



Globant S.A.

Consolidated Financial Statements as of
December 31, 2021 and December 31, 2020
and for each of the three years in the period
ended December 31, 2021



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, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended 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, 2021, 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.

A handwritten signature in black ink, appearing to be a stylized 'g' or 'h' followed by a vertical line.

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 Navint Partners, LLC and its affiliated entities (collectively, "Navint Group"), Atix Labs S.R.L. and Atix Labs LLC, (collectively "Atix Labs"), and Walmeric Soluciones, S.L., ("Walmeric") from its assessment of internal control over financial reporting as of December 31, 2021 because they were acquired by the Company in purchase business combinations during 2021. We have also excluded Navint Group, Atix Labs and Walmeric from our audit of internal control over financial reporting. Navint Group, Atix Labs and Walmeric 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 0.9% and 0.8%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2021.

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.




Acquisition of Walmeric Soluciones, S.L.– Valuation of Customer Relationships

As described in Note 26.14 to the consolidated financial statements, the Company completed the acquisition of Walmeric for an aggregate consideration of \$53 million on July 8, 2021, of which approximately \$7 million was allocated to the customer relationship intangible asset. The fair value of the customer relationship intangible asset was determined using the multi-period excess earnings method based on discounted projected net cash flows. Management's key assumptions used in estimating future cash flows included projected revenue growth rates, customer attrition rates and the discount rate.

The principal considerations for our determination that performing procedures relating to the acquisition of Walmeric– valuation of customer relationships is a critical audit matter are (i) there was significant judgment by management in developing the estimated fair value using the multi-period excess earnings method, which in turn led to a high degree of auditor judgment and subjectivity in applying procedures relating to management's fair value estimate of customer relationships acquired; (ii) significant audit effort was required in evaluating the significant assumptions relating to the estimate, including the revenue growth rates and the customer attrition rates used in the cash flow projections and the discount rate used to estimate present value of the projected future cash flows; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

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 development of the assumptions related to the valuation of the customer relationships, including revenue growth rates, customer attrition rates and the discount rate. These procedures also included, among others, (i) reading the purchase agreement and (ii) testing management's cash flow projections used to estimate the fair value of the customer relationships, which included evaluating the reasonableness of significant assumptions used by management relating to the estimate, including the revenue growth rates, customer attrition rates and the discount rate. Evaluating the reasonableness of the revenue growth rates and customer attrition rates involved considering the past performance of the acquired businesses, as well as economic and industry public information. The discount rate was evaluated by considering the cost of capital of comparable businesses, other industry factors and the implied rate of return on the overall transaction. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's multi-period excess earnings method used to determine the fair value estimate of the acquired customer relationships and certain assumptions, including customer attrition rates and the discount rate.

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


Reinaldo Sergio Cravero (Partner)

Autonomous City of Buenos Aires, Argentina
February 28, 2022

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



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2019 of Globant S.A. and subsidiaries (the "Company"), and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of the Company's operations, its changes in equity and its cash flows for the year ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ Deloitte & Co. S.A.
Autonomous City of Buenos Aires, Argentina

February 25, 2020

We began serving as the Company's auditor in 2009. In 2020 we became the predecessor auditor.

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GLOBALANT S.A.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31,
2021, 2020 AND 2019**

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

| | Notes | For the year ended December 31, | | |
|--|-------|---------------------------------|----------------|-----------------|
| | | 2021 | 2020 | 2019 |
| Revenues | 5 | 1,297,078 | 814,139 | 659,325 |
| Cost of revenues | 6.1 | (802,090) | (509,812) | (405,164) |
| Gross profit | | 494,988 | 304,327 | 254,161 |
| Selling, general and administrative expenses | 6.2 | (343,004) | (217,222) | (172,478) |
| Net impairment losses on financial assets | | (7,551) | (3,080) | (228) |
| Other operating income and expenses, net | | — | (83) | (720) |
| Profit from operations | | 144,433 | 83,942 | 80,735 |
| Finance income | 7 | 652 | 1,920 | 958 |
| Finance expense | 7 | (12,708) | (10,430) | (6,653) |
| Other financial results, net | 7 | (3,923) | 3,601 | (5,894) |
| Financial results, net | | (15,979) | (4,909) | (11,589) |
| Share of results of investment in associates | 12.2 | (233) | (622) | (224) |
| Other income and expenses, net | 8 | (3,369) | (1,887) | 110 |
| Profit before income tax | | 124,852 | 76,524 | 69,032 |
| Income tax | 9.1 | (28,497) | (22,307) | (15,017) |
| Net income for the year | | 96,355 | 54,217 | 54,015 |
| 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 | | (3,733) | (398) | (400) |
| - Net change in fair value on financial assets measured at FVOCI | | 1 | — | (373) |
| - Gains and losses on cash flow hedges | | 11 | 281 | 352 |
| Total comprehensive income for the year | | 92,634 | 54,100 | 53,594 |
| Net income attributable to: | | | | |
| Owners of the Company | | 96,065 | 54,217 | 54,015 |
| Non-controlling interest | | 290 | — | — |
| Net income for the year | | 96,355 | 54,217 | 54,015 |
| Total comprehensive income for the year attributable to: | | | | |
| Owners of the Company | | 92,344 | 54,100 | 53,594 |
| Non-controlling interest | | 290 | — | — |
| Total comprehensive income for the year | | 92,634 | 54,100 | 53,594 |

GLOBALANT S.A.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31,
2021, 2020 AND 2019**

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

| | | For the year ended December 31, | | |
|--|--------------|--|-------------|-------------|
| | Notes | 2021 | 2020 | 2019 |
| Earnings per share | | | | |
| Basic | 10 | 2.35 | 1.41 | 1.48 |
| Diluted | 10 | 2.28 | 1.37 | 1.43 |
| Weighted average of outstanding shares (in thousands) | | | | |
| Basic | 10 | 40,940 | 38,515 | 36,586 |
| Diluted | 10 | 42,076 | 39,717 | 37,674 |

The accompanying notes 1 to 34 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2021 AND 2020
(in thousands of U.S. dollars)

