shares for a total amount of 25,531, according to the subscription agreement included in the stock purchase agreement, these were non-cash transactions. As of December 31, 2021, the Company issued 27,962, common shares for a total amount of 6,621, according to the subscription agreement included in the stock purchase.

(2) In 2022 and 2021, there were 16,225 and 10,129 of acquisition of property and equipment financed with trade payables, respectively. In 2022 and 2021, the Company paid 10,129 and 1,515 related to property and equipment acquired in 2021 and 2020, respectively.

(3) In 2022 and 2021 there were 1,984 and 3,662 of acquisition of intangibles financed with trade payables, respectively. In 2022, and 2021, the Company paid 3,662 and 285 related to intangibles acquired in 2021 and 2020, respectively.

The accompanying notes 1 to 35 are an integral part of these consolidated financial statements

NOTE 1 – COMPANY OVERVIEW AND BASIS OF PRESENTATION

Globant S.A. is a digitally native company organized in the Grand Duchy of Luxembourg, primarily engaged in helping organizations to reinvent themselves and unleash their potential (hereinafter the "Company" or "Globant" or "Globant Group"). Globant is the place where innovation , design and engineering meet scale.

The Company's principal operating subsidiaries and countries of incorporation as of December 31, 2022 were the following:

Country	Company
Argentina	Sistemas Globales S.A.
Argentina	Decision Support S.A.
Argentina	IAFH Global S.A.
Brazil	Globant Brasil Consultoria LTDA
Chile	Sistemas Globales Chile Asesorías Limitada
Colombia	Sistemas Colombia S.A.S.
India	Globant India Private Limited
Mexico	IAFH Globant IT Mexico S. de R.L. de C.V.
Peru	Globant Peru S.A.C
Spain	Software Product Creation, S.L.
United Kingdom	Globant UK Limited
United States of America	Globant LLC
United States of America	Grupo Assa Corp
United States of America	Globant IT Services
Uruguay	Sistemas Globales Uruguay S.A.

The Company also has centers of software engineering talent and educational excellence, primarily across Latin America.
Most of the revenues are generated through subsidiaries located in the U.S. The Company's workforce is mainly located in Latin America and to a lesser extent in India, Europe and the U.S.

The Company's registered office address is 37A Avenue J.F. Kennedy L-1855, 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 adopted by European Union ("EU"). 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 otherwise stated in the accounting policies in the Note 3.

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 and endorsed by EU that are relevant to its operations and that are mandatorily effective at December 31, 2022. The impact of the new and revised standards and interpretations mentioned on these consolidated financial statements is described as follows.

The Company has adopted the following standards and interpretation that became applicable for annual periods commencing on or after January 1, 2022:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment — Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	*Annual Improvements to IFRS Standards 2018-2020*

Those amendments did not have any material impact on the Company's accounting policies and did not require retrospective adjustments.

As of December 31, 2021, the Company's interest rate swaps that bear interest based on LIBOR include a clause that provides alternative interest rates in the case of a discontinuity of LIBOR.

- **New accounting pronouncements**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet mandatorily effective:

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* [1]

[1] Effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

• On September 22, 2022, IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' specifying the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

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. This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company has not opted for early application.

This amendment have not been endorsed by the EU yet.

• On October 31, 2022, IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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. This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company has not opted for early application.

This amendment have not been endorsed by the EU yet.

The following standards and interpretation will become applicable for annual periods commencing on or after January 1, 2023:

Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

• On February 12, 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' providing a new definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.

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. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company has not opted for early application.

• On February 12, 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' to help preparers in deciding which accounting policies to disclose in their financial statements.

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. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company has not opted for early application.

• On May 7, 2021, the International Accounting Standards Board (the "IASB") issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on 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. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company has not opted for early application.

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. 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.

Acquired companies are accounted for under the acquisition method whereby they are included in the consolidated financial statements from their acquisition date.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Acquisitions

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.

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 acquisitions and will be recognized as 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 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, 2022 and 2021.

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 to 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 a single performance obligation satisfied over time, using an input method based on hours 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 applying the input or output methods depending on the nature of the project and the agreement with the customer, 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, or recognizing revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract, respectively. Each method is applied according to the characteristics of each contract and client. The inputs and outputs are selected based on how faithfully they depict the Company's performance towards complete satisfaction of the performance obligation.

These methods are followed where reasonably dependable estimates of revenues and costs can be made. Fixed-price projects generally correspond to short-term contracts. 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 comprehensive income. Contract losses for the periods presented in these consolidated financial statements were immaterial.

The Company provides hosted access to software applications for a subscription-based fee. The revenue from these subscriptions contracts is recognized at a point in time, given that the performance obligation is satisfied when the contract is signed by the customer and the Company. In some cases, as subscriptions resales, the Company acts as an agent because the performance obligation is to arrange for the service to be provided to the customer by another party (the owner of the software applications). Consequently, the revenue is measured as the amount of the commission, which is the net amount of consideration that the Company retains after paying the other party the consideration received in exchange for the services to be provided by that party.

3.4 – Leases

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets (assets with a value of 5 or less when new). For these leases, the Company recognizes the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right–of–use asset) whenever:

1. the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
2. the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
3. a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company made adjustments related to leases that are subject to changes in the consumer price index. As of December 31, 2022 and 2021, such adjustments amounted to 1,762 and 1,113 respectively.

Right-of-use asset are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs and restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right–of-use asset.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.10.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a value of 5 or less when new.

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options and periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

3.5 – Foreign currencies

The functional currency of the Company and most of its subsidiaries is the U.S. dollar, except for some subsidiaries where their functional currency is their respective local currency considering it is the primary economic environment in which the subsidiary operates.

In preparing these consolidated financial statements, transactions in currencies other than the functional currency ("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 the subsidiaries with a functional currency other than the U.S. dollar, assets and liabilities are translated at current exchange closing rates at the date of that balance sheet, 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 equity.

Accounting standards are applied on the assumption that the value of money (the unit of measurement) is constant over time. However, when the rate of inflation is no longer negligible, a number of issues arise impacting the true and fair nature of the accounts of entities that prepare their financial statements on a historical cost basis. To address such issues, entities apply IAS 29 Financial Reporting in Hyperinflationary Economies from the beginning of the period in which the existence of hyperinflation is identified. Based on the statistics published on July 17, 2018, Argentina's economy started to be considered hyperinflationary. As of December 31, 2022 and 2021, the 3-year cumulative rate of inflation for consumer prices in Argentina is 300% and 216%, respectively. As of December 31, 2022 and 2021, the Company assessed that the effects of inflation are not material to the financial statements, since the most significant Argentine subsidiaries have the U.S. dollars as their functional currency, except for Globers S.A.

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 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 date of issuance. 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, is subject to a corporate income tax rate of 17% on taxable income exceeding EUR 200, leading to an overall tax rate of 24.9% in Luxembourg (taking into account the solidarity surtax of 7% on the CIT rate, and including the 6.8% municipal business tax rate applicable).

The holding company located in Spain 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"). Globant España

S.A was registered in 2008. Under the ETVE regime, dividends distributed from its foreign subsidiaries as well as any gain resulting from disposal are subject to 95% of tax exemption effective from January 1st, 2020. In order to be entitled to the benefit, among other requirements, the main activity of the entities 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. As of December 31, 2021 and 2022 the Spanish Holding company did not receive dividends distributions. If this tax exemption would not apply partially, the applicable tax rate should be 25%. The Company´s Spanish subsidiaries are subject to a 25% corporate income tax rate.

Starting fiscal year 2021, Argentina has progressive system of corporate income tax rates ranging from 25% to 35% .

On May 22, 2019, the Argentine Congress enacted Law No. 27,506 ("Ley de Economía del Conocimiento"), which provides a promotional regime for the Knowledge Economy, which was modified by means of Law No. 27,570, published on October 26, 2020 ("Knowledge based Economy Law"). The Knowledge based Economy Law is valid from January 1, 2020 - for the legal entities adhered to the Software Promotion Law- and from the publication of the Law No. 27,570 for other entities, and in both cases until December 31, 2029, and aims to promote economic activities that apply knowledge and digitization of information, supported by advances in science and technology, to obtain goods and services and improve processes.

The entities IAFH Global S.A, Sistemas Globales S.A, BSF S.A, Decision Support S.A and Atix S.A. were beneficiaries of the Software Promotion Law and expressed the willingness to continue in the regime under the Knowledge based Economy Law, accordingly. Once the formalities established for this purpose are fulfilled, the entities will be incorporated in the National Registry of Beneficiaries, and will enjoy the benefits of the Knowledge Economy Law retroactively from January 1st, 2020.

The beneficiaries of the regime will enjoy the following benefits:

– Stability in the enjoyment of benefits.
– Beneficiaries who carry exports within the promoted activity, are not subject to any withholding and/or collection VAT regimes.
– A reduced corporate income tax rate applied to the promoted activities. The reduction is applied on the general tax rate as follows: (i) 60% for micro and small enterprises, (ii) 40% for medium-sized enterprises, and (iii) 20% for large enterprises.
– In addition, beneficiaries will be allowed to deduct as an expense, the withholding tax paid of foreign taxes, if the taxed income constitutes an Argentine source of income.
– A non-transferable tax credit of up to 70% of amounts paid for certain social security taxes (contributions) for the employees associated with the promoted activities. The credit may be offset against value-added tax liabilities within 24 months of its issuance (which can be extended for an additional 12 months with justified cause). Beneficiaries that carry out exports are authorized to use the credit against income tax liabilities in the percentage of exports reported at the time of registration. The credit will be increased to 80% to newly-onboarded employees that are: (a) women, (b) transsexual and transgender persons, (c) professionals with graduate studies in engineering, exact or natural sciences, (d) individuals with disabilities, (e) individuals who reside in unfavorable areas and/or provinces with lower relative development, (f) individuals who, before being employed, were beneficiaries of welfare programs, among other groups of interest to be added by the enforcement authority.
- The beneficiaries that export at least 70% of its annual sales originated in the promoted activities, will be allowed to transfer for one time the credit, up to an amount equivalent to the percentage of exports for each period
– A 0% rate of export duties applicable to the export of services promoted by the Law.

The entities Atix Labs S.RL., Decision Support S.A, BSF S.A , IAFH Global S.A and Sistemas Globales S.A., were approved as beneficiaries of the Knowledge Economic Law by the Subsecretary of Knowledge Economy and incorporated into the National Registry on July 8, 2021, September 24, 2021, October 15, 2021, December 14, 2021 and February 8, 2022.

Decision Support S.A is considered as a medium- size enterprise with a reduction of 40% on the income tax rate while BSF S.A and Atix Labs S.R.L are considered a micro and small enterprise with a 60% of reduction. Sistemas Globales S.A. and IAFH Global S.A are considered as a large enterprise. For this company the benefit is a reduction of 20%.

On June 16, 2021, the Argentine Government enacted an income tax reform (Law No. 27,630), which increases the corporate income tax rate for tax years commencing on or after January 1, 2021. The law replaced the previous 30% tax rate with a progressive tax scale that applies as follows: a) for accumulated net taxable income up to 5,000,000 Argentine Pesos: 25% tax rate on net taxable income, b) for accumulated net taxable income from 5,000,000 Argentine Pesos to 50,000,000 Argentine: a tax payment of 1,250,000 Argentine Pesos plus a 30% tax rate on accumulated net taxable income on any amount exceeding 5,000,000 Argentine Pesos, c) for accumulated net taxable income exceeding 50,000,000 Argentine Pesos: a tax payment of 14,750,000 Argentine Pesos plus a 35% tax rate on accumulated net taxable income on any amount exceeding 50,000,000 Argentine Pesos. Apart from that, the Law permanently extends the 7% withholding tax for dividend distributions.

The Company's Argentine subsidiaries, Globers S.A., Dynaflows S.A. and KTBO S.A. are subject to a corporate income tax rate under a progressive tax scale as they are not included within the Software Promotion Regime nor Knowledge Economy Regime.

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. The net income arising under Sistemas Globales Uruguay S.A. for years ended in December 2022, 2021 and 2020 were 49,806, 18,835 and 29,818, respectively. The Company's Uruguayan subsidiary Difier S.A., Genexus S.A and Kurfur S.A are located outside tax-free zone and according to Article 161 bis of Decree No. 150/007 the software development services performed are exempt from income tax.

The Colombian subsidiaries are subject to federal corporate income tax at the rate of 35%. Until December 31, 2021 the federal corporate income tax rate was 31%.

On September 14 2021, the Colombian Government enacted the "Ley de Inversión Social" (Law No. 2,155), which introduces a tax reform. Among other things, the law increases the corporate income tax rate to 35% for tax years commencing on or after January 1, 2022. This rate applies to Colombian entities, permanent establishments in Colombia and foreign taxpayers with Colombian-source income that must file income tax returns in Colombia.

The Company's U.S. subsidiaries are subject to U.S. federal income tax at the rate of 21%.

The Company's Chilean subsidiary Sistemas Globales Chile Ases. Ltda. is subject to corporate income tax at the rate of 27%.

The Company's Brazilian subsidiaries apply 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 Brazilian real for the years 2017 and onwards.

The Company's Mexican subsidiaries are 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. Starting August 3, 2017, one of the development center located in Pune is eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years, 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.

On February 1, 2018, the Finance Minister presented the Union Budget 2018-19. A reduction in the corporate tax rate was proposed for companies with an annual turnover of up to Rupees (Rs) 2,5 billion. In such case, the tax rate is 25% plus surcharge. Globant India Private Limited is eligible for the lower corporate tax rate.

The Indian Government introduced in September, 2019, a slew of measures through the Taxation Laws (Amendment) Ordinance, to make certain amendments in the Income-tax Act 1961 and the Finance (No.2) Act 2019.

Under the new measures, any domestic company will be able to choose to be taxed at the rate of 22% if, among other things, reject the SEZ tax holidays. Thus, the effective tax rate for these companies shall be 25.17% inclusive of surcharge & cess. Domestic companies are required to exercise the option to claim the lower tax rate from AY 2020-21 onwards in the prescribed form and manner, once the option is made it cannot be withdrawn for any subsequent year. Also, such companies shall not be required to pay Minimum Alternate Tax ('MAT').

The Company's subsidiary located in Belarus is resident of the High Technology Park ("HTP"). HTP residents are exempted from corporate income tax and VAT.

On December 21, 2017 the President of the Republic of Belarus published Decree N° 8 that extends the duration of the HTP's tax incentives and the special legal regime until January 1, 2049. The Company will be benefited by the exemption as long as the regime is valid.

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 the initial recognition of 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.

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.

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, except for deferred income tax arising from the share-based compensation plan, for the deferred income tax arising from hedge instruments and for the translation of deferred tax assets and liabilities arising from subsidiaries with functional currencies other than U.S. dollar.

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).

3.7.1.3 – Uncertain tax treatments

The Company determines the accounting for tax position when there is uncertainty over income tax treatments as follows. First, the Company determines whether uncertain tax positions are assessed separately or as a group; and then, the Company assesses whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the Company determines its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If not, the Company reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method. The Company discloses in note to the consolidated financial statements certain matters related to the interpretation of income tax laws for which there is a possibility that a loss may have been incurred.

As of December 31, 2022 and 2021, there are certain matters related to the interpretation of income tax laws for which there is a possibility that a loss may have been incurred (assessed as not probable), as of the date of the financial statements in accordance with IFRIC 23 in an amount of 5,119 and 4,937, related to assessments for the fiscal years 2016 to 2022 and 2015 to 2021, respectively. No formal claim has been made for fiscal years within the statute of limitation by Tax authorities in any of the mentioned matters, however those years are still subject to audit and claims may be asserted in the future.

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. As of December 31, 2022, the Company has derecognized property and equipment for an amount of 101.

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, customer contracts, non-compete agreements, platforms and cryptocurrencies. 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.

3.9.1.1 - Cryptocurrencies

The Company accounts for its crypto assets as indefinite-lived intangible assets in accordance with IAS 38 "Intangible Assets". Bitcoin, Ethereum and Stable Coin are cryptocurrencies that are considered to be an indefinite lived intangible asset because they lack physical form and there is no limit to its useful life, they are not subject to amortization but they are tested for impairment.

