Globant S.A.

Consolidated Financial Statements as of December 31, 2022 and December 31, 2021 and for each of the three years in the period ended December 31, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Globant S.A.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Globant S.A. and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Annual Report on Internal Control over Financial Reporting, management has excluded Genexus S.A., Advanced Research & Technology, S.A. de C.V., Artech Informática do Brasil Ltda, Newtech Informática Ltda., Sysdata SPA, Nescara Ltda., KTBO S.A., KTBO Brasil Comunicacoes Digitais Ltda, KTBO Chile SpA, KTBO Colombia S.A.S., KTBO S.A. de C.V.,Contenidos Digitales KTBO, S.C., KTBO S.A.C., eWave Holdings Pty Ltd, Vertic A/S, Adbid Latinoamerica S.A.S., Adbid Latam MX S.A. de C.V., Procesalab S.A.S, and Sports Reinvention Entertainment Group, S.L. from its assessment of internal control over financial reporting as of December 31, 2022 because they were acquired by the Company in purchase business combinations during 2022. We have also excluded Genexus S.A., Advanced Research & Technology, S.A. de C.V., Artech Informática do Brasil Ltda, Newtech Informática Ltda., Sysdata SPA, Nescara Ltda., KTBO S.A., KTBO Brasil Comunicacoes Digitais Ltda, KTBO Chile SpA, KTBO Colombia S.A.S., KTBO S.A. de C.V.,Contenidos Digitales KTBO, S.C., KTBO S.A.C., eWave Holdings Pty Ltd, Vertic A/S, Adbid Latinoamerica S.A.S., Adbid Latam MX S.A. de C.V., Procesalab S.A.S, and Sports Reinvention Entertainment Group, S.L. from our audit of internal control over financial reporting. Genexus S.A., Advanced Research & Technology, S.A. de C.V., Artech Informática do Brasil Ltda, Newtech Informática Ltda., Sysdata SPA, Nescara Ltda., KTBO S.A., KTBO Brasil Comunicacoes Digitais Ltda, KTBO Chile SpA, KTBO Colombia S.A.S., KTBO S.A. de C.V.,Contenidos Digitales KTBO, S.C., KTBO S.A.C., eWave Holdings Pty Ltd, Vertic A/S, Adbid Latinoamerica S.A.S., Adbid Latam MX S.A. de C.V., Procesalab S.A.S, and Sports Reinvention Entertainment Group, S.L. are consolidated subsidiaries whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting collectively represent approximately 4.6% and 2.0% respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2022.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Business Combinations – Valuation of Identifiable Intangible Assets

As described in Notes 4 and 26 to the consolidated financial statements, the Company completed eight (8) business combinations (the "acquisitions") for aggregate consideration of $272 million during the year ended December 31, 2022, which resulted in the recognition of $82 million of identifiable intangible assets. Management applied significant judgment 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.

The principal considerations for our determination that performing procedures relating to business combinations – valuation of identifiable intangible assets is a critical audit matter are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to the estimated fair value of identifiable intangible assets acquired due to the significant judgment by management when developing the estimate; (ii) the significant audit effort in evaluating the significant assumptions related to the revenue growth rates, customer attrition rates and discount rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of identifiable intangible assets and controls over the development of significant assumptions related to revenue growth rates, customer attrition rates and discount rates. These procedures also included, among others, (i) reading the purchase agreement and (ii) testing management's process for estimating the fair value of identifiable intangible assets. Testing management's process included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of significant assumptions related to revenue growth rates, customer attrition rates and discount rates used to estimate the fair value of identifiable intangible assets. Evaluating the reasonableness of the revenue growth rates and customer attrition rates involved considering the past performance of the acquired businesses, as well as available economic and industry data. The discount rates were evaluated by considering the cost of capital of comparable businesses, other industry factors and the implied rate of return on the overall transactions. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's valuation methods.

/s/ PRICE WATERHOUSE & CO. S.R.L.

/s/ Reinaldo Sergio Cravero (Partner)

Autonomous City of Buenos Aires, Argentina
February 28, 2023

We have served as the Company's auditor since 2020.