| | Notes | As of December 31, | |
|--|-------|-------------------------|-------------------------|
| | | 2021 | 2020 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 427,804 | 278,939 |
| Investments | 12.1 | 32,581 | 19,284 |
| Trade receivables | 13 | 300,109 | 196,020 |
| Other assets | 17 | 7,855 | 8,146 |
| Other receivables | 14 | 49,194 | 31,633 |
| Other financial assets | 18 | 2,057 | 1,577 |
| Total current assets | | <u>819,600</u> | <u>535,599</u> |
| Non-current assets | | | |
| Trade receivables | 13 | — | 5,644 |
| Investments | 12.1 | 1,027 | 615 |
| Other assets | 17 | 8,583 | 6,954 |
| Other receivables | 14 | 24,263 | 9,629 |
| Deferred tax assets | 9.2 | 58,404 | 41,507 |
| Investment in associates | 12.2 | — | 3,154 |
| Other financial assets | 18 | 25,233 | 15,147 |
| Property and equipment | 15 | 133,571 | 101,027 |
| Intangible assets | 16 | 102,016 | 86,721 |
| Right-of-use asset | 28 | 144,581 | 90,010 |
| Goodwill | 26.20 | 572,959 | 392,760 |
| Total non-current assets | | <u>1,070,637</u> | <u>753,168</u> |
| TOTAL ASSETS | | <u>1,890,237</u> | <u>1,288,767</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade payables | 19 | 63,210 | 35,266 |
| Payroll and social security taxes payable | 20 | 184,464 | 111,881 |
| Borrowings | 21 | 10,305 | 907 |
| Other financial liabilities | 18 | 63,059 | 19,822 |
| Lease liabilities | 28 | 25,917 | 15,358 |
| Tax liabilities | 22 | 18,071 | 11,804 |
| Income tax payable | | 20,318 | 10,511 |
| Other liabilities | | 955 | 81 |
| Total current liabilities | | <u>386,299</u> | <u>205,630</u> |
| Non-current liabilities | | | |
| Trade payables | 19 | 6,387 | 5,240 |
| Borrowings | 21 | 1,935 | 25,061 |
| Other financial liabilities | 18 | 66,932 | 74,376 |
| Lease liabilities | 28 | 108,568 | 72,240 |
| Deferred tax liabilities | 9.2 | 1,289 | 13,698 |
| Income tax payable | | 877 | — |
| Contingent liabilities | 23 | 9,637 | 12,583 |
| Total non-current liabilities | | <u>195,625</u> | <u>203,198</u> |
| TOTAL LIABILITIES | | <u>581,924</u> | <u>408,828</u> |
| Capital and reserves | | | |
| Issued capital | | 50,080 | 47,861 |
| Additional paid-in capital | | 872,030 | 541,157 |
| Other reserves | | (6,395) | (2,674) |
| Retained earnings | | 389,660 | 293,595 |
| Total equity attributable to owners of the Company | | <u>1,305,375</u> | <u>879,939</u> |
| Non-controlling interests | | 2,938 | — |
| Total equity | | <u>1,308,313</u> | <u>879,939</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,890,237</u> | <u>1,288,767</u> |

The accompanying notes 1 to 34 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(in thousands of U.S. dollars except number of shares issued)

| | Number of Shares Issued ⁽¹⁾ | Issued capital | Additional paid-in capital | Retained earnings | Foreign currency translation reserve | Investment revaluation reserve | Attributable to owners of the Parent | Total |
|--|--|-------------------|----------------------------------|----------------------|---|---|--|----------------|
| Balance at January 1, 2019 | 35,965,662 | 43,158 | 109,559 | 187,335 | (2,097) | (39) | 337,916 | 337,916 |
| Adjustment on initial application of IFRS 16 | — | — | — | (1,972) | — | — | (1,972) | (1,972) |
| Issuance of shares under share-based compensation plan (see note 30.1) | 899,100 | 1,079 | 21,475 | — | — | — | 22,554 | 22,554 |
| Issuance of shares under subscription agreement (see note 30.1) | 98,857 | 119 | 7,651 | — | — | — | 7,770 | 7,770 |
| Share-based compensation plan (see note 25) | — | — | 18,852 | — | — | — | 18,852 | 18,852 |
| Other comprehensive income (loss) for the year | — | — | — | — | (400) | (21) | (421) | (421) |
| Net income for the year | — | — | — | 54,015 | — | — | 54,015 | 54,015 |
| Balance at December 31, 2019 | 36,963,619 | 44,356 | 157,537 | 239,378 | (2,497) | (60) | 438,714 | 438,714 |
| | Number of Shares Issued ⁽¹⁾ | Issued capital | Additional paid-in capital | Retained earnings | Foreign currency translation reserve | Investment revaluation reserve and cash flow hedge reserve | Total | |
| Issuance of shares under share-based compensation plan (see note 30.1) | 394,319 | 473 | 18,357 | — | — | — | 18,830 | |
| Issuance of shares under subscription agreement (see note 30.1) | 226,850 | 272 | 46,026 | — | — | — | 46,298 | |
| Common shares issued pursuant to the June 2020 public offering (see note 30.2) | 2,300,000 | 2,760 | 298,120 | — | — | — | 300,880 | |
| Share-based compensation plan (see note 25) | — | — | 21,117 | — | — | — | 21,117 | |
| Other comprehensive income (loss) for the year | — | — | — | — | (398) | 281 | (117) | |
| Net income for the year | — | — | — | 54,217 | — | — | 54,217 | |
| Balance at December 31, 2020 | 39,884,788 | 47,861 | 541,157 | 293,595 | (2,895) | 221 | 879,939 | |

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(in thousands of U.S. dollars except number of shares issued)

| | Number of Shares Issued ⁽¹⁾ | Issued capital | Additional paid-in capital | Retained earnings | Foreign currency translation reserve | Investment revaluation reserve and cash flow hedge reserve | Attributable to owners of the Parent | Non- controlling interest | Total |
|--|--|-------------------|----------------------------------|----------------------|---|---|--|---------------------------------|------------------|
| Balance at January 1, 2021 | 39,884,788 | 47,861 | 541,157 | 293,595 | (2,895) | 221 | 879,939 | — | 879,939 |
| Issuance of shares under share-based compensation plan (see note 30.1) | 449,078 | 539 | 27,065 | — | — | — | 27,604 | — | 27,604 |
| Issuance of shares under ESPP plan (note 25.4) | 7,453 | 9 | 2,331 | — | — | — | 2,340 | — | 2,340 |
| Issuance of shares under subscription agreement (see note 30.1) | 38,879 | 47 | 9,074 | — | — | — | 9,121 | — | 9,121 |
| Equity settled deferred consideration (note 26) | — | — | 2,152 | — | — | — | 2,152 | — | 2,152 |
| Common shares issued pursuant to the May 2021 public offering (see note 30.2) | 1,380,000 | 1,656 | 284,551 | — | — | — | 286,207 | — | 286,207 |
| Share-based compensation plan (see note 25) | — | — | 29,209 | — | — | — | 29,209 | — | 29,209 |
| Repurchase of shares (note 25.4) | (27,000) | (32) | (7,224) | — | — | — | (7,256) | — | (7,256) |
| Non-controlling interest arising on a business combination (note 26.14) | — | — | — | — | — | — | — | 2,648 | 2,648 |
| Put option over non-controlling interest (note 26) | — | — | (16,285) | — | — | — | (16,285) | — | (16,285) |
| Other comprehensive income (loss) for the year | — | — | — | — | (3,733) | 12 | (3,721) | — | (3,721) |
| Net income for the year | — | — | — | 96,065 | — | — | 96,065 | 290 | 96,355 |
| Balance at December 31, 2021 | 41,733,198 | 50,080 | 872,030 | 389,660 | (6,628) | 233 | 1,305,375 | 2,938 | 1,308,313 |