The Company's crypto assets are initially recorded at cost. Subsequently, they are measured at cost, net of any impairment losses incurred since acquisition. The Company performs monthly analysis to identify possible impairment. If the carrying value of the crypto asset exceeds the fair value based on the quoted price in the active exchange market, the Company will recognize an impairment loss equal to the difference between the fair value and the book value in the consolidated statement of comprehensive income. Gains, if any, will not be recognized until realized upon sale in the consolidated statement of comprehensive income. Further details are disclosed in note 16. As of December 31, 2022 and 2021, the Company has recognized a loss of 1,017 and 80 as impairment, respectively.

3.9.2 – Intangible assets acquired in a business combination

Intangible assets acquired in a business combination (customer relationships, customer contracts, non-compete agreements, software and platforms) 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 if any, 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 (including employee costs and an appropriate proportion of overheads) 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.

Capitalized intangible assets are amortized from the point at which the asset is ready for use. 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. Costs associated with maintaining software programs are recognized as an expense as incurred.

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. As of December 31, 2022 and 2021, the Company has derecognized intangible assets for an amount of 1,531 and 412, respectively.

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.

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 comprehensive income for the year.

As of December 31, 2020 the Company recorded an impairment loss of 83. As of December 31, 2022 and 2021 the Company did not recognize impairments related to internally-generated intangible assets.

3.11 – Contingent liabilities

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 advisers.

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

On initial recognition, a financial asset is classified as measured at: (i) amortized cost (ii) fair value through other comprehensive income (FVOCI) or (iii) fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

3.12.1 – Amortized cost and effective interest method

A financial asset is measured at amortized cost if both of the following conditions are met, and if it is not designated as at FVPL:

- It is held within a business model whose objective is to hold financial assets to collect contractual cash flow;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 measured at FVOCI

A financial asset is measured at FVOCI if both of the following conditions are met, and if it is not designated as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The change in fair value of financial assets measured at FVOCI is accumulated in the investment revaluation reserve until they are derecognized. When a financial asset measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

3.12.3 – Financial assets measured at FVPL

All financial assets not classified as measured at amortized cost or FVOCI as described above, are measured at FVPL.

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 'Other financial results, net' line.

3.12.4 - Derivative financial instruments

The Company enters into foreign exchange forward contracts and swaps. 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 immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset. The impact of the futures and forward contracts on the Company's financial position is disclosed in note 29. A derivative is presented as a non–current asset or a non–current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Movements in the hedging reserve in equity are detailed in note 30.3.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'Other financial results, net' line item. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

3.12.5 - 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.

3.12.6 – Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets, other than those at FVTPL. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime expected credit losses ("ECL") for trade receivables, using a simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.
Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment, unless the Company has reasonable and supportable information that demonstrates otherwise.

Definition of default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due, unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
a. significant financial difficulty of the issuer or the borrower;
b. a breach of contract, such as a default or past due event;
c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
e. the disappearance of an active market for that financial asset because of financial difficulties; or
f. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Write-off policy

Financial assets' carrying amounts are reduced through the use of an allowance account on a case-by-case basis. When a financial asset is considered uncollectable, 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.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data, adjusted by forward-looking information as described above. The exposure of default is represented by the asset's gross carrying amount at the reporting date.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Financial assets other than trade receivables, have been grouped at the lowest levels for which there are separately identifiable cash flows.

No significant changes to estimation techniques or assumptions were made during the reporting period.

3.12.7 – 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 collateralized borrowing for the proceeds received.

As of December 31, 2022 and 2021 the Company incurred in a collection in advance benefit that some clients offer with JP Morgan for a total amount of 2,594 and 1,568, respectively. The Company considers that it has substantially transferred the risks and rewards intrinsic to these receivables to the bank and therefore they were derecognized.

3.12.8 – Convertible Notes

The Company recognizes convertible notes measured at their fair value using the market approach which consist in using price and relevant information generated by market transactions involving identical or comparable assets, liabilities or group of assets and liabilities, such as a business.

As of December 31, 2022 and 2021, the fair value of the loan agreement amounted to 2,491 and 1,267 disclosed as other financial assets current, respectively, and 4,193 and 2,608 disclosed as other financial assets non-current, respectively.

3.12.8.1 Convertible notes - Globant España

As of December 31, 2022, Globant España S.A, maintains 12 note purchase agreements with Linked Ai, Polemix Inc, MessageLOUD, Inc., LookApp S.A.S, UALI Holding Limited, B2CHAT S.A.S, Avancargo Corp, Poderio S.A.S, Vozy, Inc and Drixit Technologies Inc. (the "startups"), pursuant to which Globant España S.A. provided financing facility for a total amount of 5,780. Interest on the entire outstanding principal balance is computed at annual rates ranging from 2% to 8%. Globant España S.A. has the right to convert all or any portion of the outstanding principal into equity interests of the startups.

3.12.8.2 Convertible notes - Sistemas Globales

As of December 31, 2022, Sistemas Globales S.A. maintains, since its merger with Globant Ventures SAS, 5 note purchase agreements with Interactive Mobile Media S.A. (CamonApp), AvanCargo Corp., TheEye S.A.S., Robin and Woolabs S.A. (the "startups"), pursuant to which Sistemas Globales S.A. provided financing facility for a total amount of 904. Interest on the entire outstanding principal balance is computed at annual rates ranging from 5% to 12%. Sistemas Globales S.A. has the right to convert all or any portion of the outstanding principal into equity interests of the startups.

3.12.9 – Equity Instruments

The Company recognizes equity instruments measured at their fair value using the market approach which consist in using price and relevant information generated by market transactions involving identical or comparable assets, liabilities or group of assets and liabilities, such as a business.

As of December 31, 2022 and 2021, the fair value of equity instruments amounted to 27,521 and 22,088 disclosed as other financial assets non-current.

3.13 – Financial liabilities and equity instruments issued by the Company

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.

Put option over non-controlling interest in subsidiary

On July 8, 2021 the Company entered into a put and call option agreement with the non-controlling shareholders over the remaining twenty percent (20%) over Walmeric Soluciones, S.L., which can be exercised by the non-controlling shareholders from March 1, 2022 till March 1, 2024. The Company did not recognized the call option since it was immaterial.

The amount that may become payable under the option on exercise is initially recognized at the present value of the redemption amount within other financial liabilities with a corresponding charge directly to equity. The charge to equity is recognized separately as written put options over non-controlling interests.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

During 2022 the sellers of Walmeric exercised their put option for the 6% over the non-controlling interest for a total consideration of 5,166.

As of December 31, 2022, the Company has recognized as current and non-current other financial liabilities the written put option for an amount 3,871 and 5,515, respectively, equal to the present value of the redemption amount. As of December 31, 2021, the Company has recognized as non-current other financial liabilities the written put option for an amount 15,423, equal to the present value of the redemption amount. Changes in the measurement of the gross obligation will be recognized in the statement of comprehensive income.

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 and time deposits as disclosed in note 11.

3.15 – Reimbursable expenses

Out-of-pocket and travel expenses are recognized as expense in the statements of comprehensive income in the year they are incurred. Reimbursable expenses are billed to customers and presented within the line item "Revenues" in the statements of comprehensive income for the year.

3.16 - Share-based and cash-settle compensation plan

The Company has a share-based and cash-settle compensation plan for executives and employees of the Company and its subsidiaries. Equity-settled share-based and cash-settle 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 and cash-settle transactions are set forth in note 25.

The fair value determined at the grant date of the equity-settled share-based payments is recognized to spread the fair value of each award over the vesting period on a straight-line basis, based on the Company's estimate of equity instruments that will potentially vest, with a corresponding increase in equity. Cash-settle are recorded as liabilities and adjusted to fair value at the end of each reporting period.

3.17 – 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, the gains and losses related to the valuation of the financial assets measured at fair value through other comprehensive income and the effective portion of changes in the fair value of derivatives hedging instruments that are designated and qualify as cash flow hedges.

3.18 – Gain on transactions with bonds

During the year ended December 31, 2022 and 2021, the Company's Argentine subsidiaries, through cash received from intercompany loans and repayments of intercompany loans, acquired Argentine sovereign bonds in the U.S. market denominated in U.S. dollars.

After acquiring these bonds, the Company's 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, 2022 and 2021 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 Argentine subsidiaries' functional currency, thus, as a result, the Company 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 year ended December 31, 2022 and 2021, the Company recorded a gain amounting to 13,883 and 708, respectively, due to the above mentioned transactions that were disclosed under the caption "Other financial results, net" in the consolidated statements of comprehensive income.

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.

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. Income taxes

   Determining the consolidated provision for income tax expenses, deferred income tax assets and liabilities requires judgment. The provision for income taxes is calculated over the net income of the company and is inclusive of federal, local and state 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.

   The Company evaluates the uncertain tax treatment, such determination requires the use of significant judgment in evaluating the tax treatments and assessing the timing and amounts of deductible and taxable items, see note 3.7.1.3.

2. Impairment of trade receivables

The Company measures ECL using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As of December 31, 2022 and 2021, the Company recorded an impairment for an amount of 6,364 and 5,323, respectively, and a recovery for an amount of 107 as of December 31, 2020, using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As of December 31, 2021 and 2020, the Company has recognized and additional impact related to COVID-19 pandemic, see note 32.

3. 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, the Company estimates the fair value of an asset or a liability by converting future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 29.8.

4. Contingent Liabilities

Provisions are recognized according to the following conditions: (i) the Company has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that the Company will be required to settle the obligation; and (iii) 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.

5. Purchase price allocation

The acquisition method of accounting is use to account for all acquisitions. Under this method, assets acquired and liabilities assumed 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, the Company estimates the fair value of an asset or a liability by converting future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 29.8.

Management applied significant judgement in estimating the fair value of the identifiable intangible assets acquired, which involved the use of significant estimates and assumptions with respect to the timing and amounts of cash flow projections, revenue growth rates, customer attrition rates and discount rates.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 5 – REVENUE

The following tables present the Company's revenues disaggregated by type of contracts, by revenue source regarding the industry vertical of the client and by currency. The Company provides technology services to enterprises in a range of industry verticals such as banks, financial services and insurance, media and entertainment, professional services, consumer, retail and manufacturing, technology and telecommunications, travel and hospitality and health care. The Company understands that disaggregating revenues into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenues may be affected by economic factors. However, this information is not considered by the chief operating decision-maker to allocate resources and in assessing financial performance of the Company. As noted in the business segment reporting information in note 27, the Company operates in a single operating and reportable segment.

	For the year ended December 31,	
By Industry vertical	**2022**	**2021**
Media and Entertainment	376,134	272,703
Banks, Financial Services and Insurance	359,940	308,227
Consumer, Retail & Manufacturing	254,500	197,620
Technology & Telecommunications	250,299	155,665
Professional Services	235,553	167,997
Travel & Hospitality	139,170	87,567
Health Care	128,669	96,334
Other Verticals	35,978	10,965
TOTAL	**1,780,243**	**1,297,078**

	For the year ended December 31,	
By Currency(*)	**2022**	**2021**
United States dollar (USD)	1,415,226	977,349
European euro (EUR)	116,469	111,177
Mexican peso (MXN)	57,526	40,064
Argentine peso (ARS)	57,329	47,039
Chilean peso (CLP)	42,568	57,610
Pound sterling (GBP)	31,445	20,565
Brazilian real (BRL)	30,886	23,850
Peruvian Sol (PEN)	13,435	9,058
Colombian peso (COP)	12,971	9,803
Others	2,388	563
TOTAL	**1,780,243**	**1,297,078**

(*) Billing currency.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	For the year ended December 31,	
By Contract Type	**2022**	**2021**
Time and material contracts	1,472,894	1,062,171
Fixed-price contracts	273,344	218,846
Subscription	33,963	16,039
Others	42	22
TOTAL	**1,780,243**	**1,297,078**

NOTE 6 – COST OF REVENUES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

6.1 - Cost of revenues

	For the year ended December 31,	
	2022	**2021**
Salaries, employee benefits and social security taxes	(1,014,469)	(745,307)
Professional services	(37,293)	(23,989)
Depreciation and amortization expense	(13,510)	(10,730)
Travel and housing	(11,057)	(4,950)
Depreciation expense of right-of-use assets	(9,802)	(3,392)
Office expenses	(8,817)	(6,607)
Promotional and marketing expenses	(4,111)	(687)
Shared-based compensation expense	(4,917)	(3,568)
Recruiting, training and other employee expenses	(3,150)	(2,860)
Share-based compensation expense - Cash settled	(3,722)	—
TOTAL	**(1,110,848)**	**(802,090)**

6.2 - Selling, general and administrative expenses

	For the year ended December 31,	
	2022	**2021**
Salaries, employee benefits and social security taxes	(173,472)	(139,307)
Depreciation and amortization expense	(59,179)	(45,723)
Share-based compensation expense	(52,144)	(38,849)
Professional services	(40,546)	(30,947)
Depreciation expense of right-of-use assets	(25,442)	(20,441)
Office expenses	(24,992)	(18,298)
Promotional and marketing expenses	(26,976)	(10,299)
Taxes	(17,609)	(13,260)
Travel and housing	(17,159)	(5,414)
Recruiting, training and other employee expenses	(10,346)	(11,575)
Rental expenses	(7,448)	(6,045)
Legal claims	(241)	(2,846)
Share-based compensation expense - Cash settled	(770)	—
TOTAL	**(456,324)**	**(343,004)**

6.3 - Fees agreed with the auditor

The following table provides information on the aggregate fees for the services provided by our auditor, PricewaterhouseCoopers, Société coopérative, for the years 2022 and 2021, classified by type of service rendered for the periods indicated, in thousands of dollars:

	2022	2021
	($ in thousands)	
Audit Fees [1]	$ 1,569	$ 1,519
Audit Related Fees [2]	53	159
All Other Fees [3]	—	—
Total	**1,622**	**1,678**

(1) "Audit Fees" includes fees for professional services rendered by the principal accountant in connection with the audit of the annual financial statements, revisions of purchase price allocations related to acquisitions and services in connection with statutory and regulatory filings.

(2) "Audit Related Fees" includes fees for professional services rendered by the principal accountant and not included under the prior category. These services include, among others, and fees relating to the issuance of comfort letters and other procedures in connection with our offering of securities.

(3) "All Other Fees" includes fees for products and services provided by the principal accountant, other than Audit Fees and Audit-Related Fees.