GLOBANT S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31, 2022	2021	2020
Revenues	**5**	1,780,243	1,297,078	814,139
Cost of revenues	**6.1**	(1,110,848)	(802,090)	(509,812)
Gross profit		**669,395**	**494,988**	**304,327**
Selling, general and administrative expenses	**6.2**	(456,324)	(343,004)	(217,222)
Net impairment losses on financial assets		(6,364)	(7,551)	(3,080)
Other operating income and expenses, net		—	—	(83)
Profit from operations		**206,707**	**144,433**	**83,942**
Finance income	**7**	2,832	652	1,920
Finance expense	**7**	(16,552)	(12,708)	(10,430)
Other financial results, net	**7**	173	(3,923)	3,601
Financial results, net		**(13,547)**	**(15,979)**	**(4,909)**
Share of results of investment in associates	**12.2**	119	(233)	(622)
Other income and expenses, net	**8**	(395)	(3,369)	(1,887)
Profit before income tax		**192,884**	**124,852**	**76,524**
Income tax	**9.1**	(43,405)	(28,497)	(22,307)
Net income for the year		**149,479**	**96,355**	**54,217**
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)	(398)
- Net change in fair value on financial assets measured at FVOCI		(107)	1	—
- Gains and losses on cash flow hedges		(3,171)	11	281
Total comprehensive income for the year		**124,431**	**92,634**	**54,100**
Net income attributable to:				
Owners of the Company		148,891	96,065	54,217
Non-controlling interest		588	290	—
Net income for the year		**149,479**	**96,355**	**54,217**
Total comprehensive income for the year attributable to:				
Owners of the Company		123,044	92,344	54,100
Non-controlling interest		1,387	290	—
Total comprehensive income for the year		**124,431**	**92,634**	**54,100**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

(in thousands of U.S. dollars, except per share amounts)

		For the year ended December 31,		
	Notes	**2022**	**2021**	**2020**
Earnings per share				
Basic	**10**	3.55	2.35	1.41
Diluted	**10**	3.47	2.28	1.37
Weighted average of outstanding shares (in thousands)				
Basic	**10**	41,929	40,940	38,515
Diluted	**10**	42,855	42,076	39,717

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

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

	Notes	As of December 31, 2022	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 CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(in thousands of U.S. dollars)

	For the year ended December 31,		
	2022	**2021**	**2020**
Cash flows from operating activities			
Net income for the year	149,479	96,355	54,217
Adjustments to reconcile net income for the year to net cash flows from operating activities:			
Share-based compensation expense	60,251	37,031	22,423
Current income tax (note 9.1)	44,756	53,319	27,834
Deferred income tax (note 9.1)	(1,351)	(24,822)	(5,527)
Depreciation of property and equipment (note 15)	25,324	19,799	16,037
Depreciation of right-of-use assets (note 28)	35,244	23,833	17,638
Amortization of intangible assets (note 16)	47,365	36,654	14,805
Impairment of intangible assets (note 16)	1,017	80	83
Leases discount	—	—	(512)
Net impairment losses on financial assets	6,364	7,551	3,080
Remeasurement at fair value of investment in associates	—	(1,538)	—
Gain from sale of financial instrument (note 3.12.9)	—	—	(800)
Allowance for claims and lawsuits (note 23)	1,871	5,769	1,598
(Gain) Loss on remeasurement of contingent consideration and call/put option over non-controlling interest (note 29.9.1)	(1,147)	4,694	2,431
Gain on transactions with bonds (note 3.18)	(13,883)	(708)	(9,580)
Accrued interest	11,203	9,828	6,955
Interest received	2,686	585	1,872
Net loss arising on financial assets measured at FVPL	7,537	8,537	3,423
Net (gain) loss arising on financial assets measured at FVOCI	(165)	130	287
Net gain arising on financial assets measured at amortized cost (note 7)	—	—	(395)
Exchange differences	4,648	(5,708)	3,631
Share of results of investment in associates	(119)	233	622
Payments related to forward and future contracts	(6,242)	(1,692)	(3,104)
Proceeds related to forward and future contracts	3,918	1,368	3,039
Payments of remeasured earn-outs related to acquisition of business	(4,467)	—	(5,218)
Gain arising from lease disposals	—	(643)	(180)
Loss arising from property and equipment and intangibles derecognition	1,632	—	—
Changes in working capital:			
Net increase in trade receivables	(104,315)	(93,019)	(33,926)
Net increase in other receivables	(21,021)	(21,149)	(10,887)
Net (increase) decrease in other assets	(9,416)	(1,338)	6,135
Net (decrease) increase in trade payables	(2,651)	10,870	(2,770)
Net increase in payroll and social security taxes payable	13,398	66,670	11,488
Net increase in tax liabilities	264	4,595	363
Utilization of provision for contingent liabilities (note 23)	(1,750)	(8,113)	(615)
Income tax paid	(52,906)	(50,197)	(24,575)
Net cash provided by operating activities	**197,524**	**178,974**	**99,872**
Cash flows from investing activities			
Acquisition of property and equipment [(2)]	(47,063)	(42,766)	(29,294)
Proceeds from disposals of property and equipment and intangibles	—	1,249	951
Acquisition of intangible assets [(3)]	(48,367)	(34,868)	(24,168)
Acquisition of investment in sovereign bonds	(24,883)	(5,990)	(16,700)
Proceeds from investment in sovereign bonds	38,766	6,698	26,280
Payments related to forward and future contracts	(25,561)	(13,534)	(7,673)
Proceeds related to forward and future contracts	12,511	3,923	4,839
Acquisition of investments measured at FVPL	(414,950)	(238,991)	(436,660)
Proceeds from investments measured at FVPL	393,059	230,236	443,005
Acquisition of investments measured at FVOCI	(264,992)	(49,965)	(2,994)
Proceeds from investments measured at FVOCI	269,102	44,976	3,316
Proceeds from investments measured at amortized cost	—	—	625