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

The accompanying notes 1 to 34 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(in thousands of U.S. dollars)

| | For the year ended December 31, | | |
|---|--|---------------|---------------|
| | 2021 | 2020 | 2019 |
| Cash flows from operating activities | | | |
| Net income for the year | 96,355 | 54,217 | 54,015 |
| Adjustments to reconcile net income for the year to net cash flows from operating activities: | | | |
| Share-based compensation expense | 37,031 | 22,423 | 15,357 |
| Current income tax (note 9.1) | 53,319 | 27,834 | 19,327 |
| Deferred income tax (note 9.1) | (24,822) | (5,527) | (4,310) |
| Depreciation of property and equipment (note 15) | 19,799 | 16,037 | 14,542 |
| Depreciation of right-of-use assets (note 28) | 23,833 | 17,638 | 14,584 |
| Amortization of intangible assets (note 16) | 36,654 | 14,805 | 9,713 |
| Impairment of intangible assets (note 16) | 80 | 83 | 720 |
| Leases discount | — | (512) | — |
| Net impairment losses on financial assets | 7,551 | 3,080 | 228 |
| 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) | 5,769 | 1,598 | — |
| Remeasurement of contingent consideration (note 29.9.1) | 4,694 | 2,431 | 85 |
| Gain on transactions with bonds (note 3.18) | (708) | (9,580) | (1,569) |
| Accrued interest | 9,828 | 6,955 | 4,151 |
| Interest received | 585 | 1,872 | 734 |
| Net loss (gain) arising on financial assets measured at FVPL | 8,537 | 3,423 | (1,285) |
| Net loss (gain) arising on financial assets measured at FVOCI | 130 | 287 | (58) |
| Net gain arising on financial assets measured at amortised cost (note 7) | — | (395) | (99) |
| Exchange differences | (5,708) | 3,631 | 8,291 |
| Share of results of investment in associates | 233 | 622 | 224 |
| Payments related to forward and future contracts | (1,692) | (3,104) | (991) |
| Proceeds related to forward and future contracts | 1,368 | 3,039 | 1,017 |
| Payments of remeasured earn-outs related to acquisition of business | — | (5,218) | — |
| Gain arising from lease disposals | (643) | (180) | — |
| Changes in working capital: | | | |
| Net increase in trade receivables | (93,019) | (33,926) | (38,945) |
| Net increase in other receivables | (21,149) | (10,887) | (8,432) |
| Net (increase) decrease in other assets | (1,338) | 6,135 | (9,967) |
| Net increase (decrease) in trade payables | 10,870 | (2,770) | 7,235 |
| Net increase in payroll and social security taxes payable | 66,670 | 11,488 | 8,766 |
| Net increase in tax liabilities | 4,595 | 363 | 2,079 |
| Utilization of provision for contingent liabilities (note 23) | (8,113) | (615) | (194) |
| Income tax paid | (50,197) | (24,575) | (17,055) |
| Proceeds received from reimbursement of income tax | — | — | 1,572 |
| Net cash provided by operating activities | 178,974 | 99,872 | 79,735 |
| Cash flows from investing activities | | | |
| Acquisition of property and equipment ⁽²⁾ | (42,766) | (29,294) | (20,375) |
| Proceeds from disposals of property and equipment and intangibles | 1,249 | 951 | 102 |
| Acquisition of intangible assets ⁽³⁾ | (34,868) | (24,168) | (11,617) |
| Acquisition of investment in sovereign bonds | (5,990) | (16,700) | (6,000) |
| Proceeds from investment in sovereign bonds | 6,698 | 26,280 | 7,569 |
| Payments related to forward and future contracts | (13,534) | (7,673) | (4,842) |
| Proceeds related to forward and future contracts | 3,923 | 4,839 | 4,165 |
| Acquisition of investments measured at FVTPL | (238,991) | (436,660) | (143,763) |
| Proceeds from investments measured at FVTPL | 230,236 | 443,005 | 129,910 |
| Acquisition of investments measured at FVOCI | (49,965) | (2,994) | (11,684) |
| Proceeds from investments measured at FVOCI | 44,976 | 3,316 | 15,618 |
| Proceeds from investments measured at amortised cost | — | 625 | — |

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(in thousands of U.S. dollars)

| | For the year ended December 31, | | |
|--|--|------------------|------------------|
| | 2021 | 2020 | 2019 |
| Acquisition of investments measured at amortised cost | — | (615) | — |
| Guarantee payments | — | — | (1,038) |
| Payments to acquire equity instruments | (5,762) | (9,167) | — |
| Payments to acquire investments in associates | (1,389) | — | — |
| Acquisition of investment in convertible notes (note 3.12.8.1 and 3.12.8.3) | (2,772) | (701) | (3,350) |
| Acquisition of business, net of cash (note 26) ⁽¹⁾ | (144,503) | (69,060) | (97,298) |
| Payments of earn-outs related to acquisition of business | (19,422) | (5,999) | (8,981) |
| Net cash used in investing activities | (272,880) | (124,015) | (151,584) |
| 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) | 6,612 | 5,825 | 15,822 |
| Proceeds from the issuance of shares under the ESPP plan | 2,340 | — | — |
| Repurchase of shares | (7,256) | — | — |
| 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 | 7,770 |
| Proceeds from borrowings (note 21) | 13,500 | 155,108 | 90,523 |
| Repayment of borrowings (note 21) | (29,384) | (194,332) | (40,806) |
| Payments of principal portion of lease liabilities (note 28) | (21,786) | (23,237) | (15,358) |
| Payments of lease liabilities interest (note 28) | (5,415) | (1,904) | (475) |
| Interest paid (note 21) | (832) | (1,870) | (764) |
| Net cash provided by financing activities | 243,986 | 241,546 | 56,712 |
| Increase (decrease) in cash and cash equivalents | 150,080 | 217,403 | (15,137) |
| Cash and cash equivalents at beginning of the year | 278,939 | 62,721 | 77,606 |
| Effect of exchange rate changes on cash and cash equivalents | (1,215) | (1,185) | 252 |
| Cash and cash equivalents at end of the year | 427,804 | 278,939 | 62,721 |

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

Supplemental information

| | | | |
|---|----------------|---------------|---------------|
| Cash paid | 161,107 | 84,643 | 103,978 |
| Less: cash and cash equivalents acquired | (16,604) | (15,583) | (6,678) |
| Total consideration paid net of cash and cash equivalents acquired | 144,503 | 69,060 | 97,300 |

As of December 31, 2021, the Company issued 10,088, 10,842 and 7,032 common shares for a total amount of 2,149, 2,372 and 2,100, respectively, according to the subscription agreement included in the stock purchase agreement signed with Hybridó's, Walmeric's and Navint's sellers, these were non-cash transaction. As of December 31, 2020, the Company issued 20,918, 5,551 and 189,287 common shares for a total amount of 3,618, 1,123 and 40,354, respectively, according to the subscription agreement included in the stock purchase agreement signed with Grupo ASSA's, Giant Monkey Robot's and Bluecap Management Consulting's sellers, these were non-cash transaction.

⁽²⁾ In 2021, 2020 and 2019, there were 10,129, 1,515 and 2,179 of acquisition of property and equipment financed with trade payables, respectively. In 2021, 2020 and 2019, the Company paid 1,515, 2,179 and 4,316 related to property and equipment acquired in 2020, 2019 and 2018, respectively. In 2019 there were 1,862 of advances paid, there were no advances paid in 2020 and 2021. Finally, 2019 excludes 30,661 of advances reclassified from other receivables which was a non-cash transaction.

⁽³⁾ In 2021 and 2020 there were 3,662 and 285 of acquisition of intangibles financed with trade payables, respectively, in 2019 there were no acquisition of intangibles financed with trade payables. In 2021 and 2019, the Company paid 285 and 217 related to intangibles acquired in 2020 and 2018, respectively.