NOTE 7 – FINANCE INCOME / EXPENSE/ OTHER FINANCIAL RESULTS

	For the year ended December 31, 2022	2021
Finance income		
Interest gain	2,832	652
Total	2,832	652
Finance expense		
Interest expense on borrowings	(2,491)	(915)
Interest expense on lease liabilities	(6,822)	(5,415)
Other interest	(4,722)	(4,150)
Other	(2,517)	(2,228)
Total	(16,552)	(12,708)
Other financial results, net		
Net loss arising from financial assets measured at fair value through PL	(7,537)	(8,537)
Net gain (loss) arising from financial assets measured at fair value through OCI	500	6
Foreign exchange (loss) gain, net	(6,673)	3,900
Gain on transaction with bonds	13,883	708
Total	173	(3,923)

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 8 – OTHER INCOME AND EXPENSES, NET

	For the year ended December 31,	
	2022	2021
Other Expense		
Remeasurement of contingent consideration (note 29.9.1)	—	(4,694)
Impairment of cryptocurrencies (note 16)	(1,017)	(80)
Fixed and intangibles assets derecognition and disposals	(1,632)	(579)
Other	(293)	(182)
Subtotal	**(2,942)**	**(5,535)**
Other Income		
Remeasurement of call/put option over non-controlling interest	180	—
Remeasurement at FV of investment in associates (note 12.2)	—	1,538
Remeasurement of contingent consideration (note 29.9.1)	967	—
Gain from sale of financial instrument	—	—
Other	1,400	628
Subtotal	**2,547**	**2,166**
Total	**(395)**	**(3,369)**

NOTE 9 – INCOME TAXES

9.1 – INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	For the year ended December 31,	
	2022	2021
Tax expense:		
Current tax expense	(44,756)	(53,319)
Deferred tax gain	1,351	24,822
TOTAL INCOME TAX EXPENSE	**(43,405)**	**(28,497)**

Most of the revenues are generated through subsidiaries located in the U.S. The Company's workforce is mainly located in Latin America and to a lesser extent in India, Europe and the U.S.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

The following table provides a reconciliation of the statutory tax rate to the effective tax rate:

	For the year ended December 31,	
	2022	2021
Profit before income tax	192,884	124,852
Tax calculated at the tax rate in each country	(33,108)	(27,757)
Argentine Knowledge Economy Law (note 3.7.1.1)	1,358	1,157
Non-deductible expenses / non-taxable gains	61	2,122
Tax loss carry forward not recognized	(3,096)	(2,873)
Foreign withholding tax	(2,683)	—
Exchange difference	(5,937)	(1,146)
INCOME TAX EXPENSE RECOGNIZED IN PROFIT AND LOSS	**(43,405)**	**(28,497)**

9.2 – DEFERRED TAX ASSETS AND LIABILITIES

	As of December 31,	
	2022	2021
Share-based compensation plan	13,048	30,788
Provision for vacation and bonus	27,747	24,621
Intercompany trade payables	17,323	18,613
Property, equipment and intangibles	(24,429)	(20,512)
Goodwill	(6,100)	(3,681)
Allowance for doubtful accounts	1,937	1,604
Contingencies	242	356
Inflation adjustment	721	2,357
Others	2,148	1,506
Loss carryforward [1]	5,635	2,867
Other Assets	(2,989)	(1,404)
TOTAL DEFERRED TAX	**35,283**	**57,115**

[1] As of December 31, 2022 and 2021, the detail of the loss carryforward is as follows:

	2022		2021	
Company	**Loss carryforward**	**Expiration date**	**Loss carryforward**	**Expiration date**
Dynaflows S.A.	—	2022	2	2022
Dynaflows S.A.	—	2023	38	2023
Dynaflows S.A.	—	2024	100	2024
Dynaflows S.A.	—	2025	29	2025
Dynaflows S.A.	—	2026	12	2026
IAFH Global S.A	74	2024	367	2024
IAFH Global S.A	528	2025	683	2025
IAFH Global S.A	—	2026	20	2026
IAFH Global S.A	3,192	2027	—	—
Globant Brasil Consultoría Ltda. [2]	—	does not expire	358	does not expire
Globant UK Limited	—	does not expire	48	does not expire

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Decision Support, S.A	549	2026	282	2026
Decision Support, S.A	173	2027	—	—
Sistemas Globales S.A.	—	2022	3	2022
Sistemas Globales, S.A	—	2023	4	2023
Sistemas Globales, S.A	—	2024	29	2024
Sistemas Globales, S.A	—	2025	38	2025
Sistemas Globales, S.A	—	2026	449	2026
Augmented Coding US, LLC	106	does not expire	31	does not expire
Augmented Coding Spain, S.A	379	does not expire	189	does not expire
Atix Labs, SRL	57	2026	34	2026
Atix Labs, SRL	192	2027	—	—
BSF S.A.	—	2026	151	2026
Globant Colombia S.A.S.	385	does not expire	—	—
	5,635		**2,867**	

(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.

As of December 31, 2022 and 2021, no deferred tax liability has been recognized on investments in subsidiaries. The Company has concluded it has the ability and intention to control the timing of any distribution from its subsidiaries and it is probable that will be no reversal in the foreseeable future in a way that would result in a charge to taxable profit.

The roll forward of the deferred tax assets/(liabilities) presented in the consolidated financial position is as follows:

2022	**Opening balance**	**Recognized in profit or loss (*)**	**Recognized directly in equity**	**Acquisitions/ disposals**	**Additions from acquisitions**	**Closing balance**
Deferred tax assets/ (liabilities) in relation to:						
Share-based compensation plan	30,788	20	(17,760)	—	—	13,048
Provision for vacation and bonus	24,621	3,205	(79)	—	—	27,747
Intercompany trade payables	18,613	(1,290)	—	—	—	17,323
Property, equipment and intangibles	(20,512)	(3,170)	—	—	(747)	(24,429)
Goodwill	(3,681)	(2,419)	—	—	—	(6,100)
Allowance for doubtful accounts	1,604	333	—	—	—	1,937
Contingencies	356	(114)	—	—	—	242
Inflation adjustments	2,357	(1,636)	—	—	—	721
Other assets	(1,404)	(1,585)	—	—	—	(2,989)
Others	1,506	1,277	—	—	(635)	2,148
Subtotal	54,248	(5,379)	(17,839)	—	(1,382)	29,648
Loss carryforward	2,867	3,747	—	(979)	—	5,635
TOTAL	**57,115**	**(1,632)**	**(17,839)**	**(979)**	**(1,382)**	**35,283**

(*) Includes foreign exchange loss of 2,983.

2021	**Opening balance**	**Recognized in profit or loss (*)**	**Recognized directly in equity**	**Acquisitions/ disposals**	**Additions from acquisitions**	**Closing balance**
Deferred tax assets/ (liabilities) in relation to:						
Share-based compensation plan	19,466	462	10,860	—	—	30,788
Provision for vacation and bonus	10,370	13,085	—	—	1,166	24,621
Intercompany trade payables	10,247	8,366	—	—	—	18,613
Property, equipment and intangibles	(18,275)	1,271	—	—	(3,508)	(20,512)
Goodwill	(2,799)	(882)	—	—	—	(3,681)
Allowance for doubtful accounts	727	877	—	—	—	1,604
Contingencies	992	(636)	—	—	—	356
Inflation adjustments	3,080	(723)	—	—	—	2,357
Other assets	(1,122)	(282)	—	—	—	(1,404)
Others	2,160	(654)	—	—	—	1,506
Subtotal	24,846	20,884	10,860	—	(2,342)	54,248
Loss carryforward	2,963	217	—	(313)	—	2,867
TOTAL	**27,809**	**21,101**	**10,860**	**(313)**	**(2,342)**	**57,115**

(*) Includes foreign exchange loss of 421.

NOTE 10 – 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:

	For the year ended December 31, 2022	**2021**
Net income for the year attributable to owners of the Company	148,891	96,065
Weighted average number of shares (in thousands) for the purpose of basic earnings per share	41,929	40,940
Weighted average number of shares (in thousands) for the purpose of diluted earnings per share	42,855	42,076
BASIC EARNINGS PER SHARE	**$ 3.55**	**$ 2.35**
DILUTED EARNINGS PER SHARE	**$ 3.47**	**$ 2.28**

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:

	For the year ended December 31, 2022	**2021**
Shares not-deemed to be issued in respect of employee options	25	30

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 11 – CASH AND CASH EQUIVALENTS

	As of December 31,	
	2022	2021
Cash and bank balances	228,632	425,823
Time deposits	63,825	1,981
TOTAL	**292,457**	**427,804**

NOTE 12 – INVESTMENTS

12.1 – Investments

	As of December 31,	
Current	2022	2021
Mutual funds (1)	47,009	27,585
Bills issued by the Treasury Department of the U.S. ("T-Bills") (2)	1,399	—
Commercial Papers (2)	—	4,996
TOTAL	**48,408**	**32,581**

(1) Measured at fair value through profit or loss.
(2) Measured at fair value through other comprehensive income.

	As of December 31,	
Non current	2022	2021
Contribution to funds (3)	1,513	1,027
TOTAL	**1,513**	**1,027**

(3) On November 30, 2020, the Company signed a contribution agreement with Vistra ITCL and Pentathlon Ventures LLP, through which the Company committed to invest an aggregate amount approximately 2,000, as of December 31, 2022 and 2021, the Company has paid 1,513 and 1,027, respectively.

12.2 – Investments in associates

Because Energy Corp investment

During 2022 the Company paid an aggregate consideration of 500 in exchange for a 20% equity interest in Because Energy Corp. and accounted for this investment using the equity method considering that the Company has significant influence over the operating and governance decisions of Because Energy Corp., given that the Company participates and has influence in the board of director, the approval of budget and business plan, among other decisions.

As of December 31, 2022, the Company has a 20% of interest in Because Energy Corp.

For the year ended December 31, 2022, the Company share on the profit or loss for the investment in Because Energy Corp. was a loss of 5.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Genexus Japan investment

Through the acquisition of Genexus on April 20, 2022, described in note 26, the Company acquired a 28% interest in Genexus Japan.

As of December 31, 2022, the Company had a 28% of interest in Genexus Japan and accounted for this investment using the equity method considering that the Company has significant influence over the operating and governance decisions of Genexus Japan, as the participation in the board of director, the approval of budget and business plan, among other decisions.

For the year ended December 31, 2022, the Company share on the profit or loss for the investment in Genexus Japan was a loss of 114.

Acamica investment

As of December 31, 2020, the Company had a 47.5% of participation in Acámica Tecnologías S.L. 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 interest in the board of director, the approval of budget and business plan, among other decisions.

On April 22, 2021, the Company signed a subscription agreement alongside Fitory S.A., Wayra Argentina S.A., Stultum Pecunian Ventures LLC, Eun Young Hwang and Digital House Group Ltd ("Digital House"), pursuant to which the investors agree to sell their participation in Acamica to Digital House in exchange for the allotment and issuance of shares. However prior to the closing, on April 29, 2021, the Company made an additional contribution to Acamica for an amount of 1,095, increasing its participation to 51.93% obtaining temporary control of Acamica. On June 29, 2021, the subscription agreement was closed.

For the years ended December 31, 2021, the Company share on the profit or loss for the investment in Acamica a loss of 233.

NOTE 13 – TRADE RECEIVABLES

	As of December 31,	
	2022	**2021**
Current		
Accounts receivable [(1)]	362,495	274,907
Unbilled revenue	70,141	31,379
Subtotal	432,636	306,286
Less: Allowance for expected credit losses	(7,214)	(6,177)
TOTAL	**425,422**	**300,109**

(1) As of December 31, 2022 and 2021, the Company has 14 and 0 as outstanding balances with related parties (see note 24.1).

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Allowance for expected credit losses

The following tables detail the risk profile of trade receivables based on the Company's provision matrix as of December 31, 2022 and 2021.

December 31, 2022	**Trade receivables - days past due**								
	< 30	**31 - 60**	**61 - 90**	**91-120**	**121-180**	**181 - 365**	**> 365**	**Risk clients**	**Total**
Expected credit loss rate	0.49%	1.47%	3.31%	8.90%	31.18%	82.05%	100.00%	100.00%	
Estimated total gross carrying amount at default	65,306	18,367	9,335	4,326	5,301	1,359	859	2,303	107,156
Lifetime ECL	**320**	**270**	**309**	**385**	**1,653**	**1,115**	**859**	**2,303**	**7,214**

December 31, 2021	**Trade receivables - days past due**								
	< 30	**31 - 60**	**61 - 90**	**91-120**	**121-180**	**181 - 365**	**> 365**	**Risk clients**	**Total**
Expected credit loss rate	0.59%	1.20%	2.66%	8.20%	31.50%	67.63%	100.00%	100.00%	
Estimated total gross carrying amount at default	24,028	12,458	5,168	1,695	2,642	920	702	3,452	51,065
Lifetime ECL	**142**	**150**	**138**	**139**	**832**	**622**	**702**	**3,452**	**6,177**

The movements in the allowance are calculated based on lifetime expected credit loss model for 2022 and 2021.
The following table shows the movement in ECL that has been recognized for trade receivables in accordance with the simplified approach:

	As of December 31,	
	2022	**2021**
Balance at beginning of year	(6,177)	(5,755)
Additions related to Travel and Hospitality clients (note 32)	—	(2,228)
(Additions) Recoveries, net (note 4.2)	(6,364)	(5,323)
Write-off of receivables	5,327	7,129
Balance at end of year	**(7,214)**	**(6,177)**

The average credit period on sales is 73 days. No interest is charged on trade receivables, except for certain customers to which financing facilities have been given with the corresponding financing charge. The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using the provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 14 – OTHER RECEIVABLES

	As of December 31,	
	2022	2021
Other receivables		
Current		
Tax credit - VAT	2,270	2,904
Income tax credits	16,985	12,213
Tax credit - Knowledge Law (note 3.7.1.1)	22,564	18,645
Other tax credits	2,159	1,920
Guarantee deposits	61	455
Advances to suppliers	3,082	2,750
Prepaid expenses	18,543	10,029
Loans granted to employees	126	105
Other	4,422	173
TOTAL	**70,212**	**49,194**

	As of December 31,	
	2022	2021
Non-current		
Tax credit - VAT	1,622	1,193
Income tax credits	6,006	10,671
Tax credit - Software Promotion Regime (note 3.7.1.1)	—	8
Tax credit - Knowledge Law (note 3.7.1.1)	—	5,951
Other tax credits	359	100
Guarantee deposits	5,942	4,390
Loans granted to employees	—	101
Prepaid expenses	816	1,172
Other	1,571	677
TOTAL	**16,316**	**24,263**

As of December 31, 2021, the Company recorded a recovery for an amount of 269, based on assumptions about expected credit losses. The Company uses judgment in making these assumptions based on existing regulatory conditions as well as forward looking estimates, which are described as follows. 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.

Roll forward of the allowance for impairment of tax credits

	As of December 31,	
	2022	2021
Balance at beginning of year	—	269
(Recovery) additions (note 4.4)	—	(269)
Balance at end of year	—	—

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 15 – PROPERTY AND EQUIPMENT

The Company reviews the estimated useful lives of property and equipment at the end of each reporting period. The Company determined that the useful lives of the assets included as property and equipment are in accordance with their expected lives. Property and equipment as of December 31, 2022 included the following:

	Computer equipment and software	Furniture and office supplies	Office fixtures	Vehicles	Buildings	Lands	Properties under construction	Total
Useful life (years)	3	5	3 - 5	5	50	—	—	
Cost								
Values at beginning of year	66,602	14,207	68,302	240	13,971	2,354	62,614	228,290
Additions related to business combinations (note 26.2)	650	147	398	128	—	—	—	1,323
Additions	26,542	2,599	1,269	—	—	—	22,749	53,159
Derecognition	(776)	(458)	(296)	—	—	—	—	(1,530)
Transfers	1	(9)	8,667	—	17,534	—	(26,193)	—
Translation	(182)	(7)	(130)	(92)	—	—	4	(407)
Values at end of year	92,837	16,479	78,210	276	31,505	2,354	59,174	280,835
Depreciation								
Accumulated at beginning of year	42,024	8,475	42,915	11	1,492	—	—	94,917
Additions	13,899	2,896	8,110	82	337	—	—	25,324
Derecognition	(746)	(397)	(286)	—	—	—	—	(1,429)
Translation	184	9	77	20	—	—	—	290
Accumulated at end of year	55,361	10,983	50,816	113	1,829	—	—	119,102
Carrying amount	**37,476**	**5,496**	**27,394**	**163**	**29,676**	**2,354**	**59,174**	**161,733**

Property and equipment as of December 31, 2021 included the following:

	Computer equipment and software	Furniture and office supplies	Office fixtures	Vehicles	Buildings	Lands	Properties under construction	Total
Useful life (years)	3	5	3- 5	5	50	—	—	
Cost								
Values at beginning of year	50,332	10,084	51,568	79	13,907	2,354	49,803	178,127
Additions related to business combinations (note 26.2)	71	781	456	273	—	—	—	1,581
Additions	17,644	3,709	1,372	—	64	—	28,591	51,380
Disposals	(1,462)	(418)	(506)	(138)	—	—	(322)	(2,846)
Transfers	—	—	15,454	—	—	—	(15,454)	—
Translation	17	51	(42)	26	—	—	(4)	48
Values at end of year	66,602	14,207	68,302	240	13,971	2,354	62,614	228,290
Depreciation								
Accumulated at beginning of year	32,647	6,651	36,601	17	1,184	—	—	77,100
Additions	10,571	2,073	6,811	36	308	—	—	19,799
Disposals	(1,216)	(279)	(460)	(54)	—	—	—	(2,009)
Translation	22	30	(37)	12	—	—	—	27
Accumulated at end of year	42,024	8,475	42,915	11	1,492	—	—	94,917
Carrying amount	**24,578**	**5,732**	**25,387**	**229**	**12,479**	**2,354**	**62,614**	**133,373**

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 16 – INTANGIBLE ASSETS

The Company reviews the estimated useful lives of intangible assets at the end of each reporting period. The Company determined that the useful lives of the assets included as intangible assets are in accordance with their expected lives.