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(in thousands of U.S. dollars)

	For the year ended December 31,		
	2022	2021	2020
Acquisition of investments measured at amortized cost	—	—	(615)
Payments to acquire equity instruments	(5,148)	(5,762)	(9,167)
Payments to acquire investments in associates	(500)	(1,389)	—
Acquisition of investment in convertible notes (note 29)	(2,667)	(2,772)	(701)
Acquisition of business, net of cash (note 26) (1)	(126,370)	(144,503)	(69,060)
Payments of earn-outs related to acquisition of business	(22,241)	(19,422)	(5,999)
Net cash used in investing activities	**(269,304)**	**(272,880)**	**(124,015)**
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	300,880
Proceeds from the issuance of shares under the share-based compensation plan (note 30.1)	3,508	6,612	5,825
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)	—	—
Cash paid for the settlements of the derivative financial instruments used to hedge interest rate risk	—	—	(127)
Proceeds from subscription agreements (note 30.1)	—	—	1,203
Proceeds from borrowings (note 21)	—	13,500	155,108
Repayment of borrowings (note 21)	(8,269)	(29,384)	(194,332)
Payments of principal portion of lease liabilities (note 28)	(30,564)	(21,786)	(23,237)
Payments of lease liabilities interest (note 28)	(6,822)	(5,415)	(1,904)
Interest paid (note 21)	(2,491)	(832)	(1,870)
Payments of installments related to acquisition of business	(15,541)	—	—
Net cash (used in) provided by financing activities	**(65,680)**	**243,986**	**241,546**
(Decrease) increase in cash and cash equivalents	(137,460)	150,080	217,403
Cash and cash equivalents at beginning of the year	427,804	278,939	62,721
Effect of exchange rate changes on cash and cash equivalents	2,113	(1,215)	(1,185)
Cash and cash equivalents at end of the year	292,457	427,804	278,939

(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	84,643
Less: cash and cash equivalents acquired	(46,075)	(16,604)	(15,583)
Total consideration paid net of cash and cash equivalents acquired	**126,370**	**144,503**	**69,060**

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, 2021 and 2020, there were 16,225, 10,129 and 1,515 of acquisition of property and equipment financed with trade payables, respectively. In 2022, 2021 and 2020, the Company paid 10,129, 1,515 and 2,179 related to property and equipment acquired in 2021, 2020 and 2019, respectively.