The accompanying notes 1 to 34 are an integral part of these consolidated financial statements

GLOBANT S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021

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

NOTE 1 – COMPANY OVERVIEW AND BASIS OF PRESENTATION

Globant S.A. is a 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, 2021 were the following:

| <u>Country</u> | <u>Company</u> |
|--------------------------|--|
| Argentina | Sistemas Globales S.A |
| 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 |
| Peru | Globant Peru S.A.C |
| Spain | Software Product Creation S.L. |
| Spain | BlueCap Management Consulting SL |
| United Kingdom | Sistemas UK Limited |
| United States of America | Globant LLC |
| United States of America | Globant IT Services Corp |
| Uruguay | Sistemas Globales Uruguay S.A. |

The Company provides services from offices located in:

| <u>Country</u> | <u>City</u> |
|--------------------------|---|
| Argentina | Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata |
| Belarus | Minsk |
| Brazil | São Paulo and São Jose Dos Campos |
| Chile | Santiago |
| Colombia | Bogotá, Medellín and Cali |
| France | Paris |
| Germany | Berlin |
| India | Pune and Bangalore |
| Mexico | Guadalajara, México City and Monterrey |
| Peru | Lima |
| Romania | Cluj |
| Spain | Madrid, Barcelona, Málaga and Logroño |
| United Kingdom | London |
| United States of America | San Francisco, New York, Seattle, Raleigh, Miami, Los Angeles and Winston Salem |
| Uruguay | Montevideo |

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, Eastern Europe and the U.S.

The Company's registered office address is 37A Avenue J.F. Kennedy L-1855, Luxembourg.

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

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, 2021. The impact of the new and revised standards and interpretations mentioned on these consolidated financial statements is described as follows.

The Company has adopted the following standards and interpretation that became applicable for annual periods commencing on or after January 1, 2021:

| | |
|--|--|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform - Phase 2 |
|--|--|

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

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

• **New accounting pronouncements**

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

| | |
|---|---|
| Amendments to IAS 8 | <i>Definition of Accounting Estimates¹</i> |
| Amendments to IAS 1 and IFRS Practice Statement 2 | <i>Disclosure of Accounting Policies¹</i> |
| Amendments to IFRS 16 | <i>Covid-19-Related Rent Concessions beyond 30 June 2021²</i> |
| Amendments to IAS 12 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i> |

¹ Effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

² Effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted.

- 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021

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

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 March 31, 2021, IASB issued 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)' extending, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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 April 1, 2021. 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.

Detailed below are the subsidiaries of the Company whose financial statement line items have been included in these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| Company | Country of incorporation | Main Activity | Percentage ownership | | |
|---|--------------------------|---|-------------------------|----------|----------|
| | | | As of December 31, 2021 | 2020 | 2019 |
| Globant UK Limited | United Kingdom | Customer referral services and software development support and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant, LLC | United States of America | Customer referral services and software development support and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Sistemas Colombia S.A.S. | Colombia | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| IAFH Globant IT México S. de R.L. de C.V. ⁽¹⁾ | Mexico | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Software Product Creation S.L. | Spain | Holding, investment, software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant España S.A. (sociedad unipersonal) | Spain | Holding and investment activities | 100.00 % | 100.00 % | 100.00 % |
| Sistemas Globales Uruguay S.A. | Uruguay | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Sistemas Globales S.A. | Argentina | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| IAFH Global S.A. | Argentina | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Sistemas Globales Chile Asesorías Limitada | Chile | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globers S.A. | Argentina | Travel organization services | 100.00 % | 100.00 % | 100.00 % |
| Globant Brasil Consultoria Ltda. | Brazil | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant Peru S.A.C. | Peru | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant India Private Limited | India | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Dynaflows S.A. | Argentina | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| We Are London Limited ⁽²⁾ | United Kingdom | Service design consultancy | - | 100.00 % | 100.00 % |
| Difier S.A. | Uruguay | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant Bel LLC | Belarus | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant Canada Corp | Canada | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant France S.A.S. | France | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant IT Romania S.R.L. ⁽³⁾ | Romania | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Globant Ventures S.A.S. ⁽⁴⁾ | Argentina | Holding and investment activities | 100.00 % | 100.00 % | 100.00 % |
| Software Product Creation SL Dubai Branch ⁽⁵⁾ | United Arab Emirates | Software development and consultancy | 100.00 % | 100.00 % | 100.00 % |
| Avanxo Servicios Informáticos España S.L. ⁽⁶⁾⁽⁷⁾ | Spain | Holding and investment activities | - | 100.00 % | 100.00 % |
| Avanxo México Sociedad Anónima Promotora de inversión de Capital Variable ⁽⁶⁾⁽⁸⁾ | Mexico | Cloud consulting and implementation services | - | 100.00 % | 100.00 % |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| Company | Country of incorporation | Main Activity | Percentage ownership | | |
|--|--------------------------|--|-------------------------|----------|----------|
| | | | As of December 31, 2021 | 2020 | 2019 |
| Avanxo Servicios S.A. de C.V. ⁽⁶⁾⁽⁹⁾ | Mexico | Cloud consulting and implementation services | - | 100.00 % | 100.00 % |
| Avanxo Brasil Tecnologia da Informacao LTDA ⁽⁶⁾⁽¹⁰⁾ | Brazil | Cloud consulting and implementation services | - | 100.00 % | 100.00 % |
| Orizonta Consultoria De Negocios E Tecnologia LTDA ⁽⁶⁾⁽¹¹⁾ | Brazil | Cloud consulting and implementation services | - | 100.00 % | 100.00 % |
| Avanxo S.A. ⁽⁶⁾⁽¹²⁾ | Argentina | Cloud consulting and implementation services | 100.00 % | 100.00 % | 100.00 % |
| Avanxo - Sucursal del Perú ⁽⁶⁾⁽¹³⁾ | Perú | Cloud consulting and implementation services | - | 100.00 % | 100.00 % |
| Avanxo Colombia ⁽⁶⁾ | Colombia | Cloud consulting and implementation services | 100.00 % | 100.00 % | 100.00 % |
| Belatrix Global Corporation S.A. ⁽¹⁴⁾⁽¹⁵⁾ | Spain | Holding and investment activities | - | 100.00 % | 100.00 % |
| BSF S.A. | Argentina | Agile product development services | 100.00 % | 100.00 % | 100.00 % |
| Belatrix Peru S.A.C. ⁽¹⁴⁾⁽¹⁶⁾ | Peru | Agile product development services | - | 100.00 % | 100.00 % |
| Belatrix Colombia S.A.S. ⁽¹⁴⁾⁽¹⁷⁾ | Colombia | Agile product development services | - | 100.00 % | 100.00 % |
| Globant IT Services Corp ⁽¹⁸⁾ | United States of America | Agile product development services | 100.00 % | 100.00 % | 100.00 % |
| Grupo Assa Worldwide S.A ⁽¹⁹⁾ | Spain | Holding and IT consultancy services | - | 100.00 % | - |
| Grupo ASSA Corp. ⁽¹⁹⁾ | United States of America | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| GASA México Consultoría y Servicios S.A de C.V ⁽¹⁹⁾ | Mexico | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| Grupo Assa México Soluciones Informáticas S.A de C.V ⁽¹⁹⁾ | Mexico | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| Grupo Assa Colombia S.A.S ⁽¹⁹⁾⁽²⁰⁾ | Colombia | Business an IT consultancy services | - | 100.00 % | - |
| CTN Consultoria Tecnologia e Negocios LTDA ⁽¹⁹⁾ | Brazil | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| IBS Integrated Business Solutions Consultoria LTDA ⁽¹⁹⁾ | Brazil | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| Global Digital Business Solutions em Tecnologia LTDA ⁽¹⁹⁾⁽³⁸⁾ | Brazil | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| Servicos Digitais em Tecnologia da Informacao LTDA ⁽¹⁹⁾⁽³⁸⁾ | Brazil | Business an IT consultancy services | - | 100.00 % | - |
| Grupo Assa Chile Ltda. ⁽¹⁹⁾⁽²¹⁾ | Chile | Business an IT consultancy services | - | 100.00 % | - |
| Decision Support S.A ⁽¹⁹⁾ | Argentina | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| Banking Solutions S.A ⁽¹⁹⁾⁽²²⁾ | Argentina | Business an IT consultancy services | 100.00 % | 100.00 % | - |
| Brazilian Technology Partners S.A ⁽¹⁹⁾⁽²³⁾ | Argentina | Holding and investment activities | - | 100.00 % | - |
| Globant Colombia S.A.S. | Colombia | Software development and consultancy | 100.00 % | 100.00 % | - |
| Globant Germany GmbH | Germany | Software development and consultancy | 100.00 % | 100.00 % | - |
| Xappia SpA ⁽²⁴⁾⁽²⁵⁾ | Chile | Cloud consulting and implementation services | - | 100.00 % | - |
| Xappia S.R.L. ⁽²⁴⁾⁽²⁶⁾ | Argentina | Cloud consulting and implementation services | 100.00 % | 100.00 % | - |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| Company | Country of incorporation | Main Activity | Percentage ownership As of December 31, | | |
|---|--------------------------------|--|--|----------|------|
| | | | 2021 | 2020 | 2019 |
| Giant Monkey Robot SpA ⁽²⁷⁾⁽²⁸⁾ | Chile | Live game operations, in-game economy, and mobile game development | - | 100.00 % | - |
| Giant Monkey Robot Inc. ⁽²⁷⁾⁽²⁹⁾ | United States of America | Live game operations, in-game economy, and mobile game development | - | 100.00 % | - |
| BlueCap Management Consulting SL ⁽³⁰⁾ | Spain | Business and financial consultancy services | 100.00 % | 100.00 % | - |
| Globant Singapore PTE LTD. ⁽³¹⁾ | Singapore | Software development and consultancy | 100.00 % | - | - |
| CloudShiftGroup Limited ⁽³²⁾ | United Kingdom | Software development and consultancy | 100.00 % | - | - |
| Hybrido Worldwide, S.L. ⁽³³⁾ | Spain | Software development and consultancy | 100.00 % | - | - |
| Pixel Division, S.L. ⁽³³⁾⁽³⁹⁾ | Spain | Advertising services | 100.00 % | - | - |
| Walmeric Soluciones, S.L. ⁽³⁴⁾ | Spain | Telecommunications, mailing and courier services | 80.00 % | - | - |
| Augmented Coding Spain S.A. ⁽³⁵⁾ | Spain | Software development and consultancy | 100.00 % | - | - |
| Sistemas Globales Costa Rica Limitada ⁽³⁶⁾ | Costa Rica | Software development and consultancy | 100.00 % | - | - |
| Augmented Coding US, LLC ⁽³⁷⁾ | United States of America | Software development and consultancy | 100.00 % | - | - |
| Globant Ecuador S.A.S. ⁽⁴⁰⁾ | Ecuador | Software development and consultancy | 100.00 % | - | - |
| Atix Labs S.R.L. ⁽⁴¹⁾ | Argentina | Software development and consultancy | 100.00 % | - | - |
| Atix Labs LLC ⁽⁴¹⁾⁽⁴²⁾ | United States of America | Software development and consultancy | 100.00 % | - | - |
| Navint Partners, LLC ⁽⁴³⁾ | United States of America | Software development and consultancy | 100.00 % | - | - |
| The Hansen Partnership Limited ⁽⁴³⁾ | United Kingdom | Software development and consultancy | 100.00 % | - | - |
| Hansen Consulting B.V. ⁽⁴³⁾ | Netherlands | Software development and consultancy | 100.00 % | - | - |
| Hansen Techsol Private Limited ⁽⁴³⁾ | India | Software development and consultancy | 100.00 % | - | - |