If any impairment 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 discount rate use is the appropriate weighted average cost of capital.

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, 2022 and 2021 with a carrying amount of 43,170 and 32,227, respectively.

As of December 31, 2022 and 2021 no impairment were recognized.

Intangible assets as of December 31, 2022 included the following:

	Licenses and internal developments	Customer relationships and contracts	Platforms	Non-compete agreements	Cryptocurrencies (*)	Total
Useful life (years)	5	1 - 9	4 - 8	3		
Cost						
Values at beginning of year	99,036	85,807	—	1,990	1,216	188,049
Additions related to business combinations (note 26.2)	6,730	41,802	33,370	353	—	82,255
Additions from separate acquisitions	8,844	—	—	131	843	9,818
Additions from internal development	36,871	—		—	—	36,871
Derecognition	(6,170)	—	—	—	(12)	(6,182)
Translation	(10)	(986)	—	(60)	—	(1,056)
Values at end of year	145,301	126,623	33,370	2,414	2,047	309,755
impairment						
Accumulated at beginning of year	56,460	28,552	—	941	80	86,033
Additions	33,521	12,945	419	480	—	47,365
Impairment loss recognized in profit or loss	—	—	—	—	1,017	1,017
Derecognition	(4,651)	—	—	—	—	(4,651)
Translation	(52)	(1,505)	—	(64)	—	(1,621)
Accumulated at end of year	85,278	39,992	419	1,357	1,097	128,143
Carrying amount	**60,023**	**86,631**	**32,951**	**1,057**	**950**	**181,612**

(*) As of December 31, 2022, the Company´s crypto assets are comprised by Bitcoin, Ethereum and Stable Coin.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Intangible assets as of December 31, 2021 included the following:

	Licenses and internal developments	Customer relationships and contracts	Non-compete agreements	Cryptocurrencies (*)	Total
Useful life (years)	5	1 - 9	3		
Cost					
Values at beginning of year	72,538	74,792	834	—	148,164
Additions related to business combinations (note 26.2)	2,031	11,017	1,156	—	14,204
Additions from separate acquisitions	7,316	—	—	1,216	8,532
Additions from internal development	29,713	—	—	—	29,713
Disposals	(12,565)	—	—	—	(12,565)
Translation	3	(2)	—	—	1
Values at end of year	99,036	85,807	1,990	1,216	188,049
Amortization and impairment					
Accumulated at beginning of year	47,360	13,459	624	—	61,443
Additions	21,244	15,093	317	—	36,654
Impairment loss recognized in profit or loss	—	—	—	80	80
Disposals	(12,153)	—	—	—	(12,153)
Translation	9	—	—	—	9
Accumulated at end of year	56,460	28,552	941	80	86,033
Carrying amount	**42,576**	**57,255**	**1,049**	**1,136**	**102,016**

(*) As of December 31, 2021, the Company´s crypto assets are comprised by Bitcoin and Ethereum.

NOTE 17 – OTHER ASSETS

The Company bills customers and receives invoices from suppliers based on a billing schedule established in the subscription resales contracts. Therefore, the outstanding balance of other assets includes the right to consideration related to subscriptions that have not yet been invoiced by the Company, and trade payables includes the expenses accrual for the cost that have not yet been invoiced by the suppliers.

The outstanding balance of other assets as of December 31, 2022 and 2021 is as follows:

	As of December 31,	
	2022	**2021**
Other assets		
Current		
Unbilled Subscriptions	15,197	7,855
Non current		
Unbilled Subscriptions	10,657	8,583

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 18 – OTHER FINANCIAL ASSETS AND LIABILITIES

	As of December 31,	
	2022	**2021**
Other financial assets		
Current		
Convertible notes	2,491	1,267
Equity instruments	371	—
Foreign exchange forward contracts	3,509	758
Interest rate SWAP	155	—
Others	3	32
TOTAL	**6,529**	**2,057**
Non-current		
Convertible notes	4,193	2,608
Equity instruments	27,521	22,088
Interest rate SWAP	3,261	534
Others	3	3
TOTAL	**34,978**	**25,233**
Other financial liabilities		
Current		
Other financial liabilities related to business combinations (note 26)	50,889	61,561
Put option on minority interest of Walmeric	3,871	—
Foreign exchange forward contracts	3,575	1,498
Equity forward contract	981	—
TOTAL	**59,316**	**63,059**
Non-current		
Other financial liabilities related to business combinations (note 26) [(1)]	73,802	45,803
Put option on minority interest of Walmeric	5,515	15,423
Equity forward contract	2,905	—
TOTAL	**82,222**	**61,226**

[(1)] As part of the acquisition of Grupo ASSA, the sellers agreed to indemnify the Company for the outcome of certain contingencies. As a result, the Company has recognized an indemnification asset for a total amount of 6,071 and 2,883, as of December 31, 2022 and 2021, respectively. The consideration for this acquisition includes 9,398 and 16,748 (9,539 and 17,000 measured at present value, respectively) as of December 31, 2022 and 2021, which is subject to adjustments, deductions and withholdings related to the indemnified contingencies. Consequently, the Company has off-set the indemnification asset against the amount payable to the sellers.

18.1 Equity Instruments

Digital House investment

On December 31, 2020, Globant España S.A. entered into a share purchase agreement along side other two partners to acquire between the three of them 614,251 shares of Digital House Group Ltd, which 204,750 correspond to Globant España S.A, such amount was acquired for 9,167. On April 22, 2021, the Company entered into a subscription agreement pursuant to which the investors sell their participation in Acamica in exchange for an increase in Digital House's investment for 5,848. On September 30, 2021, the Company paid an additional 862. On July 7, 2022, the Company paid an additional 4,148, increasing it's investment to 17.2%. As of December 31, 2022 and 2021, the Company has a 17.2% and 15.8% equity interest on Digital House, respectively and the amount disclosed is 22,875 and 15,877 as other financial assets non-current, respectively.
As of December 31, 2022, the Company recognized a gain of 2,850 included in the line item "Net change in fair value on financial assets measured at FVOCI".

ELSA investment

On January 15, 2021, Globant España, signed a stock purchase agreement and acquired 4% of ELSA, Corp., for 2,700.

As of December 31, 2022, the Company recognized a loss of 2,047 included in the line item "Net change in fair value on financial assets measured at FVOCI".

V.U investment

On April, 23, 2021, Globant España, signed a stock purchase agreement and acquired 3% of VU Inc., for 2,200.

Singularity investment

On July 8, 2019 ("issuance date"), Globant España S.A. and Singularity Education Group, agreed into a note purchase agreement whereby Globant España S.A. provides financing facility for 1,250. Interest on the entire outstanding principal balance is computed at an annual rate of 5%. Singularity Education Group shall repay the loan in full within 1 year from the effective date. Globant España S.A has the right to convert any portion of the outstanding principal into Conversion Shares of Singularity Education Group.

On August 27, 2020 Globant España S.A decided to convert all the outstanding principal into shares as mentioned in the previous note purchase agreement, Singularity Education Group issued through purchase conversion 10,655,788 shares at $0.1231 per share for a total amount of 1,311, such amount is disclosed as other financial asset non-current.

As of December 31, 2022, the Company recognized a loss of 555 included in the line item "Other comprehensive income".

Queiban investment

On September 12, 2022, Globant España S.A. signed a stock purchase agreement and acquired 3.77% of Queiban S.A. for 1,000.

Latam Airlines investment

In connection with Latam Airlines Group S.A.'s Chapter 11 reorganization plan filed before the United States Bankruptcy Court for the Southern District of New York, the Company received convertible bonds which, on December 23, 2022, were converted into less than 1% of shares of Latam Airlines Group S.A. for 371000.

NOTE 19 – TRADE PAYABLES

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	As of December 31,	
	2022	2021
Current		
Suppliers [1]	35,005	22,166
Advanced payments from customers	3,529	7,954
Expenses accrual	50,114	33,090
TOTAL	**88,648**	**63,210**

(1) As of December 31, 2022 and 2021, the Company has 574 and 0 as outstanding balances with related parties (see note 24.1).

	As of December 31,	
	2022	2021
Non current		
Expenses accrual	5,445	6,387
TOTAL	**5,445**	**6,387**

NOTE 20 – PAYROLL AND SOCIAL SECURITY TAXES PAYABLE

	As of December 31,	
	2022	2021
Current		
Salaries	15,592	12,815
Social security tax	37,716	25,412
Provision for vacation, bonus and others	148,874	146,000
Directors fees	187	214
Cash-settled scheme	1,343	—
Other	107	23
TOTAL	**203,819**	**184,464**

	As of December 31,	
	2022	2021
Non current		
Provision for vacation, bonus and others	2,776	—
Cash-settled scheme	1,540	—
TOTAL	**4,316**	**—**

NOTE 21 – BORROWINGS

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

The principal balances of outstanding borrowings under lines of credit with banks and financial institutions were as follows:

	As of December 31,	
	2022	2021
Centro para el Desarrollo Tecnológico Industrial (Spain)	894	1,484
Banco Santander (Spain)	—	850
Banco Supervielle (Argentina)	—	71
Banco Santander (Argentina)	—	9,835
Banco Desio (Italia)	15	—
BBVA (Mexico)	760	—
Liga Nacional de Fútbol Profesional (Spain)	1,938	—
Others	92	—
TOTAL	**3,699**	**12,240**

Such balances were included as current and non-current borrowings in the consolidated statement of financial position as follows:

	As of December 31,	
	2022	2021
Current		
Bank loans	812	10,156
Other loans	2,026	149
Sub-Total	2,838	10,305
Non-current		
Bank loans	55	600
Other loans	806	1,335
Sub-Total	861	1,935
TOTAL	**3,699**	**12,240**

On November 1, 2018, Globant, LLC, the Company's U.S. subsidiary, entered into an Amended and Restated ("A&R") Credit Agreement by and among certain financial institutions, as lenders, and HSBC Bank USA, National Association, as administrative agent, issuing bank and swingline lender. The A&R Credit Agreement amended and restated the Credit Agreement dated as of August 3, 2017. Under the A&R Credit Agreement, Globant, LLC could have borrowed (i) up to 50,000 in a single borrowing on or prior to May 1, 2019 under a delayed-draw term loan facility and (ii) up to 150,000 under a revolving credit facility. In addition, Globant, LLC could have requested increases of the maximum amount available under the revolving facility in an aggregate amount not to exceed 100,000. The maturity date of the facilities was October 31, 2023. Pursuant to the terms of the A&R Credit Agreement, interest on loans extended thereunder shall accrue at a rate per annum equal to London Interbank Offered Rate ("LIBOR") plus 1.75%. Globant, LLC's obligations under the A&R Credit Agreement were guaranteed by the Company and its subsidiary Globant España S.A., and are secured by substantially all of Globant, LLC's now owned and after-acquired assets. The A&R Credit Agreement contained certain customary negative and affirmative covenants.

On February 6, 2020, Globant, LLC, our US subsidiary (the "Borrower"), entered into a Second Amended and Restated Credit Agreement (the "Second A&R Credit Agreement"), by and among certain financial institutions listed therein, as lenders, and HSBC Bank USA, National Association, as administrative agent, issuing bank and swingline lender. Under the Second A&R Credit Agreement, which amends and restates the existing A&R Credit Agreement dated as of November 1, 2018, the Borrower may borrow (i) up to $100 million in up to four borrowings on or prior to August 6, 2021 under a delayed-draw term loan facility and (ii) up to $250 million under a revolving credit facility. In addition, the Borrower may request increases of the maximum amount available under the revolving facility in an aggregate amount not to exceed $100 million. The maturity date of each of the facilities is February 5, 2025. Pursuant to the terms of the Second A&R Credit Agreement, interest on the loans extended thereunder shall accrue at a rate per annum equal to either (i) LIBOR plus 1.50%, or (ii) LIBOR plus 1.75%, determined based on the Borrower's Maximum Total Leverage Ratio (as defined in the Second A&R Credit Agreement). The Borrower's obligations under the Second A&R Credit Agreement are guaranteed by the Company and its subsidiary Globant España S.A., and are secured by substantially all of the Borrower's now owned and after-acquired assets. The Seconds A&R Credit Agreement principally contains the following covenants: delivery of certain financial information; payment of obligations, including tax liabilities; use of proceeds only for transaction costs payments, for lawful general corporate purposes and working capital; Globant, LLC's Fixed Charge Coverage Ratio shall not be less than 1.25 to 1.00; Globant, LLC's Maximum Total Leverage Ratio shall not exceed 3.00 to 1.00; Globant, LLC or any of its subsidiaries shall not incur in any indebtedness, except for the ones detailed in the agreement; Globant, LLC or any of its subsidiaries shall not assume any Lien; advances to officers, directors and employees of the Borrower and Subsidiaries in an aggregate amount not to exceed 50 outstanding at any time; restricted payments not to exceed 10,000 per year; Globant, LLC shall not maintain intercompany payables owed to any of its Argentina Affiliates except to the extent (i) such payables are originated in transactions made in the ordinary course of business and (ii) the aggregate amount of such payables do not exceed an amount equal to five times the average monthly amount of such Affiliates' billings for the immediately preceding 12 month period; Globant, LLC's capital expenditures limited to 10% the Company's consolidated net revenue per year and Globant, LLC's annual revenue is to remain at no less than 60% of the Company's consolidated annual revenue; among others.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

On June 2, 2022 the Company signed an amendment and restated the credit agreement with HSBC, pursuant to which the LIBOR rate was replaced by a Secured Overnight Financing Rate ("SOFR") plus 0.10%.

Movements in borrowings are analyzed as follows:

	As of December 31,	
	2022	**2021**
Balance at the beginning of year	12,240	25,968
Borrowings related to business combination (note 26.2) (1) (4)	3,010	2,538
Proceeds from new borrowings (2) (5)	—	13,500
Payment of borrowings (3) (5)	(10,760)	(30,216)
Accrued interest (4)	2,491	915
Foreign exchange (4)	(3,127)	(375)
Translation (4)	(155)	(90)
TOTAL	**3,699**	**12,240**

(1) As of December 31, 2022, these borrowings do not have any covenants.

(2) On October 23, 2021, Sistemas Globales, S.A borrowed 10,061 from Banco Santander and will mature in October 2022. On March 23, 2020, March 24, 2020, and April 1, 2020, Globant, LLC borrowed 64,000, 11,000 and 75,000, respectively, under the Amended and Restated Credit Agreement for the year ended December 31, 2020. This loan will mature on February 5, 2025

(3) During the year ended December 31, 2022, the main payments were 9,030 by Sistemas Globales, S.A to Banco Santander related to the principal amount and interests, and Hybrido Worldwide S.L. paid 808 related to the remaining principal amount and interests of the Banco Santander loan between January 3rd and May 23. During the year ended December 31, 2021, the main payments were 25,000 by Globant LLC related to the principal amount of the Amended and Restated Credit Agreement. During the year ended December 31, 2020, the main payments were 523 paid on March 26, 2020 by Avanxo Colombia related to the principal amount of the borrowing with Banco Santander and 126,927 paid by Globant, LLC related to the principal amount and interest of the A&R Credit Agreement. During August and September, 2020, the Company proceed to pay 12,636 of the borrowings related to Grupo Assa acquisition. On October 31, 2020 and December 31,2020 Globant, LLC paid 20,188 and 30,080, respectively, related to the A&R Credit Agreement.

(4) Non-cash transactions.