(3) In 2022, 2021 and 2020 there were 1,984, 3,662 and 285 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, in 2019 there were no acquisition of intangibles financed with trade payables.

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 issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements are presented in thousands of United States dollars ("U.S. dollars") and have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.1 – Application of new and revised International Financial Reporting Standards

- **Adoption of new and revised standards**

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

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

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

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.

- **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.

• 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.

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, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020, the Company recorded a gain amounting to 13,883, 708 and 9,580, 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.

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.

(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 Industry vertical	**2022**	**2021**	**2020**
Media and Entertainment	376,134	272,703	187,071
Banks, Financial Services and Insurance	359,940	308,227	193,364
Consumer, Retail & Manufacturing	254,500	197,620	105,876
Technology & Telecommunications	250,299	155,665	96,643
Professional Services	235,553	167,997	103,133
Travel & Hospitality	139,170	87,567	67,634
Health Care	128,669	96,334	53,781
Other Verticals	35,978	10,965	6,637
TOTAL	**1,780,243**	**1,297,078**	**814,139**

	For the year ended December 31,		
By Currency(*)	**2022**	**2021**	**2020**
United States dollar (USD)	1,415,226	977,349	699,769
European euro (EUR)	116,469	111,177	35,454
Mexican peso (MXN)	57,526	40,064	21,624
Argentine peso (ARS)	57,329	47,039	33,594
Chilean peso (CLP)	42,568	57,610	3,237
Pound sterling (GBP)	31,445	20,565	1,331
Brazilian real (BRL)	30,886	23,850	10,795
Peruvian Sol (PEN)	13,435	9,058	8
Colombian peso (COP)	12,971	9,803	7,791
Others	2,388	563	536
TOTAL	**1,780,243**	**1,297,078**	**814,139**

(*) Billing currency.

	For the year ended December 31,		
By Contract Type	**2022**	**2021**	**2020**
Time and material contracts	1,472,894	1,062,171	698,943
Fixed-price contracts	273,344	218,846	107,033
Subscription	33,963	16,039	8,156
Others	42	22	7
TOTAL	**1,780,243**	**1,297,078**	**814,139**

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

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

6.1 - Cost of revenues

	For the year ended December 31,		
	2022	**2021**	**2020**
Salaries, employee benefits and social security taxes	(1,014,469)	(745,307)	(476,480)
Professional services	(37,293)	(23,989)	(6,599)
Depreciation and amortization expense	(13,510)	(10,730)	(9,759)
Travel and housing	(11,057)	(4,950)	(6,881)
Depreciation expense of right-of-use assets	(9,802)	(3,392)	—
Office expenses	(8,817)	(6,607)	(3,050)
Promotional and marketing expenses	(4,111)	(687)	(498)
Shared-based compensation expense	(4,917)	(3,568)	(4,109)
Recruiting, training and other employee expenses	(3,150)	(2,860)	(2,436)
Share-based compensation expense - Cash settled	(3,722)	—	—
TOTAL	**(1,110,848)**	**(802,090)**	**(509,812)**

6.2 - Selling, general and administrative expenses

	For the year ended December 31,		
	2022	**2021**	**2020**
Salaries, employee benefits and social security taxes	(173,472)	(139,307)	(86,390)
Depreciation and amortization expense	(59,179)	(45,723)	(21,083)
Share-based compensation expense	(52,144)	(38,849)	(20,519)
Professional services	(40,546)	(30,947)	(23,093)
Depreciation expense of right-of-use assets	(25,442)	(20,441)	(17,638)
Office expenses	(24,992)	(18,298)	(13,515)
Promotional and marketing expenses	(26,976)	(10,299)	(3,517)
Taxes	(17,609)	(13,260)	(16,596)
Travel and housing	(17,159)	(5,414)	(3,878)
Recruiting, training and other employee expenses	(10,346)	(11,575)	(4,389)
Rental expenses	(7,448)	(6,045)	(5,762)
Legal claims	(241)	(2,846)	(842)
Share-based compensation expense - Cash settled	(770)	—	—
TOTAL	**(456,324)**	**(343,004)**	**(217,222)**