- (1) Global Systems Outsourcing S. de R.L. de C.V changed its name to IAFH Globant IT México S. de R.L de C.V on May 28, 2021.
- (2) We Are London Limited is under Strike Off process.
- (3) Small Footprint S.R.L. changed its name to Globant IT Romania S.R.L on April 28, 2021.
- (4) Globant Ventures S.A.S is under a merger process with Sistemas Globales S.A.
- (5) Software Product Creation SL Dubai Branch is dormant since February 27, 2020.
- (6) In October 2019, this Company was acquired along with its subsidiaries in Brazil, Mexico, Colombia, Peru, Argentina and the United States ("Avanxo Group") on February 1, 2019 (see note 26.5). Avanxo (Bermuda) Limited changed its name to Avanxo Servicios Informáticos España S.L due to its redomiciliation to Spain.
- (7) Avanxo Servicios Informáticos España S.L was merged with and into Globant España S.A. (sociedad unipersonal) on May 17, 2021.
- (8) Avanxo México Sociedad Anónima Promotora de Inversión de Capital Variable was merged with and into IAFH Globant IT México S. de R.L de C.V (formerly named as Global System Outsourcing S. de R.L. de C.V.) on March 31, 2021.
- (9) Avanxo Servicios S.A. de C.V., was merged with and into IAFH Globant IT México S. de R.L de C.V (formerly named as Global System Outsourcing S. de R.L. de C.V.) on March 31, 2021.
- (10) Avanxo Brasil Tecnologia da Informacao LTDA, was merged with and into Globant Brasil Consultoria Ltda. on August 25, 2021.
- (11) Orizonta Consultoria De Negocios E Tecnologia LTDA was merged with and into Globant Brasil Consultoria Ltda. on August 25, 2021.
- (12) Avanxo S.A, is under a merger process with Sistemas Globales S.A.

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- (13) Avanzo Sucursal del Perú concluded its liquidation process on December 21, 2021.
- (14) Belatrix Global Corporation S.A along with its subsidiaries in Peru, Colombia, Spain, the United States and Argentina ("Belatrix Group") were acquired on August 9, 2019 (see note 26.6).
- (15) Belatrix Global Corporation S.A was merged with and into Globant España S.A. on May 17, 2021.
- (16) Belatrix Peru S.A.C. was merged with and into Globant Peru S.A.C. on October 29, 2021.
- (17) Belatrix Colombia S.A.S. was merged with and into Sistemas Colombia S.A.S on July 7, 2021.
- (18) Belatrix Services Corp changed its name to Globant IT Services Corp. on April 21, 2020.
- (19) Grupo Assa Worldwide S.A along with its subsidiaries in Colombia, United States, Brazil, Mexico, Argentina and Chile ("gA Group") were acquired on July 31, 2020 (see note 26.8). Grupo Assa Worldwide was merged with and into Globant España S.A (sociedad unipersonal) on October 22, 2021.
- (20) Grupo Assa Colombia S.A.S. was merged with and into Sistemas Colombia S.A.S. on July 7, 2021
- (21) Grupo Assa Chile Ltda. was merged with and into Sistemas Globales Chile Asesorías Limitada on June 7, 2021.
- (22) Banking Solutions S.A is under a merger process with Sistemas Globales S.A
- (23) Brazilian Technology Partners S.A. concluded its liquidation process on November 12, 2021.
- (24) Xappia SpA and Xappia SRL were acquired on October 21, 2020 (see note 26.9).
- (25) Xappia SpA was merged with and into Sistemas Globales Chile Asesorías Limitada on July 21, 2021.
- (26) Xappia S.R.L. is under merger process with Sistemas Globales S.A.
- (27) Giant Monkey Robot SpA and Giant Monkey Robot Inc were acquired on November 9, 2020 (see note 26.10).
- (28) Giant Monkey Robot SpA was merged with and into Sistemas Globales Chile Asesorías Limitada on July 21, 2021.
- (29) Giant Monkey Robot Inc. was merged with and into Globant LLC on June 16, 2021.
- (30) BlueCap Management Consulting SLU was acquired on December 18, 2020 (see note 26.11).
- (31) Globant Singapore was incorporated on February 3, 2021.
- (32) CloudShiftGroup Limited was acquired on February 28, 2021 (see note 26.12).
- (33) Hybrido Worldwide S.L along with its subsidiary in Spain (Pixel Division S.L.), were acquired on May 12, 2021 (see note 26.13).
- (34) Walmeric Soluciones S.L was acquired on July 8, 2021 (see note 26.14).
- (35) Augmented Coding Spain S.A was incorporated on August 24, 2021.
- (36) Sistemas Globales Costa Rica Limitada was incorporated on August 9, 2021.
- (37) Augmented Coding US, LLC was incorporated on August 27, 2021.
- (38) Servicios Digitais em Tecnologia de Informacao LTDA was merged with and into Global Digital Business Solutions em Tecnologia LTDA on December 1, 2021.
- (39) Pixel Division S.L. is under liquidation process.
- (40) Globant Ecuador S.A.S was incorporated on November 11, 2021.
- (41) Atix Labs S.R.L and Atix Labs LLC were acquired on October 5, 2021 (see note 26.15).
- (42) Atix Labs LLC is under merger process with Globant LLC.
- (43) Navint Group with subsidiaries in the United States, India, England and Wales and Netherlands, were acquired on November 30, 2021. (see note 26.16).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred to the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related charges are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired business, and the fair value of the acquirer's previously held equity interest in the acquired business (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the