(5) Cash transactions.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

NOTE 22 – TAX LIABILITIES

	As of December 31,	
	2022	2021
Current		
Periodic payment plan	16	379
VAT payable	16,213	9,927
Wage withholding taxes	2,504	3,354
Personal properties tax accrual	1,177	1,139
Taxes payable related to LEC	730	1,385
Sales taxes payable	560	100
Other	2,254	1,787
TOTAL	**23,454**	**18,071**

NOTE 23 – CONTINGENT LIABILITIES

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. The Company records a provision for labor, regulatory and commercial 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:

	As of December 31,	
	2022	2021
Reserve for labor claims	185	5
Reserve for regulatory claims	13,430	9,632
TOTAL	**13,615**	**9,637**

Roll forward is as follows:

	As of December 31,	
Reserve for labor claims	2022	2021
Balance at beginning of year	5	53
Additions	370	8
Recovery	(1)	(10)
Utilization of provision for contingencies	(89)	(38)
Foreign exchange	(100)	(8)
Balance at end of year	**185**	**5**

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Reserve for regulatory claims	As of December 31, 2022	As of December 31, 2021
Balance at beginning of year	9,632	10,130
Additions [3]	4,260	863
Additions related to business combinations	569	—
Recovery	(270)	(258)
Utilization of provision for contingencies [4]	(961)	(509)
Foreign exchange	200	(594)
Balance at end of year	**13,430**	**9,632**

Reserve for commercial claims	As of December 31, 2022	As of December 31, 2021
Balance at beginning of year	—	2,400
Additions [1]	700	5,166
Utilization of provision for contingencies [2]	(700)	(7,566)
Balance at end of year	—	—

(1) On August 8, 2019, Certified Collectibles Group, LLC ("CCG") and its affiliates filed a complaint in the U.S. District Court for the Middle District of Florida, Tampa Division, (Civil Action No. 19-CV-1962) against Globant S.A. and Globant, LLC, arising from a dispute relating to a service contract. After several discussions, on July 30, 2021, the parties filed a notice of settlement with the court. The claim was settled in 7,250 (of which 2,700 were covered by insurance reimbursement accounted for in Other Receivables line).

(2) On September 15, 2021, the Company made the first of two installment payments related to the settlement with Certified Collectibles Group, LLC. On November 30, 2021 the second installment was paid leaving the liability fully settled.

(3) Between 2010 and 2014, certain of Grupo Assa's Brazilian subsidiaries were subject to two examinations by the Ministry of Labor ("MTE") and the Brazilian Internal Revenue Service ("RFB") in relation to the potential hiring of employees as independent contractors. As a result of such examinations, Grupo Assa's Brazilian subsidiaries are subject to different administrative and judicial proceedings, seeking to collect payment of taxes and social security contributions allegedly owed by the companies, and impose certain associated fines. As of December 31, 2022, some of these administrative proceedings are still ongoing while others have resulted in judicial proceedings. The recognized liability as of December 31, 2022 and 2021 was 10,858 and 7,670 ,respectively. Under the Equity Purchase Agreement entered into for the acquisition of Grupo ASSA Worldwide S.A. and its affiliates (collectively, "Grupo Assa"), certain of the above mentioned proceedings are subject to indemnification provisions from the sellers for the total amount of 6,071 and 2,883 as of December 31, 2022 and 2021, respectively, accounted for in Other Financial Liabilities line, net. The effect of the increase of this regulatory claim was fully settled by the indemnification provision

(4) Since 2018, certain of our non-U.S. subsidiaries have been under examination by the U.S. 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. On May 1, 2018, the IRS issued 30-day letters to those subsidiaries proposing total assessments of 1,400 plus penalties and interest for employment taxes for those years. Our subsidiaries filed protests of these proposed assessments with the IRS on July 16, 2018. Following discussions with the IRS, during the fourth quarter of 2021, the IRS and our subsidiaries have reached a preliminary agreement on the proposed assessments which would amount to 1,300 including applicable interests and penalties. The Company reached a preliminary agreement with the IRS on the proposed assessments. The Company paid 961 on March 16, 2022 in principal, and is waiting for final confirmation on the amounts of the applicable interests and penalties to settle this matter definitely.

NOTE 24 – RELATED PARTIES BALANCES AND TRANSACTIONS

24.1 – Related parties

The Company provides software and consultancy services to certain related parties. Outstanding receivable balances as of December 31, 2022 and 2021 are as follows:.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Trade receivables	As of December 31, 2022	2021
Enigma.art LLC	14	—
Total	**14**	**—**

Trade payables	As of December 31, 2022	2021
Falcon Uru LLC	(574)	—
Total	**(574)**	**—**

During the year ended December 31, 2022 and 2021, the Company recognized the Company recognized the following transactions:

	For the year ended December 31, 2022	2021
Revenue		
Enigma.art LLC	915	—
Studio Eter LLC	190	—
Total	**1,105**	**—**

	For the year ended December 31, 2022	2021
Costs of revenues and Selling, general and administrative expenses		
Enigma.art LLC	(75)	—
Falcon Uru LLC	(780)	—
Total	**(855)**	**—** -

24.2 – 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, 2022	2021
Salaries and bonuses	6,768	6,709
Total	**6,768**	**6,709**

The remuneration of directors and key executives is determined by the Board of Directors based on the performance of individuals and market trends.
During 2021, the Company granted 55,500, 5,000, 1,564, 540, 702 and 468 restricted stock units at grant prices of $298.47, $297.49, $267.19, $232.11, $213.57 and $328.96, respectively.

During 2022, the Company granted 292, 2,220, 300, 78,317 and 324,380 restricted stock units at a grant price of $226, $210, $167, $219 and $138, respectively.

NOTE 25 – EMPLOYEE BENEFITS

25.1 – Share-based compensation plan

In July 2014, the Company adopted a new Equity Incentive Program, the 2014 Plan, which was amended on May 9, 2016, February 13, 2019, May 18, 2021 and June 8, 2022.

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).

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 addition, on December 1, 2021, our compensation committee, as administrator, approved the granting of awards in the form of Stock-Equivalent Units to be settled in cash or common shares ("SEUs Plan"), or a combination thereof, under the 2014 Equity Incentive Plan. The purpose of the SEUs Plan is to provide an incentive to attract, retain and reward talent in the IT industry and to prompt such persons to contribute to the growth and profitability of the Company. The SEUs Plan provides all eligible employees the opportunity of receiving a grant of SEUs with a unit value equal to the market value of one common share of the Company. The SEUs will be settled in cash or common shares of the Company, at the option of the eligible employee, and shall vest during a four-year period, in four equal annual installments of 25% each, commencing on the first anniversary of the grant date, 60% of the shares will be tied to retention and 40% will be tied to performance (PSEUs). As of December 31, 2022 the Company have granted 57,258 SEUs and PSEUs, net of any cancelled and/or forfeited awards, all of which were outstanding as of December 31, 2022. Of the stock-equivalent units granted, 50% were in the form of PSEUs and 50% were in the form of SEUs.

During the years 2022 and 2021, 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 as 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, 2022 and 2021:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	As of December 31, 2022		As of December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at the beginning of year	643,957	31.79	857,643	31.57
Forfeited during the year	(2,750)	22.20	—	—
Exercised during the year	(94,380)	37.17	(213,686)	30.93
Balance at end of year	**546,827**	**30.91**	**643,957**	**31.79**

The following shows the evolution of the RSUs for the years ended at December 31, 2022 and 2021:

	As of December 31, 2022		As of December 31, 2021	
	Number of RSU	Weighted average grant price	Number of RSU	Weighted average grant price
Balance at the beginning of year	579,492	164.73	664,345	101.25
RSU granted during the year	801,041	159.12	168,669	276.51
Forfeited during the year	(24,506)	178.34	(18,130)	111.37
Issued during the year	(266,300)	122.29	(235,392)	89.18
Balance at end of year	**1,089,727**	**166.04**	**579,492**	**164.73**

The following shows the evolution of the SEUs for the years ended at December 31, 2022 and 2021:

	As of December 31, 2022		As of December 31, 2021	
	Number of SEU	Weighted Average Fair Value	Number of SEU	Weighted Average Fair Value
Balance at the beginning of year	—	—	—	—
SEU granted during the year	61,072	168.16	—	—
Forfeited during the year	(3,293)	168.16	—	—
Balance at end of year	**57,779**	**168.16**	**—**	**—**

The following tables summarizes the RSU at the end of the year:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Grant date	Grant price ($)	Number of Restricted Stock Units	Fair value at grant date ($)	Expense as of December 31, 2022 ($) (*)
2018	from 36.30 to 42.00	—	—	973
2019	from 46.00 to 55.07	60,849	5,316	1,598
2020	from 52.10 to 103.75	119,505	17,901	8,766
2021	from 104.25 to 189.53	117,334	32,540	18,828
2022	from 184.00 to 328.96	784,296	122,546	17,303
Subtotal		**1,081,984**	**178,303**	**47,468**
Non employees RSU				
2020	from 104.25 to 189.53	—	—	(251)
2021	from 184.00 to 328.96	—	—	343
2022	from 138.00 to 268.31	7,743	1,414	460
Subtotal		**7,743**	**1,414**	**552**
Total		**1,089,727**	**179,717**	**48,020**

The following tables summarizes the share options at the end of the year:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Grant date	Exercise price ($)	Number of stock options	Number of stock options vested as of December 31, 2022	Fair value at grant date ($)	Fair value vested ($)	Expense as of December 31, 2022 ($) (*)
2014	10.00	67,238	67,238	226	226	—
2015	from 28.31 to 34.20	126,622	126,622	882	882	—
2016	from 29.01 to 39.37	248,467	248,467	1,941	1,941	—
2017	from 36.30 to 38.16	7,500	7,500	64	64	—
2018	from 44.97 to 55.07	95,000	95,000	1,921	1,921	479
2019	52.10	2,000	1,000	45	22	33
Subtotal		**546,827**	**545,827**	**5,079**	**5,056**	**512**
Non employees stock options						
0	0	—	—	—	—	—
Subtotal		—	—	—	—	—
Total		**546,827**	**545,827**	**5,079**	**5,056**	**512**

(*) Includes social security taxes.

Deferred income tax asset arising from the recognition of the share-based compensation plan amounted to 13,048 and 30,788 for the years ended December 31, 2022 and 2021, respectively.

The following tables summarizes the SEU at the end of the year:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Grant date	Grant price ($)	Number of Restricted Phantom Stock Units	Fair value at grant date ($)	Expense as of December 31, 2022 ($) (*)
2022	268.05	32,371	8,696	2,894
2022	210.07	2,918	615	237
2022	181.2	16,984	3,073	1,221
2022	169.78	5,506	936	141
Total		**57,779**	**13,320**	**4,493**

25.2 - Share options exercised and RSU vested during the year:

	As of December 31, 2022		As of December 31, 2021	
	Number of options exercised	Exercise price	Number of options exercised	Exercise price
Granted in 2014	1,825	10.00	33,687	10.00
Granted in 2015	8,385	28.31	37,409	28.31
Granted in 2015	—	34.20	4,000	34.20
Granted in 2016	—	29.01	30,000	29.01
Granted in 2016	33,920	32.36	52,840	32.36
Granted in 2016	27,000	39.37	—	39.37
Granted in 2017	—	38.16	10,000	38.16
Granted in 2018	—	44.97	5,000	44.97
Granted in 2018	20,750	46.00	38,250	46.00
Granted in 2018	—	50.92	1,500	50.92
Granted in 2018	2,500	55.07	—	55.07
Granted in 2019	—	52.10	1,000	52.10
Balance at end of the year	**94,380**		**213,686**	

The average market price of the share amounted to 209.95 and 251.18 for years 2022 and 2021, respectively.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

The following tables summarizes the RSU vested during the years 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Number of RSUs vested	Grant price	Number of RSUs vested	Grant price
Granted in 2017	—	36.30	500	36.30
Granted in 2017	—	42.00	1,625	42.00
Granted in 2018	78,192	46.00	89,617	46.00
Granted in 2018	1,000	55.07	1,000	55.07
Granted in 2018	1,000	52.74	1,000	52.74
Granted in 2018	2,500	50.92	2,500	50.92
Granted in 2019	600	52.10	600	52.10
Granted in 2019	61,992	87.44	66,318	87.44
Granted in 2019	1,000	94.93	1,000	94.93
Granted in 2019	750	103.75	750	103.75
Granted in 2020	3,125	137.57	3,125	137.57
Granted in 2020	—	104.25	2,336	104.25
Granted in 2020	38,809	130.99	41,046	130.99
Granted in 2020	—	140.00	895	140.00
Granted in 2020	—	170.00	740	170.00
Granted in 2020	15,504	180.60	—	180.60
Granted in 2020	250	184.72	1,500	184.72
Granted in 2020	15,998	189.53	18,408	189.53
Granted in 2021	1,077	184.00	—	184.00
Granted in 2021	2,607	213.57	57	213.57
Granted in 2021	5,315	232.11	2,375	232.11
Granted in 2021	323	288.64	—	288.64
Granted in 2021	16,375	298.47	—	298.47
Granted in 2021	468	328.96	—	328.96
Granted in 2021	1,500	297.49	—	297.49
Granted in 2021	12,608	267.19	—	267.19
Granted in 2022	2,585	219.34	—	219.34
Granted in 2022	196	225.30	—	225.30
Granted in 2022	1,662	226.30	—	226.3
Granted in 2022	655	167.46	—	167.46
Granted in 2022	189	268.31	—	268.31
Granted in 2022	20	218.57	—	218.57
Balance at end of the year	**266,300**		**235,392**	

25.3 - Fair value of share-based compensation granted

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

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:

Assumptions	**Granted in 2019 for 2014 plan**
Stock price	52.10
Expected option life	6 years
Volatility	40%
Risk-free interest rate	3.10%

There were no granted stock options as of December 31, 2022 and 2021.

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.

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.

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.

*Expected volatility:*The expected volatility of the Company's shares is calculated by using the average share price volatility of the Company since January 1, 2016 to the date of grant.

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.

25.4 - Equity-settled share-based payments under 2014 Equity Incentive Plan and 2021 Employee Share Purchase Plan

During the twelve months ended December 31, 2022, the Company granted a total of 199,825 awards under the Company's 2014 Equity Incentive Plan, net of cancelled and forfeited awards. Most of these awards were comprised of 50% RSUs and 50% PRSUs. RSUs and PRSUs have generally been granted with a vesting period of four years, 25% becoming vested on or about each anniversary of the grant date. In addition, on August 1, 2022, the Company approved the grant of up to 600,000 additional awards under the Company's 2014 Equity Incentive Plan, 50% of which are PRSUs and 50% of which are RSUs. These additional awards will vest based on the achievement of a certain minimum average closing price of the Company's common shares on or prior to August 11, 2030. The threshold price for vesting will be $420 per share through August 10, 2025 and increase by $42 each year until August 11, 2030. These awards will vest in two equal tranches, the first occurring immediately after the date in which the vesting condition is satisfied and the second occurring on the first anniversary of such vesting event. As of December 31, 2022, the Company granted 597,521 of these awards.

In March 2021, the Company adopted the Globant S.A. 2021 Employee Share Purchase Plan (the "ESPP") which provides eligible employees with an opportunity to acquire a proprietary interest in the Company through the purchase of the Company's common shares.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

The ESPP permits participants to purchase Common Shares through payroll deductions defined by the employee up to a maximum percentage set in each country of their eligible compensation. The ESPP will typically be implemented through consecutive six-month offering periods. Amounts deducted and accumulated from participant compensation will be used to purchase Common Shares at the end of each offering period. Under the terms of the ESPP, the purchase price of the shares shall not be less than 90.0% of the lower of the fair market value of a Common Share on the first trading day of the offering period or on the purchase date. Subject to adjustment as provided by the ESPP and unless otherwise provided by the Compensation Committee, the purchase price for each offering period shall be 90% of the fair market value of a Common Share on the purchase date.

During the twelve months ended December 31, 2022, and the year ended December 31, 2021, in connection with the ESPP Plan, the Company has repurchased 46,500 and 27,000, respectively, and 39,136 and 7,453 have been delivered.

Fair value of share-based compensation granted in 2022

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 the American Binomial model.

The American Binomial model requires the input of highly subjective assumptions, including the fair value of the Company's shares, expected volatility, expected term and risk-free interest rate.