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

NOTE 7 – FINANCE INCOME / EXPENSE/ OTHER FINANCIAL RESULTS

	For the year ended December 31,		
	2022	2021	2020
Finance income			
Interest gain	2,832	652	1,920
Total	**2,832**	**652**	**1,920**
Finance expense			
Interest expense on borrowings	(2,491)	(915)	(2,426)
Interest expense on lease liabilities	(6,822)	(5,415)	(4,944)
Other interest	(4,722)	(4,150)	(1,505)
Other	(2,517)	(2,228)	(1,555)
Total	**(16,552)**	**(12,708)**	**(10,430)**
Other financial results, net			
Net loss arising from financial assets measured at fair value through PL	(7,537)	(8,537)	(3,423)
Net gain (loss) arising from financial assets measured at fair value through OCI	500	6	(16)
Gain arising from financial assets measured at amortized cost	—	—	395
Foreign exchange (loss) gain, net	(6,673)	3,900	(2,935)
Gain on transaction with bonds	13,883	708	9,580
Total	**173**	**(3,923)**	**3,601**

NOTE 8 – OTHER INCOME AND EXPENSES, NET

	For the year ended December 31,		
	2022	2021	2020
Other Expense			
Remeasurement of contingent consideration (note 29.9.1)	—	(4,694)	(2,431)
Impairment of cryptocurrencies (note 16)	(1,017)	(80)	—
Fixed and intangibles assets derecognition and disposals	(1,632)	(579)	(680)
Other	(293)	(182)	(84)
Subtotal	**(2,942)**	**(5,535)**	**(3,195)**
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	—	—	800
Other	1,400	628	508
Subtotal	**2,547**	**2,166**	**1,308**
Total	**(395)**	**(3,369)**	**(1,887)**

NOTE 9 – INCOME TAXES

9.1 – INCOME TAX RECOGNIZED IN PROFIT AND 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	**2021**	**2020**
Tax expense:			
Current tax expense	(44,756)	(53,319)	(27,834)
Deferred tax gain	1,351	24,822	5,527
TOTAL INCOME TAX EXPENSE	**(43,405)**	**(28,497)**	**(22,307)**

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

	For the year ended December 31,		
	2022	**2021**	**2020**
Profit before income tax	192,884	124,852	76,524
Tax calculated at the tax rate in each country	(33,108)	(27,757)	(13,253)
Argentine Knowledge Economy Law (note 3.7.1.1) (*)	1,358	1,157	637
Non-deductible expenses / non-taxable gains	61	2,122	1,180
Tax loss carry forward not recognized	(3,096)	(2,873)	(3,686)
Foreign withholding tax	(2,683)	—	—
Exchange difference	(5,937)	(1,146)	(7,185)
INCOME TAX EXPENSE RECOGNIZED IN PROFIT AND LOSS	**(43,405)**	**(28,497)**	**(22,307)**

(*) During 2020 the enforced regime was the Argentine Software Promotion Law, which was replaced by the Argentine Knowledge Economy Law.

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:

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

	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
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.

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

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	2020
Net income for the year attributable to owners of the Company	148,891	96,065	54,217
Weighted average number of shares (in thousands) for the purpose of basic earnings per share	41,929	40,940	38,515
Weighted average number of shares (in thousands) for the purpose of diluted earnings per share	42,855	42,076	39,717
BASIC EARNINGS PER SHARE	**$3.55**	**$2.35**	**$1.41**
DILUTED EARNINGS PER SHARE	**$3.47**	**$2.28**	**$1.37**

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	2020
Shares not-deemed to be issued in respect of employee options	25	30	19

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.

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 51.9% obtaining temporary control of Acamica. On June 29, 2021, the subscription agreement was closed.

For the years ended December 31, 2021 and 2020, the Company share on the profit or loss for the investment in Acamica a loss of 233 and 622, respectively.

NOTE 13 – TRADE RECEIVABLES

(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		
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).