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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 business combinations 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, 2021, 2020 and 2019.

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.

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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 also provides hosted access to software applications for a subscription-based fee. The revenue from these subscription resales 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. 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

As of January 1, 2019, the Company applied IFRS 16 where the Company assesses whether a contract is or contains a lease, at inception of the contract. 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:

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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, 2021 and 2020, such adjustments amounted to 1,113 and 491 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; the main subsidiaries with a functional currency different from U.S dollar are:

- Globant Brasil Consultoría Ltda.: the functional currency is the Brazilian Real.
- Globers S.A.: the functional currency is the Argentine Peso.
- IBS Integrated Business Solutions Consultoría LTDA: the functional currency is the Brazilian Real.
- Global Digital Business Solutions em Tecnologia LTDA: the functional currency is the Brazilian Real.
- Avanzo Colombia: the functional currency is the Colombian Peso.
- BlueCap Management Consulting SL: the functional currency is the European Union Euro.
- Hybrido Worldwide, S.L: the functional currency is the European Union Euro.

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.

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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, 2021 and 2020, the 3-year cumulative rate of inflation for consumer prices in Argentina is 216% and 209%, respectively. As of December 31, 2021 and 2020, 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.

For the fiscal years 2021 and 2020, 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 24.94% in Luxembourg City for FY 2020 and FY 2021 (taking into account the solidarity surtax of 7% on the CIT rate, and including the 6.75% municipal business tax rate applicable).

The holding companies 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 and Global Assa Worldwide S.L (absorbed by Globant España S.A in January, 2021) were registered in 2008 and Belatrix Global Corporation S.A. (absorbed by Globant España S.A) was registered in 2013. 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, 2021. 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, 2020 the Uruguayan subsidiary distributed dividends for a total amount of 22,300 to Globant España S.A.. As of December 31, 2021, the Spanish Holding companies 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 Software Product Creation S.L., Avanzo Servicios Informaticos S.L., Bluecap Management Consulting S.L, Hybrido Worldwide S.L., Pixel Division S.L., Augmented Coding Spain S.A., and Walmeric Soluciones S.L. are subject to a 25% corporate income tax rate.

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For the fiscal year 2021, Argentina has progressive system of corporate income tax rates ranging from 25% to 35%. For fiscal year 2020, the corporate income tax rate was 30%.

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.
- A 0% rate of export duties applicable to the export of services promoted by the Law.

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

On December 29, 2017, Argentina enacted a comprehensive tax reform (Law No. 27,430) through publication in the Official Gazette. The Law is effective from January 1, 2018. Specifically, the Law introduces amendments to income tax (both at corporate and individual levels), value added tax (VAT), tax procedural law, criminal tax law, social security contributions, excise tax, tax on fuels, and tax on the transfer of real estate.

At a corporate level, the law decreases the corporate income tax rate from 35% to 30% for fiscal years starting January 1, 2018 to December 31, 2019, and to 25% for fiscal years starting January 1, 2020 and onwards. The Law also establishes dividend withholding tax rates of 7% for profits accrued during fiscal years starting January 1, 2018 to December 31, 2019, and 13% for profits accrued in fiscal years starting January 1, 2020 and onwards. The new withholding rates apply to distributions made to shareholders qualifying as resident individuals or nonresidents.

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On December 23, 2019, the Argentine Government enacted the *Ley de Solidaridad Social y Reactivación Productiva* No. 27,541 (the "Law on Social Solidarity and Productive Reactivation" or the "Social Solidarity Law") which declared a public emergency in economic, financial, fiscal, administrative, social security, tariff, energy, health and social matters, and also delegated legislative powers to the National Executive Power, until December 31, 2020. According to the Social Solidarity Law, the corporate income tax for years commencing on or after January 1, 2020 is 30%, and the tax rate applicable to dividends is 7%, delaying the effectiveness of the 25% and 13% rates until tax years starting on January 1, 2021.

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 Travel and Dynaflows, 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. Aggregate income tax relief arising under Sistemas Globales Uruguay S.A. for years ended in December 2021, 2020 and 2019 were 18,835, 29,818 and 21,224, respectively. The Company's Uruguayan subsidiary Difier S.A. is located outside tax-free zone and according to Article 163 bis of Decree No. 150/007 the software development services performed are exempt from income tax and value-added tax applicable as long as they are exported and utilized abroad, except for the financial results that are taxable at a rate of 25%. Difier S.A. is 100% export-oriented.

The Colombian subsidiaries are subject to federal corporate income tax at the rate of 31%. Until December 31, 2018 the Company's Colombian subsidiary Sistemas Colombia S.A.S. was subject to federal corporate income tax at the rate of 33% and a surcharge at the rate of 4% calculated on net income before income tax. Law N°1,943 gradually reduces the corporate tax rates from 33% to 30% from fiscal years 2020 to 2022.

On September 14 2021, the Colombian Government enacted the "Ley de Inversión Social" (Law No. 2,155), which introduces a tax reform, as well as adjusts the 2021 budget. 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%. Fiscal years beginning before January 1, 2018 were subject to corporate tax at the rate of 35%.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act ("Tax Act") that instituted fundamental changes to the taxation of multinational corporations. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, changes regarding net operating loss carryforwards, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. Furthermore, as part of the transition to the new tax system, a one-time transition tax is imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates. The Tax Act introduces various other changes to the Internal Revenue Code.

The reform also introduces base erosion provisions for U.S. corporations that are part of multinational groups. For fiscal years beginning after December 31, 2017, a U.S. corporation is potentially subject to tax under the Base Erosion Anti-Abuse Tax provision ("BEAT"), if the controlled group of which it is a part has sufficient gross receipts and derives a sufficient level of "base erosion tax benefits".

On December 13, 2018, the Internal Revenue Service ("IRS") published a proposed regulation that provides guidance regarding the BEAT application for public comments. The final document was published in the Federal Register on December 2, 2019.