Assumptions	Granted in 2022 for 2014 Plan
Stock price	206.23
Expected life	7 years
Volatility	42.78%
Risk-free interest rate	2.63%

The Company estimated the following assumptions for the calculation of the fair value of the awards:

Fair value of the shares: For the 2014 Equity Incentive Plan, the fair value of the shares is based on the quoted market price of the Company's shares at the grant date.

Expected volatility: The expected volatility of the Company's shares is calculated by using the average share price volatility of the Company since July 1, 2014 to the date of grant, excluding COVID-19 pandemic period from March 2020 to May 2020.

Expected term: The expected life of awards represents the period of time the granted awards are expected to be outstanding.

Risk free rate: The risk-free rate for periods within the contractual life of the award is based on the U.S. Federal Treasury yield curve with maturities similar to the expected term of the awards.

25.5 Cash-settled share-based payments under 2014 Equity Incentive Plan

On December 1, 2021, our Compensation Committee approved the granting of awards in the form of Stock-Equivalent Units to be settled in cash or common shares ("SEUs Plan"), or a combination thereof, under the 2014 Equity Incentive Plan. The purpose of the SEUs Plan is to provide an incentive to attract, retain and reward talent in the IT industry and to prompt such persons to contribute to the growth and profitability of the Company. The SEUs Plan provides all eligible employees the opportunity of receiving a grant of SEUs with a unit value equal to the market value of one common share of the Company, to be settled in cash or common shares of the Company.

As of December 31, 2022, the Company has granted 61,072 stock equivalent units. As of December 31, 2021 no award was granted.

NOTE 26 – BUSINESS COMBINATIONS

26.1 Business combinations 2022

During 2022 the Company made some individually immaterial acquisitions which were completed primarily to expand our services and solutions offerings.

On April 20, 2022, the Company, through its subsidiaries Globant España S.A. and Software Product Creation S.L, entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Genexus S.A. an Uruguayan corporation and its subsidiaries Genexus International Corp an American corporation and Kurfur S.A. an Uruguayan corporation, Advanced Research & Technology, S.A. de C.V., a Mexican corporation, Artech Informática do Brasil Ltda and Newtech Informática Ltda., both Brazilian corporations, all together "Genexus", pursuant to which the Company purchased all of the outstanding interest in Genexus. Genexus is a company specialized in low-code tool enriched with artificial intelligence, to create, develop and maintain end-to-end solutions ready to run on all sorts of devices. The Share Purchase Agreement was signed on April 20, 2022 and the closing date was on May 31, 2022.

On July 29, 2022, the Company, through its subsidiary Globant España S.A. entered into an Equity Purchase Agreement with the equity holders of Sysdata SPA. ("Sysdata"), an Italian joint stock company pursuant to which the Company purchased all of the outstanding interest in Sysdata. Sysdata's business consists in provision of advisory services and end-to-end digital transformation process. The Equity Purchase Agreement was signed on July 29, 2022 and the closing date was on September 23, 2022.

On November 4, 2022, the Company, through its subsidiary Globant Brasil Consultoria Ltda. entered into an Equity Purchase Agreement with the equity holders of Nescara Ltda. ("Nescara"), a Brazilian limited liability company pursuant to which the Company purchased all of the outstanding interest. The transaction was simultaneously signed and closed. Nescara's business consists in strategic consulting, implementation, development and support services provider across major Salesforce cloud solutions.

On November 7, 2022, the Company, through its subsidiaries Globant España S.A. and Software Product Creation S.L. entered into an Equity Purchase Agreement with the equity holders of KTBO S.A., an Argentine company, KTBO Brasil Comunicacoes Digitais Ltda, a Brazilian company, KTBO Chile SpA, a Chilean company, KTBO Colombia S.A.S., a Colombian company, KTBO S.A. de C.V. and Contenidos Digitales KTBO, S.C., Mexican companies, and KTBO S.A.C., a Peruvian company, all together "KTBO", pursuant to which the Company purchased all of the outstanding interest. The transaction was simultaneously signed and closed. KTBO's business consists of the provision of services related to Strategy & Research, Business Intelligence, Creativity, Content & Community Mgmt, Business Management, Multimedia Design, Production, Media Buying, Innovation & Development, Growth & UX, Influencer Marketing.

On November 16, 2022, the Company, through its subsidiary IAFH Investment España S.L. entered into a Share and Option Purchase Agreement with the equity holders of eWave Holdings Pty Ltd, an Australian company, and its subsidiaries Nasko Trading Pty Ltd., an Australian company, eWave Limited, a Hongkones company, CommerceLab Pte Ltd., a Belarusian company, eWave Ukraine, an Ukrainian company, Zhonshang Yi Wei Technologies Limited, a Chinese company, eWave Bulgaria, a Bulgarian company, eWave Contracting Services (HK) Limited, a Hongkones company, all together "eWave", pursuant to which the Company purchased all of the outstanding interest. The transaction was simultaneously signed and closed. eWave's business is a Global, Enterprise-Class digital commerce experience enablement consultancy.

On November 21, 2022, the Company, through its subsidiary Globant España S.A. entered into a Share Purchase Agreement with the equity holders of Vertic A/S, Danish company, and its subsidiaries VHCG ApS, a Danish company, and Vertic Portals Inc., an American company, all together "Vertic", pursuant to which the Company purchased all of the outstanding interest. The transaction was simultaneously signed and closed. Vertic's business consists of digital consultancy. The agency creates digital experiences based on technology, design and data.

On December 21, 2022, the Company, through its subsidiary Globant España S.A. entered into an Equity Purchase Agreement with the equity holders of Adbid Latinoamerica S.A.S, a Colombian company, Adbid Latam MX S.A. de C.V., a Mexican company, and Procesalab S.A.S., a Colombian company, all together "Adbid", pursuant to which the Company purchased all of the outstanding interest. The transaction was simultaneously signed and closed. Adbid's business consists of performance digital agencies, focused on performance marketing strategy, operates advertising investment among others in Google, YouTube, Amazon, and other social media platforms, e-commerce advertising and web analytics in connection with the foregoing and as data and dashboarding services.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

On September 28, 2022, the Company, through its subsidiary Software Product Creation, S.L. entered into a Participation Agreement with La Liga Group International, S.L. ("LGI"), the equity holders of Sports Reinvention Entertainment Group, S.L. ("LaLiga Tech"), a Spanish company which was constituted in December 2022, pursuant to which the Company owned an outstanding interest equal to 51%. The purpose of this Agreement is to create, through La Liga Tech, a new business to reinvent the sports and entertainment industries through technology, and expand digital solutions offered by leveraging Web 3.0, Metaverse, Gaming, and many other rising technologies. The Agreement was signed on September 28, 2022 and the closing date was on December 23, 2022.

The table below gives additional details related to these acquisitions:

	Fair value of the consideration transferred at the acquisition date
Down payment (1)	197,976
Working capital adjustment	53
Installment Payments (2)	35,808
Contingent consideration (3)	38,011
Total consideration	**271,848**

(1) Payment in cash 172,445 and 25,531 in G-shares.
(2) Contains 11,620 of liability, current and non-current, payable in a variable number of shares.
(3) As of December 31, 2022 included 2,923 and 35,088 as Other financial liabilities current and non-current, respectively.

For contingent considerations, an estimate of the range of outcomes and the significant inputs related are disclosed in note 29.9.1

Acquisition related expenses were not material and were recognized directly as expensed.

As of the date of issuance of these consolidated financial statements, due to recent acquisition of La Liga Tech, eWave and Abdid, the accounting for those acquisitions is incomplete; hence, pursuant the guidance in IFRS 3, the Company has included preliminary amounts and disclosures as it relates to:

• Fair value of the total consideration transferred since the Company has not completed the fair value analysis of the consideration transferred as of the date of issuance of these financial statements.

• The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed, the total amount of goodwill (including a qualitative description of the factors that make up the goodwill recognized and the amount of goodwill that will be deducted for tax purposes) and other intangibles, as applicable.

• The gross contractual amounts of the acquired receivables, and the best estimate at the acquisition date of the contractual cash flows not expected to be collected. For each contingent liability to be recognized, if any, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement, and the reasons why the liability cannot be measured reliably, if applicable.

• The amount of revenues and profit or loss of the acquired subsidiaries since the acquisition date, and the amount of revenues and profit or loss of the combined entity as if the acquisition has been made at the beginning of the reporting period, since the acquired subsidiaries did not have available financial information prepared under IFRS at the acquisition date. The preparation of this information under IFRS has not been completed as of the date of issuance of these financial statements.

• The amount of the non–controlling interest in the acquired companies recognized at the acquisition date.

The preliminary fair value of the consideration transferred for the Acquisition at the acquisition date was calculated as follows:

26.2 - Purchase Price Allocation

As of December 31, 2022, the fair values of the assets acquired, liabilities assumed and goodwill amounted to 185,959, 56,930 and 188,288, respectively, from which certain acquisitions are determined on preliminary basis and amounted to 120,670, 21,471 and 70,311, respectively, determined at the date of acquisition in the business combinations.

As of December 31, 2021, the fair values of the assets acquired, liabilities assumed and goodwill amounted to 52,870, 20,476 and 174,005, respectively, from which certain business combinations are determined on preliminary basis and amounted to 11,205, 4,709 and 66,905, respectively, determined at the date of acquisition in the business combinations.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	As of December 31,	
	2022	**2021**
Current assets		
Cash and cash equivalents	46,075	16,604
Investments	1,152	113
Trade receivables	34,151	17,719
Other receivables	8,022	1,117
Other assets	3	—
Non current assets		
Other receivables	372	608
Other financial assets	—	2
Property and equipment	1,323	1,581
Intangibles (1)	82,255	14,204
Right-of-use asset	3,624	—
Deferred tax	8,265	922
Investment in associates	717	—
Goodwill (2)	188,288	174,005
Current liabilities		
Trade and other payables	(22,468)	(7,724)
Lease liabilities	(716)	—
Tax liabilities	(6,101)	(2,112)
Payroll and social security	(10,772)	(4,425)
Other liabilities	(571)	(413)
Borrowings	(2,958)	(201)
Non current liabilities	—	—
Deferred tax liabilities	(9,647)	(3,264)
Lease liabilities	(3,076)	—
Borrowings	(52)	(2,337)
Contingencies	(569)	—
Non-controlling interest (3)	(45,469)	(2,648)
Total consideration	**271,848**	**203,751**

(1) As of December 31, 2022 and 2021, the amount of 34,250 and 11,701, respectively, have been allocated to customer relationships and contracts, and 33,370 and 2,402 as platforms and licenses, respectively.
(2) Goodwill has arisen because the consideration paid for these acquisitions 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 contracts and relationships, internally used software, platforms and non-compete agreements 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. As of December 31, 2022 and 2021, 188,288 and 174,005, are not deductible for tax purposes, respectively.
(3) Non-controlling interest in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets at its fair values.

The fair values of the receivables acquired do not differ from their gross contractual amount.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

26.3 Impact of acquisitions on the results of the Company

The net income for the year ended December 31, 2022 includes a gain of 3,147,000 attributable to the business generated by the companies acquired in 2022. Revenue for the year ended December 31, 2022 includes 35,226,000 related to the business of those companies.

Had the businesses combinations made in 2022 been performed on January 1, 2022, the consolidated revenue of the Company would have been 1,855,572,000 and the net income for the year ended December 31, 2022, would have been 154,821,000.

26.4 Goodwill

Goodwill is measured as the excess of the cost of an acquisition over the sum of the amounts assigned to net assets acquired less liabilities assumed.

The Company evaluates goodwill for impairment at least annually or more frequently when there is an indication that the cash generating unit ("CGU") may be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Company first determines the value of the unit using the market approach. For the purposes of the calculation, the Company considers the value of the shares in the market.

In addition, the Company measures the CGU based on value-in-use calculations, which requires the use of various assumptions including revenue growth, gross margin, terminal growth rate and discount rates. The assumptions considered by the Company as of December 31, 2022 and 2021, were the following: projected cash flows for the following five years for both years, the average growth rate considered was 26.1% and 27.0%, respectively, and the rate used to discount cash flows was 11.2% and 9.6%, respectively. The long-term rate used to extrapolate cash flows beyond the projected period as of December 31, 2022 and 2021, was 4%. The recoverable amount is the higher of an asset's fair value less cost of disposals and value in use.

Very material 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 recoverable value and could result in an impairment charge. Based upon the Company's evaluation of goodwill, no impairment were recognized during 2022, 2021 and 2020.

A reconciliation of the goodwill from opening to closing balances is as follows:

	As of December 31,	
	2022	**2021**
Cost		
Balance at beginning of year	567,451	392,760
Additions related to new acquisitions (note 26.2)	188,288	174,005
Translation	(17,322)	(73)
Measurement period adjustment	787	759
Balance at end of year	**739,204**	**567,451**

NOTE 27 – 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 operating profit 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.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

The Company provides services related to application development, testing, infrastructure management and application maintenance.

The following table summarizes revenues by geography, based on the customers' location:

	For the year ended December 31,	
	2022	**2021**
North America		
United States of America	1,095,895	803,934
Canada	38,895	26,970
Puerto Rico	358	396
Subtotal North America	1,135,148	831,300
Europe, Middle East & Africa		
Spain	86,410	94,459
United Kingdom	45,017	27,156
Italy	9,320	507
Switzerland	8,859	5,710
France	6,593	2,600
Germany	5,840	1,424
Belgium	5,577	8,705
Netherlands	4,975	3,604
Saudi Arabia	4,187	—
Luxembourg	3,676	4,777
Denmark	2,246	411
Ireland	1,104	1,435
Others	2,919	546
Subtotal Europe, Middle East & Africa	186,723	151,334
Asia & Oceania		
India	21,191	10,442
Japan	11,739	8,514
United Arab Emirates	8,938	401
Australia	3,010	5,223
Singapore	2,600	906
Others	2,540	643
Subtotal Asia & Oceania	50,018	26,129
Latin America		
Argentina	120,578	87,756
Chile	115,494	86,809
Mexico	75,442	53,455
Brazil	31,060	20,821
Peru	25,131	15,695
Colombia	19,206	14,357
Dominican Republic	5,706	3,788
Ecuador	5,175	1,061
Paraguay	3,088	2,823
Uruguay	2,993	755

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Panama	2,698	744
Others	1,783	251
Subtotal Latin America	408,354	288,315
TOTAL	**1,780,243**	**1,297,078**

One largest customer accounted for 10.7%, 10.9% and 11.0% of revenues for the years ended December 31, 2022, 2021 and 2020.

The following table summarizes non-current assets other than deferred taxes as stated in IFRS 8, paragraph 33.b, by jurisdiction:

	As of December 31,	
	2022	**2021**
Spain	590,646	540,237
Argentina	156,594	165,163
United States of America	83,666	66,701
Colombia	64,666	50,785
Mexico	51,965	30,445
United Kingdom	51,746	52,185
Uruguay	47,903	15,546
Denmark	32,469	—
Brazil	28,649	3,783
Italy	27,844	—
India	26,814	21,521
Australia	24,779	—
Hong Kong	15,577	—
Chile	13,395	6,660
Peru	8,393	6,883
Belarus	5,461	6,157
Luxembourg	4,226	4,226
Romania	1,492	640
Germany	1,112	23
Costa Rica	821	—
Ecuador	690	30
Other countries	276	65
TOTAL	**1,239,184**	**971,050**

NOTE 28 – LEASES

The Company is obligated under various leases for office spaces and office equipment.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Movements in right-of-use assets and lease liabilities as of December 31, 2022 and 2021 were as follows:

Right-of-use assets	Office spaces	Office equipments	Computers	Total
January 1, 2022	**104,565**	**22,104**	**17,912**	**144,581**
Additions	22,403	320	11,809	34,532
Additions from business combinations (note 26.2)	3,624	—	—	3,624
Depreciation (note 6)	(21,800)	(3,181)	(10,263)	(35,244)
Foreign currency translation	(182)	—	—	(182)
December 31, 2022	**108,610**	**19,243**	**19,458**	**147,311**

Right-of-use assets	Office spaces	Office equipments	Computers	Total
January 1, 2021	**76,374**	**9,486**	**4,150**	**90,010**
Additions	46,237	14,972	17,873	79,082
Disposals	(575)	—	—	(575)
Depreciation (note 6)	(17,368)	(2,354)	(4,111)	(23,833)
Translation	(103)	—	—	(103)
December 31, 2021	**104,565**	**22,104**	**17,912**	**144,581**

Lease liabilities

	As of December 31,	
	2022	2021
Balance at beginning of year	**134,485**	**87,598**
Additions (1)	36,090	74,011
Additions from business combinations (note 26.2)	3,792	—
Foreign exchange difference (1)	(7,976)	(4,031)
Foreign currency translation (2)	(689)	(89)
Interest expense (1)	6,822	5,415
Payments (2)	(37,386)	(27,201)
Disposals	—	(1,218)
Balance at end of year	**135,138**	**134,485**

(1) Non-cash transactions.
(2) Cash transactions.