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	2020
Balance at beginning of year	(6,177)	(5,755)	(3,676)
Additions related to Travel and Hospitality clients (note 32)	—	(2,228)	(3,194)
(Additions) Recoveries, net (note 4.2)	(6,364)	(5,323)	107
Write-off of receivables	5,327	7,129	980
Translation	—	—	28
Balance at end of year	**(7,214)**	**(6,177)**	**(5,755)**

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. As of December 31, 2020 the expected credit losses increased considerably due to the outbreak of Coronavirus ("COVID-19") at the beginning of the fiscal year, see note 32.

(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 and 2020, the Company recorded a recovery for an amount of 269 and 7, respectively, 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

(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	2020
Balance at beginning of year	—	269	378
(Recovery) additions (note 4.4)	—	(269)	(7)
Foreign exchange	—	—	(102)
Balance at end of year	**—**	**—**	**269**

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**

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

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**

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.

As of December 31, 2020, the Company has recognized an impairment of 83. The impairment was recognized as a result of the Company's evaluation of such internal developments, upon which the Company projected lower future cash flows from the related intangible assets.

(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, 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
Amortization and 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

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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 371.

NOTE 19 – TRADE PAYABLES

	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).

(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
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

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**

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

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

	As of December 31, 2022	As of December 31, 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	2020
Balance at the beginning of year	12,240	25,968	51,386
Borrowings related to business combination (note 26.2) (1) (4)	3,010	2,538	13,969
Proceeds from new borrowings (2) (5)	—	13,500	155,108
Payment of borrowings (3) (5)	(10,760)	(30,216)	(196,202)
Accrued interest (4)	2,491	915	2,299
Foreign exchange (4)	(3,127)	(375)	(592)
Translation (4)	(155)	(90)	—
TOTAL	**3,699**	**12,240**	**25,968**

(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.

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

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

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	2020
Balance at beginning of year	5	53	91
Additions	370	8	72
Recovery	(1)	(10)	(50)
Utilization of provision for contingencies	(89)	(38)	—
Foreign exchange	(100)	(8)	(60)
Balance at end of year	**185**	**5**	**53**

	As of December 31,		
Reserve for regulatory claims	2022	2021	2020
Balance at beginning of year	9,632	10,130	1,511
Additions (3)	4,260	863	176
Additions related to business combinations	569	—	9,124
Recovery	(270)	(258)	—
Utilization of provision for contingencies (4)	(961)	(509)	(615)
Foreign exchange	200	(594)	(66)
Balance at end of year	**13,430**	**9,632**	**10,130**

	As of December 31,		
Reserve for commercial claims	2022	2021	2020
Balance at beginning of year	—	2,400	1,000
Additions (1)	700	5,166	1,400
Utilization of provision for contingencies (2)	(700)	(7,566)	—
Balance at end of year	**—**	**—**	**2,400**

(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).

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

(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:

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

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

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

During the year ended December 31, 2022, 2021 and 2020, the Company recognized the Company recognized the following transactions:

	For the year ended December 31,		
	2022	2021	2020
Revenue			
Enigma.art LLC	915	—	—
Studio Eter LLC	190	—	—
Total	**1,105**	**—**	**—**

	For the year ended December 31,		
	2022	2021	2020
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	2020
Salaries and bonuses	6,768	6,709	6,643
Total	**6,768**	**6,709**	**6,643**

The remuneration of directors and key executives is determined by the Board of Directors based on the performance of individuals and market trends.

During 2020, the Company granted 88,350, 895, 740 and 52,660 restricted stock units at a grant price of $130.99, $140.00, $170.00 and $189.53, respectively.

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.

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

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 years 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 57,779 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:

	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:

(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 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**

(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 share options at the end of the year:

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						
—	—	—	—	—	—	—
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:

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**

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

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	—	226.30
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

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.

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

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 occurring the first one 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.

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.

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

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:

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

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.

	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**

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

(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.

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 attributable to the business generated by the companies acquired in 2022. Revenue for the year ended December 31, 2022 includes 35,226 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 and the net income for the year ended December 31, 2022, would have been 154,821.

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.