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

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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. The services provided by our Pune development center are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the center commenced the provision of services, which occurred on August 3, 2017, 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.

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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, 2021 and 2020, 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 4,937 and 3,543, related to assessments for the fiscal years 2015 to 2021 and 2014 to 2020, 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.

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An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The value of fixed assets, taken as a whole, does not exceed their recoverable value.

3.9 – Intangible assets

Intangible assets include licenses, customer relationships, customer contracts, non-compete agreements 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 and Ethereum 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, 2021, the Company has recognized a loss of 80 as impairment.

3.9.2 – Intangible assets acquired in a business combination

Intangible assets acquired in a business combination (customer relationships, customer contracts, non-compete agreements and software) 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

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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, 2021 and 2020, the Company has derecognized intangible assets for an amount of 412 and 507, 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 and 2019 the Company recorded an impairment loss of 83 and 720, respectively, as of December 31, 2021 the Company did not recognize impairment 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.

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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

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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.

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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

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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, 2020 the Company entered in one factoring agreement arranged both with Banco Santander; pursuant to which Globant, LLC transferred receivables for a total amount of 1,292, there were no factoring agreements during 2021. As of December 31, 2021 and 2020 the Company incurred in a collection in advance benefit that some clients offer with JP Morgan and Deutsche Bank for a total amount of 1,568 and 3,843, 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, 2021 and 2020, the fair value of the loan agreement amounted to 1,267 and 860 disclosed as other financial assets current, respectively, and 2,608 and 306 disclosed as other financial assets non-current, respectively.

3.12.8.1 Convertible notes - Globant España

During the year ended December 31, 2021, Globant España S.A. entered into 6 note purchase agreements with LookApp S.A.S, UALI Holding Limited, B2CHAT S.A.S, Avancargo Corp, Poderio S.A.S and Vozy, Inc in addition to the note purchase agreement transferred from Globant Ventures on 2020 with Drixit Technologies Inc. (the "startups"), pursuant to which Globant España S.A. provided financing facility for a total amount of 3,006. 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.

Collokia

On May, 5, 2017, the Company and Collokia LLC, signed a loan agreement whereby the Company provides a financing facility of 100. Interest on the entire outstanding principal balance is computed at an annual rate of 2.8%. Collokia shall repay the loan in full within 18 months from the date that this agreement has been signed off. The Company has the right to convert any portion of the outstanding principal into preferred units of Collokia. As of December 31, 2020, the fair value of the loan agreement amounted to 130 and was disclosed as other financial assets current. On February 11, 2021 the Company through one of its subsidiary, entered into a Software License Agreement with Collokia LLC in exchange for the cancellation of the convertible note. Pursuant to the Software License Agreement, the parties agreed that Collokia LLC will grant the Company a perpetual, free, worldwide, non-exclusive, non-transferable and non-sublicensable license to use a software developed by Collokia LLC.

Wolox

On January 21, 2019 ("issuance date"), Globant España S.A. and Wolox, LLC (Wolox), agreed into a convertible promissory note purchase agreement whereby Globant España S.A. provides financing facility for 1,800. Interest on the entire outstanding principal balance is computed at an annual rate equal to LIBOR plus 2%. Wolox shall repay the loan in full within 18 months from the date as of the issuance date. Globant España S.A has the right to convert any portion of the outstanding principal into fully paid and nonassessable membership interest of Wolox. On December 31, 2020, Globant España S.A entered into an agreement to sell its participation for 2,600 to Accenture International B.V, the gain arising from the sell is recognized in other income and expense, net line in profit or loss.

3.12.8.2 Convertible notes - Sistemas Globales

As of December 31, 2021, 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 869. Interest on the

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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, 2021 and 2020, the fair value of equity instruments amounted to 22,088 and 10,478 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.

On July 8, 2021 the Company recognized in equity a put option over non-controlling interest of Walmeric for 16,285.

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.

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As of December 31, 2021, the Company has recognized as non-current other financial liabilities the written put option for an amount of 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 compensation plan

The Company has a share-based compensation plan for executives and employees of the Company and its subsidiaries. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set forth in note 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.

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, 2021, 2020 and 2019, 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, 2021 and 2020 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.

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During the year ended December 31, 2021, 2020 and 2019, the Company recorded a gain amounting to 708, 9,580 and 1,569, respectively, due to the above mentioned transactions that were disclosed under the caption "Other financial results, net" in the consolidated statements of comprehensive income (see note 2.2.1).

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.

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As of December 31, 2021 and 2019, the Company recorded an impairment for an amount of 5,323 and 275, 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 when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5. Purchase price allocation

The acquisition method of accounting is used to account for all business combinations. 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.

The determination of the fair value of the tangible and intangible assets involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. The fair values of the customer relationship intangible assets were determined using the multi-period excess earnings method based on discounted projected net cash flows. Management's key assumptions used in estimating future cash flows included projected revenue growth rates, customer attrition rates, and the discount rate.

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 including banks, financial services and insurance, media and entertainment, professional services, consumer, retail and manufacturing, technology and telecommunications, travel and hospitality and health care, among others. The Company understands that disaggregating revenues into these categories achieves the disclosure objective to depict how the nature,

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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.

| By Industry vertical | For the year ended December 31, | | |
|---|--|----------------|----------------|
| | 2021 | 2020 | 2019 |
| Banks, Financial Services and Insurance | 308,227 | 193,364 | 143,788 |
| Media and Entertainment | 272,703 | 187,071 | 156,292 |
| Consumer, Retail & Manufacturing | 197,620 | 105,876 | 85,698 |
| Professional Services | 167,997 | 103,133 | 73,282 |
| Technology & Telecommunications | 155,665 | 96,643 | 88,183 |
| Health Care | 96,334 | 53,781 | — |
| Travel & Hospitality | 87,567 | 67,634 | 92,773 |
| Other Verticals | 10,965 | 6,637 | 19,309 |
| TOTAL | 1,297,078 | 814,139 | 659,325 |

| By Currency^(*) | For the year ended December 31, | | |
|----------------------------------|--|----------------|----------------|
| | 2021 | 2020 | 2019 |
| United States dollar (USD) | 977,349 | 699,769 | 563,747 |
| European euro (EUR) | 111,177 | 35,454 | 28,237 |
| Chilean peso (CLP) | 57,610 | 3,237 | 2,315 |
| Argentine peso (ARS) | 47,039 | 33,594 | 26,948 |
| Mexican peso (MXN) | 40,064 | 21,624 | 19,939 |
| Brazilian real (BRL) | 23,850 | 10,795 | 8,030 |
| Pound sterling (GBP) | 20,565 | 1,331 | 3,012 |
| Colombian peso (COP) | 9,803 | 7,791 | 6,831 |
| Peruvian Sol (PEN) | 9,058 | 8 | — |
| Others | 563 | 536 | 266 |
| TOTAL | 1,297,078 | 814,139 | 659,325 |

^(*) Billing currency.

| By Contract Type | For the year ended December 31, | | |
|-----------------------------|--|----------------|----------------|
| | 2021 | 2020 | 2019 |
| Time and material contracts | 1,062,171 | 698,943 | 544,131 |
| Fixed-price contracts | 218,846 | 107,033 | 106,386 |
| Subscription resales | 16,039 | 8,156 | 8,525 |
| Others | 22 | 7 | 283 |
| TOTAL | 1,297,078 | 814,139 | 659,325 |