The Company has some lease contracts that have not yet commenced as of December 31, 2022 and 2021. The future lease payments for these lease contracts are disclosed as follows:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

As of December 31, 2022	
Year	**Amount**
2023	207
2024	311
2025	311
2026	311
2027	311
2028	104

As of December 31, 2021	
Year	**Amount**
2022	141

The outstanding balance of the lease liabilities as of December 31, 2022 and 2021 is as follows:

	As of December 31,	
Lease liabilities	**2022**	**2021**
Current	37,681	25,917
Non-current	97,457	108,568
TOTAL	**135,138**	**134,485**

The maturity analysis of lease liabilities is presented in note 29.5.

The expense related to short-term and low-value leases was not material.

NOTE 29 – FINANCIAL INSTRUMENTS

29.1 - Categories of financial instruments

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	As of December 31, 2022		
	FVTPL	**FVTOCI**	**Amortized cost**
Financial assets			
Cash and cash equivalents	—	—	292,457
Investments			
Mutual funds	47,009	—	—
Contribution to funds	—	—	1,513
Bills issued by the Treasury Department of the U.S. ("T-Bills")	—	1,399	—
Trade receivables	—	—	425,422
Other assets	—	—	25,854
Other receivables	—	—	12,122
Other financial assets			
Convertible notes	6,684	—	—
Foreign exchange forward contracts	552	2,957	—
Equity instruments	—	27,892	—
Interest rate SWAP	3,416	—	—
Others	—	—	6

	As of December 31, 2022		
	FVTPL	**FVTOCI**	**Amortized cost**
Financial liabilities			
Trade payables	—	—	90,564
Borrowings	—	—	3,699
Other financial liabilities			
Foreign exchange forward contracts	2,004	1,571	—
Other financial liabilities related to business combinations	59,686	—	65,005
Put option on minority interest of Walmeric	—	—	9,386
Equity forward contract	—	3,886	—
Lease liabilities	—	—	135,138
Other liabilities	—	—	808

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	As of December 31, 2021		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Cash and cash equivalents	—	—	427,804
Investments			
Mutual funds	27,585	—	—
Commercial Papers	—	4,996	—
Contribution to funds	—	—	1,027
Trade receivables	—	—	300,109
Other assets	—	—	16,438
Other receivables	—	—	5,901
Other financial assets			
Convertible notes	3,875	—	—
Foreign exchange forward contracts	608	150	—
Equity instruments	—	22,088	—
Interest rate SWAP	534	—	—
Others	—	—	35
Financial liabilities			
Trade payables	—	—	61,643
Borrowings	—	—	12,240
Other financial liabilities			
Foreign exchange forward contracts	1,392	106	—
Other financial liabilities related to business combinations	58,180	—	49,184
Put option on minority interest of Walmeric	—		15,423
Lease liabilities	—	—	134,485
Other liabilities	—	—	955

29.2 - 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 29.10 and 29.11.

29.3 - Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Except for the subsidiaries that have its local currency as functional currency, the functional currency of the Company and its subsidiaries is the U.S. dollar. In 2022, 79.50% 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 Colombian peso, Mexican peso, Chilean peso, Peruvian sol, Uruguayan peso and Brazilian real. Operating expenses are also significantly incurred in Indian Rupee, Great Britain Pound and European Union Euros.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Foreign exchange sensitivity analysis

The Company is mainly exposed to Argentine pesos, Colombian pesos, Indian rupees, European Union euros, Mexican pesos, Pounds sterling and Uruguayan pesos.

The following tables illustrate the Company's sensitivity to increases and decreases in the U.S. dollar against the relevant foreign currency. The following sensitivity analysis includes outstanding foreign currency denominated monetary items at December 31, 2022 and adjusts their translation at the year-end for changes in U.S. dollars against the relevant foreign currency.

			Gain/(loss)			
Account	**Currency**	**Amount**	**Increase**	**Amount**	**Decrease**	**Amount**
Net balances	Argentine pesos	6,201	30 %	(1,431)	10 %	689
	Colombian pesos	(51,826)	10 %	4,711	10 %	(5,758)
	Indian Rupees	(19,868)	10 %	1,806	10 %	(2,208)
	European Union euros	3,901	10 %	(355)	10 %	433
	Mexican pesos	(16,437)	10 %	1,494	10 %	(1,826)
	Pound sterling	(17,488)	10 %	1,590	10 %	(1,943)
	Uruguayan pesos	(10,109)	10 %	919	10 %	(1,123)
	Chilean pesos	21,700	10 %	(1,973)	10 %	2,411
	Total	**(83,926)**		**6,761**		**(9,325)**

As explained in note 29.10, the subsidiaries in Argentina, Colombia, United States, India, Mexico, Chile and Uruguay entered into foreign exchange forward and future contracts in order to mitigate the risk of fluctuations in the foreign exchange rate and reduce the impact in the financial statements.

The effect in equity of the U.S. dollar fluctuation against the relevant foreign currency as of December 31, 2021, is not material.

Depreciation of the Argentine Peso

During 2022, the Argentine peso experienced a 72.5% devaluation from 102.62 Argentine peso per U.S dollar to 177.06 Argentine peso per U.S dollar.

During 2021, the Argentine peso experienced a 22.1% devaluation from 84.05 Argentine peso per U.S dollar to 102.62 Argentine peso per U.S dollar.

29.4 - 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 line in the U.S. bear interest at a fixed rate between 1.5% or 1.75% depending on the amount borrowed, as of December 31, 2022 the Company does not maintain debt related to the Amended and Restated Credit Agreement During the beginning of 2021 the Company chose to discontinue the hedge accounting of the remaining interest rate swap acquired during 2020, since the hedged future cash flows were no longer expected to occur. As of December 31, 2022 and 2021, the Company has recognized a loss of 255 and a gain of 132 included in the line item "Other comprehensive income", respectively, and a net gain of 3,701 and 837 through results of profit and loss, respectively. Hedges of interest rate risk on recognized liabilities are accounted for as cash flow hedge.

Interest rate swap assets and liabilities are presented in the line item "Other financial assets" and "Other financial liabilities" within the statements of financial position, respectively.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Interest rate swap contracts outstanding as of December 31, 2022 and 2021:

Maturity Date	Notional	Floating rate receivable	Fixed rate payable	Fair value assets / (liabilities)
Instruments for which hedge accounting has been discontinued				
Current				
March 31, 2023	15,000	1month LIBOR	0.511 %	155
Fair value as of December 31, 2022				**155**
Non-current				
March 11, 2024	15,000	1month LIBOR	0.647 %	771
March 12, 2024	20,000	1month LIBOR	0.566 %	1,045
April 30, 2024	25,000	1month LIBOR	0.355 %	1,445
Fair value as of December 31, 2022				**3,261**
Instruments for which hedge accounting has been discontinued				
March 11, 2024	15,000	1month LIBOR	0.647 %	70
March 31, 2023	15,000	1month LIBOR	0.511 %	10
March 12, 2024	20,000	1month LIBOR	0.566 %	132
April 30, 2024	25,000	1month LIBOR	0.355 %	322
Fair value as of December 31, 2021				**534**

29.5 – Liquidity risk management

The Company's primary sources of liquidity are cash flows from operating activities and borrowings under credit facilities. See note 21.

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				
	2023	**2024**	**2025**	**Thereafter**	**Total**
Trade payables	85,119	4,862	583	—	90,564
Borrowings	2,997	159	159	545	3,860
Lease liabilities	48,230	35,464	23,823	61,950	169,467
Other financial liabilities(*)	56,379	46,375	14,085	13,882	130,721
TOTAL	**192,725**	**86,860**	**38,650**	**76,377**	**394,612**

(*) The amounts disclosed in the line of other financial liabilities do not include foreign exchange forward contracts, equity forward contracts and 22,930 related to business combinations payments through subscription agreements.

29.6 - Concentration of credit risk

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

The Company derives revenues from clients in the U.S. (approximately 62%) and clients related from diverse industries. For the years ended December 31, 2022 and 2021 the Company's top five clients accounted for 26% and 26.7% of its revenues, respectively. One single customer accounted for 10.7% and 10.9% of revenues for the years ended December 31, 2022 and 2021. Credit risk from trade receivables is considered to be low because the Company minimize the risk by setting credit limits for its customers, which are mainly large and renowned companies. Cash and cash equivalents and derivative financial instruments are considered to have low credit risk because these assets are held with widely renowned financial institutions (see note 13) .

29.7 - 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, 2022 and 2021, are a reasonable approximation of fair value due to the short time of realization.

	As of December 31, 2022		As of December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets				
Other receivables				
Guarantee deposits	5,942	5,686	4,390	4,177
Other assets	10,657	9,780	8,583	7,810
Non-current liabilities				
Trade payables	5,445	5,053	6,387	5,899
Borrowings	861	645	1,935	1,847

29.8 - 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.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds [1]	—	47,009	—	47,009
Bills issued by the Treasury Department of the U.S. ("T-Bills")	1,399	—	—	1,399
Foreign exchange forward contracts	—	3,509	—	3,509
Convertibles notes	—	—	6,684	6,684
Equity instrument	—	—	27,892	27,892
Interest rate SWAP	—	3,416	—	3,416
Financial liabilities				
Contingent consideration	—	—	59,686	59,686
Foreign exchange forward contracts	—	3,575	—	3,575
Equity forward contract	—	3,886	—	3,886

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds [1]	—	27,585	—	27,585
Commercial Papers	4,996	—	—	4,996
Foreign exchange forward contracts	—	758	—	758
Convertibles notes	—	—	3,875	3,875
Equity instrument	—	—	22,088	22,088
Interest rate SWAP	—	534	—	534
Financial liabilities				
Contingent consideration	—	—	58,180	58,180
Foreign exchange forward contracts	—	1,498	—	1,498

[1] Mutual funds are measured at fair value through profit or loss, based on the changes of the fund's net asset value.

There were no transfers of financial assets and liabilities 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.

When the inputs required by the market approach are not available, the Company applies the income approach technique. The income approach technique estimates the fair value of an asset or a liability by converting future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

29.9 Level 3

29.9.1 Contingent consideration

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

As described in note 26.1, certain acquisitions included contingent consideration agreements which are payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's financial performance like revenue, gross margin and operating margin.

The actual amounts to be paid under the contingent consideration arrangements may be increased proportionally to the target's achievements and are not subject to any maximum amount.

The fair values of the contingent consideration arrangements are estimated by using a probabilistic framework such as Montecarlo simulation where each iteration was discounted to present value using a discount rate. In other cases the contingent consideration was estimated by discounting to present value using a risk-adjusted discount rate.

The Company also performed an estimation of the potential minimum amount of all future payments that could be required to be made under the agreements.

As of December 31, 2022 the nominal value, minimum amount and fair value amounted to 74,024, 66,702, and 59,686, respectively.

As of December 31, 2021 the nominal value, minimum amount and fair value amounted to 60,233, 60,233, and 58,180, respectively.

During 2022 the Company paid the aggregate consideration of 26,708 related to the target achievements during the year 2021. The Company also paid a remaining consideration of 2,251 through the subscription of 8,761 shares related to the target achievements during the year 2021.

As of December 31, 2022, 2021, and 2020 the results from remeasurement of the contingent considerations were decrease of 967 increase of 4,322, and increase of 2,431, respectively. During 2022 it mainly includes a gain of 8,010 related to Bluecap and Navint acquisition, and a loss of 6,926 related to Atix, Habitant and Cloudshift acquisition.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair Value at December 31, 2022	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to Fair Value
Contingent consideration	59,686	Risk adjusted discount rate	Between 3.84% and 15.00%	An increase in the discount rates by 1% would decrease the fair value by $980 and a decrease in the discount rates by 1% would increase the fair value by $655
Contingent consideration	59,686	Expected revenues	Between 2,382 and 28,039	An increase in the expected revenues by 10% would increase the fair value by $1,421 and a decrease in the expected revenues by 10% would decrease the fair value by $776
Contingent consideration	59,686	Expected operating margin	Between 31.50% and 54.89%	An increase in the expected operating margin by 10% would increase the fair value by $307 and a decrease in the expected operating margin by 10% would decrease the fair value by $1,843

29.9.2 Convertible notes

As described in note 3.12.8, the Company entered into several convertible notes that include the right to convert the outstanding amount into equity shares of the invested companies. The fair value of such convertible notes was estimated using unobservable inputs. The amounts of gains and losses for the period related to changes in the fair value of the convertible notes were not material.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

29.9.3. Reconciliation of recurring fair value measurements categorized within Level 3

The following table shows the reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	Financial Assets		Financial liabilities
	Convertible notes	Equity instrument	Contingent consideration
December 31, 2020	1,036	10,478	43,724
Fair value remeasurement [1]	—	—	4,322
Acquisition of business [1]	—	—	29,665
Acquisition of investment [3]	—	11,610	—
Payments [2]	2,772	—	(17,902)
Interests [1]	67	—	1,285
Foreign exchange difference [1]	—	—	(2,714)
Others [1]	—	—	(200)
December 31, 2021	**3,875**	**22,088**	**58,180**

	Financial Assets		Financial liabilities
	Convertible notes	Equity instrument	Contingent consideration
December 31, 2021	3,875	22,088	58,180
Fair value remeasurement [1]	—	285	(967)
Acquisition of business [1]	—	—	38,011
Acquisition of investment [3]	2,667	5,519	—
Payments [2]	—	—	(28,717)
Interests [1]	146	—	1,484
Reclassifications [1]	—	—	(5,060)
Foreign exchange difference [1]	(4)	—	(1,528)
Translation [1]	—	—	(890)
Others [1]	—	—	(827)
December 31, 2022	**6,684**	**27,892**	**59,686**

(1) Non-cash transactions.
(2) Cash transactions included in investing activities, except for remeasurement of contingent considerations which are in operating activities, in the Consolidated Statement of Cash Flows. Non-cash transactions related to payments in the Company's common shares for 2,251.
(3) As of December 31, 2022 5,148 were Cash transactions included in investing activities in the consolidated statement of cash flows. As of December 31, 2021, 5,762 were Cash transactions included in investing activities in the consolidated statement of cash flow, 5,848 were Non-cash transactions related to the exchange of Acamica's investment with Digital House investment.

29.10 Foreign exchange futures and forward contracts

During the years ended December 31, 2021, the Argentine subsidiaries, Sistemas Globales S.A. and IAFH Global S.A. acquired foreign exchange futures contracts through 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 IFRS 9, as financial assets at fair value through profit or loss.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

For the year ended December 31, 2022, there were no future contracts transactions and for the year ended 2021, the Company recognized a loss 355.