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:

(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	2021	2020
North America			
United States of America	1,095,895	803,934	558,528
Canada	38,895	26,970	15,622
Puerto Rico	358	396	125
Subtotal North America	1,135,148	831,300	574,275
Europe, Middle East & Africa			
Spain	86,410	94,459	32,977
United Kingdom	45,017	27,156	17,100
Italy	9,320	507	21
Switzerland	8,859	5,710	1,785
France	6,593	2,600	1,224
Germany	5,840	1,424	939
Belgium	5,577	8,705	2,924
Netherlands	4,975	3,604	1,461
Saudi Arabia	4,187	—	—
Luxembourg	3,676	4,777	1,292
Denmark	2,246	411	395
Ireland	1,104	1,435	907
Others	2,919	546	763
Subtotal Europe, Middle East & Africa	186,723	151,334	61,788
Asia & Oceania			
India	21,191	10,442	2,670
Japan	11,739	8,514	5,338
United Arab Emirates	8,938	401	248
Australia	3,010	5,223	287
Singapore	2,600	906	93
Others	2,540	643	—
Subtotal Asia & Oceania	50,018	26,129	8,636
Latin America			
Argentina	120,578	87,756	53,667
Chile	115,494	86,809	50,707
Mexico	75,442	53,455	25,928
Brazil	31,060	20,821	11,976
Peru	25,131	15,695	11,648
Colombia	19,206	14,357	13,302
Dominican Republic	5,706	3,788	869
Ecuador	5,175	1,061	26
Paraguay	3,088	2,823	231
Uruguay	2,993	755	144
Panama	2,698	744	737
Others	1,783	251	205
Subtotal Latin America	408,354	288,315	169,440
TOTAL	**1,780,243**	**1,297,078**	**814,139**

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

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.

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**

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

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:

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:

(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,	
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

	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

(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 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

	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.

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

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.

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.

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

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, 2021 and 2020, the Company has recognized a loss of 255, a gain of 132 and a loss of 132 included in the line item "Other comprehensive income", respectively, and a net gain of 3,701, a net gain of 837 and a net loss of 127 through results of profit and loss, respectively. As of December 31, 2020 the Company recognize a loss of 605 through results of profit and loss as consequence of the discontinuation of the hedge accounting for three of the four swaps. 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.

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.

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

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

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, 2021 and 2020, the Company's top five clients accounted for 25.6%, 26.7% and 30.6% of its revenues, respectively. One single customer accounted for 10.7%, 10.9% and 11.0% of revenues for the years ended December 31, 2022, 2021 and 2020. 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.

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

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those derived from unobservable inputs for the assets or liabilities.

	As of December 31, 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.

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

29.9 Level 3

29.9.1 Contingent consideration

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

(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 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.

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 and 2020, 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. For the year ended December 31, 2022, there were no future contracts transactions and for the years ended 2021 and 2020 the Company recognized a loss 355 and a gain of 144, respectively.

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:

(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	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**

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, 2021 and 2020, the Company has recognized a net loss of 2,332, 136 and 272, respectively, included in Salaries, employee benefits and social security taxes and a net gain of 1,305, loss of 131 and a net gain of 165, respectively, included in other comprehensive income.

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, 2022 and 2021, the Company recognized a loss of 255 and a gain of 132, respectively, 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

(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	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**

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)**

(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, 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".

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.

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 32,566 (non-cash transactions).

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

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:

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

(*) 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.

During the year ended December 31, 2020, 175,272 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 33.24 per share amounting to a total of 5,825.

During the year ended December 31, 2020, 309,384 (RSU) were granted to certain employees and directors of the Company and, 219,047 RSUs were vested at an average price of 59.37 per share amounting to a total of 13,055 (non-cash transaction).

During the year ended December 31, 2020 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
December 18, 2020	Bluecap	189,287	40,354
November 10, 2020	Giant Monkey Robot	5,551	1,060
August 3, 2020	Grupo Assa	20,918	3,681
May 7, 2020	Avanxo	2,730	294
April 20, 2020	Avanxo	6,346	684
March 10, 2020	Ratio	2,018	225
TOTAL		**226,850**	**46,298**

30.2 Public offerings and agreements

On June 9 2020, 2,300,000 common shares were issued and sold at a price of 135 for a net proceeds of 300,880, which were listed on the New York Stock Exchange. Costs associated with the proceed consisted of agents commissions, legal and professional fees and listing fees.

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