During 2022 and 2021, certain subsidiaries from Argentina, Uruguay, Chile, Colombia and Mexico acquired foreign exchange forward contracts with certain banks in U.S. dollars, with the purpose of hedging the possible decrease of assets' value held in the local currencies from each country, due to the risk of exposure to fluctuations in those foreign currencies and a subsidiary in the United States of America has also acquired foreign exchange forward contracts with certain banks, with the purpose of hedging the exposure in currencies different than U.S dollar. Those contracts were recognized, according to IFRS 9, as financial assets at fair value through profit or loss. For the years ended December 31, 2022 and 2021, the Company recognized a net loss of 13,727 and 10,673, respectively. As of December 31, 2022 and 2021, the foreign exchange forward contracts that were recognized as financial assets and liabilities at fair value through profit or loss were as follows:

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
January 31, 2023	Argentinian Peso	191.95	192.57	17
January 31, 2023	Mexican Peso	19.87	19.59	71
January 31, 2023	Colombian Peso	4,847.49	4,834.53	21
January 31, 2023	Colombian Peso	4,858.43	4,834.53	38
January 31, 2023	Colombian Peso	4,856.25	4,834.53	35
February 28, 2023	Indian Rupee	83.05	82.98	7
February 28, 2023	Pound Sterling	1.21	1.21	33
February 28, 2023	Chilean Peso	856.55	861.90	76
April 28, 2023	Danish Krone	6.93	6.89	58
April 28, 2023	Australian Dollar	0.67	0.68	196
Fair value as of December 31, 2022				**552**
January 31, 2022	Mexican Peso	21.96	20.65	255
February 28, 2022	Indian Rupee	75.53	75.52	76
February 28, 2022	Colombian peso	4,037.00	4,005.31	119
March 31, 2022	Colombian peso	4,053.1	4,021.61	119
March 31, 2022	Colombian peso	4,040.5	4,021.55	39
Fair value as of December 31, 2021				**608**

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
January 31, 2023	Chilean Peso	920.50	858.02	(557)
January 31, 2023	Chilean Peso	919.60	858.02	(550)
January 31, 2023	Chilean Peso	920.20	858.02	(555)
January 31, 2023	Colombian Peso	4,774.65	4,831.78	(111)
January 31, 2023	Indian Rupee	81.92	82.85	(111)
February 28, 2023	Colombian Peso	4,810.50	4,860.91	(97)
February 28, 2023	Mexican Peso	19.63	19.69	(23)
Fair value as of December 31, 2022				**(2,004)**
January 31, 2022	Pound Sterling	0.73	0.74	(156)
January 31, 2022	Colombian Peso	3,902.25	3,993.60	(138)
January 31, 2022	European Union Euro	0.86	0.88	(410)
January 31, 2022	Uruguayan Peso	44.36	44.93	(64)
January 31, 2022	Argentinian Peso	106.98	106.92	(3)
January 31, 2022	Argentinian Peso	108.7	106.92	(87)
January 31, 2022	Argentinian Peso	110.85	106.92	(134)
January 31, 2022	Argentinian Peso	107.16	106.92	(12)
February 25, 2022	Argentinian Peso	115.35	111.35	(136)
February 28, 2022	European Union Euro	0.86	0.88	(212)
February 28, 2022	Chilean Peso	855.45	850.55	(40)
Fair value as of December 31, 2021				**(1,392)**

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.

29.11 Hedge accounting

During 2021, certain subsidiaries from Argentina, Uruguay, Chile, Colombia, Mexico and India entered into foreign exchange forward and future contracts to manage the foreign currency risk associated with the salaries payable in the local currency of each country. During 2022 the subsidiaries Chile, Colombia, India, Brazil, Peru and the United States of America entered into foreign exchange forward contracts to manage the foreign currency risk associated with the salaries payable in the local currency of each country The Company designated those derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the ‘finance income’ or ‘finance expense’ line items. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item (i.e. Salaries, employee benefits and social security taxes).

As of December 31, 2022 and 2021, the Company has recognized a net loss of 2,332 and 136, respectively, included in Salaries, employee benefits and social security taxes and a net gain of 1,305 and loss of 131, respectively, included in other comprehensive income.

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

During 2020, Globant, LLC entered into four interest rate swap transactions with the purpose of hedging the exposure to variable interest rate related to the Amended and Restated Credit Agreement with certain financial institutions. By the end of that year the Company chose to discontinue three of the four interest rate swap transaction. During the year ended December 31, 2021, the Company chose to discontinue the remaining interest rate swap since the hedged future cash flows were no longer expected to occur. As of December 31, 2021, the Company recognized a loss of 255, included in the line item "Other comprehensive income". The Company designated those derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. Hedges of interest rate risk on recognized liabilities are accounted for as cash flow hedges.

Foreign currency forward contract and interest rate swap assets and liabilities are presented in the line 'Other financial assets' and 'Other financial liabilities' within the statement of financial position.

The following table detail the foreign currency forward contracts outstanding as of December 31, 2022:

Hedging instruments - Outstanding contracts

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
January 31, 2023	Brazilian Real	5.36	5.25	55
January 31, 2023	Chilean Peso	995.20	858.02	789
March 31, 2023	Chilean Peso	994.25	866.45	685
April 28, 2023	Colombian Peso	5161.25	4919.18	283
April 28, 2023	Colombian Peso	5160.00	4918.15	388
February 28, 2023	Chilean Peso	992.20	861.47	708
January 31, 2023	Indian Rupee	83.66	83.15	42
February 23, 2023	Indian Rupee	83.15	82.98	6
February 23, 2023	Indian Rupee	83.01	82.98	1
Fair value as of December 31, 2022				**2,957**
January 25, 2022	Indian Rupee	75.50	74.50	9
January 27, 2022	Indian Rupee	74.68	74.55	2
January 27, 2022	Indian Rupee	74.67	74.55	2
January 27, 2022	Indian Rupee	74.68	74.55	1
February 23, 2022	Indian Rupee	75.67	74.74	9
February 24, 2022	Indian Rupee	75.76	74.78	14
February 24, 2022	Indian Rupee	75.76	74.78	20
February 24, 2022	Indian Rupee	75.76	74.78	5
March 31, 2022	Colombian Peso	4,064.86	4,021.21	88
Fair value as of December 31, 2021				**150**

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
January 31, 2023	Colombian Peso	4,667.50	4,834.53	(486)
January 31, 2023	Indian Rupee	82.54	82.85	(26)
February 23, 2023	Indian Rupee	82.03	82.98	(11)
February 28, 2023	Colombian Peso	4,659.50	4,860.91	(580)
March 30, 2023	Colombian Peso	4,729.00	4,888.69	(452)
April 26, 2023	Indian Rupee	83.04	83.30	(9)
April 26, 2023	Indian Rupee	83.01	83.30	(7)
Fair value as of December 31, 2022				**(1,571)**

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
January 31, 2022	Colombian Peso	3,967.65	3,993.75	(52)
February 28, 2022	Colombian Peso	3,978.05	4,004.91	(54)
Fair value as of December 31, 2021				**(106)**

During the year ended December 31, 2022, Globant LLC entered into equity forward contracts to manage the risk associated with the volatility of the Company's market share price use to determine the cash-settled shared based plan. The Company designated those derivatives as hedging instruments in respect of market share price risk in cash flow hedges. Hedges of cash-settled share base payment risk on firm commitments are accounted for as cash flow hedges.

Since the Company separates the forward element and the spot element of the forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, the effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge, except for the portion that affects comprehensive income for the granted shares in which the rendering of services over time lapse has already occur to the date of report. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "other financial results, net" line item. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item (i.e., Sharebased compensation expense).

As of December 31, 2022, the Company recognized a loss of 1,341 included in the line item "Share-based compensation expense - Cash settle", a loss of 2,528 included in the line item "Gains and losses on cash flow hedges", from other comprehensive income, and 17 included in the line item "Net gain arising from financial assets measured at fair value through OCI".

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Settlement date	Currency from contracts	Forward Price	Fair value assets / (liabilities)
June 1, 2023	US dollars	278.24	(910)
June 1, 2023	US dollars	188.83	(71)
June 3, 2024	US dollars	289.9	(886)
June 3, 2024	US dollars	198.85	(70)
June 2, 2025	US dollars	302.36	(890)
June 2, 2025	US dollars	208.72	(75)
June 1, 2026	US dollars	315.09	(901)
June 1, 2026	US dollars	219.34	(83)
Fair value as of December 31, 2022			**(3,886)**

NOTE 30 — CAPITAL AND RESERVES

30.1 Issuance of common shares

During the year ended December 31, 2022, 94,380 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 37.17 per share amounting to a total of 3,508,105.

During the year ended December 31, 2022, 801,041 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company and 266,300 RSU's were vested at an average price of 122.29 per share amounting to a total of 32,565,827 (non-cash transactions).

During the year ended December 31, 2022 the Company's common shares issues in connection with subscriptions agreements related to acquisitions were as follows:

Date	Acquired company	Common shares	Amount
December 21, 2022	Adbid	10,728	1,821
November 18, 2022	Vertic	41,252	7,312
November 16, 2022	eWave	32,524	5,859
November 7, 2022	KTBO	9,624	1,540
September 23, 2022	Sysdata	19,640	4,052
September 16, 2022	Grupo Assa	34,754	7,224
August 5, 2022	Atix	4,534	850
June 7, 2022	Genexus	21,328	4,947
April 29, 2022	Cloudshift	8,761	2,251
TOTAL		**183,145**	**35,856**

During the year ended December 31, 2021, 213,686 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by certain employees. Options were exercised at an average price of 30.93 per share amounting to a total of 6,612.

During the year ended December 31, 2021, 168,669 RSUs were granted to certain employees and directors of the Company and 235,392 RSUs were vested at an average price of 89.18 per share amounting to a total of 20,992 (non-cash transaction).

During the year ended December 31, 2021 the Company's common shares issues in connection with subscriptions agreements related to acquisitions were as follows:

(amounts are expressed in thousands of U.S. dollars, except where expressly indicated that amounts are stated in thousands of other currencies)

Date	Acquired company	Common shares	Amount
November 30, 2021	Navint	7,032	2,100,000
November 17, 2021	Xappia	2,502	750,000
July 8, 2021	Walmeric	10,842	2,372,000
May 11, 2021	Hybrido (*)	10,088	2,149,000
March 15, 2021	Xappia	8,415	1,750,000
TOTAL		**38,879**	**9,121,000**

(*) As part of the subscription agreement the Company recognized 2,152 as equity settled agreement, related to common shares that the Company will issue in the future.

30.2 Public offerings and agreements

On May 28 2021, 1,380,000 common shares were issued and sold at a price of 214 for a net proceeds of 286,207, which were listed on the New York Stock Exchange. Cost associated with the proceed consisted of agents commissions, legal and professional fees and listing fees.

As of December 31, 2022, 40,813,484 common shares of the Company's share capital are registered with the SEC and quoted in the New York Stock Exchange.

30.3 Cash flow hedge reserve

The movements in the cash flow hedge reserve were as follows:

	Foreign currency risk	
	2022	**2021**
Balance at beginning of the year	**11**	**281**
Loss arising on changes in fair value of hedging instruments during the period	(2,682)	(578)
Loss reclassified to profit or loss – hedged item has affected profit or loss	(500)	308
Balance at end of the year	**(3,171)**	**11**

NOTE 31 — APPROPRIATION OF RETAINED EARNINGS UNDER PRINCIPAL OPERATING SUBSIDIARIES´ LOCAL LAWS AND RESTRICTIONS ON DISTRIBUTION OF DIVIDENDS

In accordance with Argentine, Uruguayan and Mexican Law, the Argentine, Uruguayan and Mexican subsidiaries of the Company must appropriate at least 5% of net income of the year to a legal reserve, until such reserve equals 20% of their respective share capital amounts.

On June 16, 2021, Argentine Law No. 27,630 was enacted and, among other matters, set a 7% withholding tax for dividend distribution from a 13% previously established by Law No 27.430 for 2020 onwards.

As of December 31, 2022, the legal reserve amounted to 369 for the Company´s Argentine subsidiaries, Sistemas Globales S.A, IAFH Global S.A, and Decision Support S.A, which were all fully constituted.

As of December 31, 2022, the legal reserves amounted to 20 for the Company's Uruguayan subsidiary, Sistemas Globales Uruguay S.A., which was fully constituted.

As of December 31, 2022, the legal reserve amounted to 1,004 for the Company's Mexican subsidiary, IAFH Globant México IT S. de R.L. de C.V., which was partially constituted.

In Colombia, Sistemas Colombia S.A.S.'s bylaws determine the subsidiary must allocate at least 10% of the net income of the year to a legal reserve until such reserve equals 50% of its share capital.

As of December 31, 2022, Sistemas Colombia S.A.S.´s legal reserve amounted to 755, and has been fully constituted.

Pursuant to Peruvian law, the Peruvian subsidiaries 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 of capital stock. As of December 31, 2022, the legal reserve amounted to 399 for Globant Peru S.A.C. which was partially constituted.

Pursuant to Spanish law, the Spanish subsidiaries of the Company must allocate 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, 2022, the legal reserve amounted to 455 for the Company's Spanish subsidiary, Software Product Creation S.L., which was partially constituted.

There is no requirement to allocate profits for the creation of a legal reserve in the following countries: Brazil, Chile, India and United States of America.

NOTE 32 – COVID-19 IMPACT ON THE FINANCIAL STATEMENTS

On March 11, 2020, the World Health Organization declared a pandemic of the outbreak of Coronavirus ("COVID-19"), due to its rapid spread throughout the world, having affected, at that time, more than 110 countries. As of December 31, 2020, tens of countries had declared state of national health emergency, which measures had caused a substantial disruption in the global economy. It is difficult to estimate the full extent and duration of the impacts of the pandemic on businesses and economies. However, by the end of the year most countries have resume progressively with all economic activities.

On March 27, 2020, the International Accounting Standards Board (the "IASB") published a document for educational purposes, to help support the consistent application of accounting standards during a period of enhanced economic uncertainty arising from the COVID-19 pandemic. In that publication, the IASB indicated that they had engaged closely with the regulators to encourage entities to consider that guidance. The financial reporting issues, reminders and considerations highlighted in this publication are the following: going concern, financial instruments, asset impairment, governments grants, income taxes, liabilities from insurance contracts, leases, insurance recoveries, onerous contract provisions, fair value measurement, revenue recognition, events after the reporting period, other financial statements disclosure requirements and other accounting estimates.

On May 28, 2020, the "IASB" published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. As a practical expedient, a lessee may elect not to assess whether a rent concession related to COVID-19 is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The Company determined to apply the practical expedient to all the lease contracts of office spaces and has recognized as of December 31, 2020 a discount for 512 included in rental expenses.

The Company has determined, after analyzing the possible impact of the economic situation in the financial statements, that an assessment of the treatment of expected credit losses ("ECLs") was necessary, since IFRS 9 should not be applied mechanically and prior assumptions may no longer hold true in the current environment.

At the beginning of the year 2020, for the purpose of measuring ECLs and for determining whether significant increase in credit risk had occurred, the Company grouped financial instruments on the basis of shared credit risk characteristics, and, specifically, grouped our trade receivables considering the industry verticals.

Considering that the tourism sector was one of the hardest-hit by the outbreak of COVID-19, with impacts on both travel supply and demand, in 2020 the Company had to adjust the estimations of ECLs for trade receivables from customers within the

"Travel & Hospitality" as well as for the rest of our customers, since at the time of our review, there were some indications of change in payment terms and, to a lesser extent, the probability of non-payment due to the effects of COVID-19 pandemic.

The Company assessed whether the impact of COVID-19 has led to any other non-financial asset impairment, including goodwill, and concluded, that there is no indication that the cash-generating unit may be impaired. Based on the sensitivity analysis performed, there were no significant changes in any of the used key assumptions that would have resulted in an impairment charge.

NOTE 33 – OTHER EVENTS

33.1 Cybersecurity Event

On March 28th, 2022, the Company detected an unauthorized access to certain source code and project-related documentation for certain clients, as well as certain data files. As soon as such access was detected, the Company activated its security protocols and began conducting an exhaustive investigation. As of the date of issuance of these consolidated financial statements, although no formal claims relating to the incident have been received, it is not possible for us to determine at this point the potential economic impact, if any, of this incident on the Company.

NOTE 34 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events until February 15, 2023, date of approval of these consolidated financial statements, to assess the need for potential adjustments or disclosures in these consolidated financial statements in accordance with IAS 10 "Events after the reporting period". The Company doesn't have any subsequent events to report.

NOTE 35 – APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved by the Board of Directors on February 15, 2023.

Martín Migoya
President