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

6.1 - Cost of revenues

| | For the year ended December 31, | | |
|---|--|------------------|------------------|
| | 2021 | 2020 | 2019 |
| Salaries, employee benefits and social security taxes | (745,307) | (476,480) | (366,594) |
| Shared-based compensation expense | (3,568) | (4,109) | (4,976) |
| Depreciation and amortization expense | (10,730) | (9,759) | (7,350) |
| Travel and housing | (4,950) | (6,881) | (17,115) |
| Office expenses | (6,607) | (3,050) | (2,583) |
| Professional services | (23,989) | (6,599) | (4,440) |
| Promotional and marketing expenses | (687) | (498) | (252) |
| Recruiting, training and other employee expenses | (2,860) | (2,436) | (1,854) |
| Depreciation expense of right-of-use assets | (3,392) | — | — |
| TOTAL | (802,090) | (509,812) | (405,164) |

6.2 - Selling, general and administrative expenses

| | For the year ended December 31, | | |
|---|--|------------------|------------------|
| | 2021 | 2020 | 2019 |
| Salaries, employee benefits and social security taxes | (139,307) | (86,390) | (68,855) |
| Share-based compensation expense | (38,849) | (20,519) | (14,912) |
| Rental expenses ⁽¹⁾ | (6,045) | (5,762) | (5,260) |
| Office expenses | (18,298) | (13,515) | (10,733) |
| Professional services | (30,947) | (23,093) | (13,122) |
| Travel and housing | (5,414) | (3,878) | (7,259) |
| Taxes | (13,260) | (16,596) | (16,153) |
| Depreciation and amortization expense | (45,723) | (21,083) | (16,905) |
| Depreciation expense of right-of-use assets | (20,441) | (17,638) | (14,584) |
| Recruiting, training and other employee expenses | (11,575) | (4,389) | (2,299) |
| Promotional and marketing expenses | (10,299) | (3,517) | (2,102) |
| Legal claims | (2,846) | (842) | (294) |
| TOTAL | (343,004) | (217,222) | (172,478) |

⁽¹⁾ Includes rental expenses from short-term leases and leases of low-value assets due to the impact of the adoption of IFRS 16 since January 1, 2019.

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NOTE 7 – FINANCE INCOME / EXPENSE/ OTHER FINANCIAL RESULTS

| | For the year ended December 31, | | |
|--|--|-----------------|----------------|
| | 2021 | 2020 | 2019 |
| Finance income | | | |
| Interest gain | 652 | 1,920 | 958 |
| Total | 652 | 1,920 | 958 |
| Finance expense | | | |
| Interest expense on borrowings | (915) | (2,426) | (1,226) |
| Interest expense on lease liabilities | (5,415) | (4,944) | (3,464) |
| Other interest | (4,150) | (1,505) | (419) |
| Other | (2,228) | (1,555) | (1,544) |
| Total | (12,708) | (10,430) | (6,653) |
| Other financial results, net | | | |
| Net (loss) gain arising from financial assets measured at fair value through PL | (8,537) | (3,423) | 1,207 |
| Net gain (loss) arising from financial assets measured at fair value through OCI | 6 | (16) | 72 |
| Gain (loss) arising from financial assets measured at amortized cost | — | 395 | 99 |
| Foreign exchange gain (loss), net | 3,900 | (2,935) | (8,841) |
| Gain on transaction with bonds | 708 | 9,580 | 1,569 |
| Total | (3,923) | 3,601 | (5,894) |

NOTE 8 – OTHER (EXPENSE) INCOME, NET

| | For the year ended December 31, | | |
|---|--|----------------|--------------|
| | 2021 | 2020 | 2019 |
| Other Expense | | | |
| Remeasurement of contingent consideration (note 29.9.1) | (4,694) | (2,431) | (85) |
| Impairment of cryptocurrencies (note 16) | (80) | — | — |
| Fixed and intangibles assets disposals | (579) | (680) | — |
| Other | (182) | (84) | (64) |
| Subtotal | (5,535) | (3,195) | (149) |
| Other Income | | | |
| Remeasurement at FV of investment in associates (notes 12.2 and 26) | 1,538 | — | — |
| Gain from sale of financial instrument | — | 800 | — |
| Other | 628 | 508 | 259 |
| Subtotal | 2,166 | 1,308 | 259 |
| Total | (3,369) | (1,887) | 110 |

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NOTE 9 – INCOME TAXES

9.1 – INCOME TAX RECOGNIZED IN PROFIT AND LOSS

| | For the year ended December 31, | | |
|---------------------------------|--|------------------------|------------------------|
| | 2021 | 2020 | 2019 |
| Tax expense: | | | |
| Current tax expense | (53,319) | (27,834) | (19,327) |
| Deferred tax gain | 24,822 | 5,527 | 4,310 |
| TOTAL INCOME TAX EXPENSE | <u>(28,497)</u> | <u>(22,307)</u> | <u>(15,017)</u> |

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, Eastern 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, | | |
|---|--|------------------------|------------------------|
| | 2021 | 2020 | 2019 |
| Profit before income tax | 124,852 | 76,524 | 69,032 |
| Tax calculated at the tax rate in each country | (27,757) | (13,253) | (12,714) |
| Argentine Knowledge Economy Law (note 3.7.1.1) ^(*) | 1,157 | 637 | 3,256 |
| Non-deductible expenses | 2,122 | 1,180 | 925 |
| Tax loss carry forward not recognized | (2,873) | (3,686) | (2,402) |
| Exchange difference | (1,146) | (1,781) | (4,365) |
| Effect of foreign exchange difference in tax base | — | (5,404) | — |
| Other | — | — | 283 |
| INCOME TAX EXPENSE RECOGNIZED IN PROFIT AND LOSS | <u>(28,497)</u> | <u>(22,307)</u> | <u>(15,017)</u> |

^(*) During 2020 and 2019 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, | |
|-------------------------------------|---------------------------|----------------------|
| | 2021 | 2020 |
| Share-based compensation plan | 30,788 | 19,466 |
| Provision for vacation and bonus | 24,621 | 10,370 |
| Intercompany trade payables | 18,613 | 10,247 |
| Property, equipment and intangibles | (8,370) | (5,699) |
| Goodwill | (3,681) | (2,799) |
| Allowance for doubtful accounts | 1,604 | 727 |
| Contingencies | 356 | 992 |
| Inflation adjustment | 2,357 | 3,080 |
| Others | 1,506 | 2,160 |
| Loss carryforward ⁽¹⁾ | 2,867 | 2,963 |
| Other Assets | (1,404) | (1,122) |
| Property, equipment and intangibles | (12,142) | (12,576) |
| TOTAL DEFERRED TAX | <u>57,115</u> | <u>27,809</u> |

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⁽¹⁾ As of December 31, 2021 and 2020, the detail of the loss carryforward is as follows:

| Company | 2021 | | 2020 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Loss carryforward | Expiration date | Loss carryforward | Expiration date |
| Globant S.A. | — | — | 201 | does not expire |
| Dynaflows S.A. | 2 | 2022 | 2 | 2022 |
| Dynaflows S.A. | 38 | 2023 | 33 | 2023 |
| Dynaflows S.A. | 100 | 2024 | 88 | 2024 |
| Dynaflows S.A. | 29 | 2025 | 33 | 2025 |
| Dynaflows S.A. | 12 | 2026 | — | — |
| IAFH Global S.A | 367 | 2024 | 426 | 2024 |
| IAFH Global S.A | 683 | 2025 | 586 | 2025 |
| IAFH Global S.A | 20 | 2026 | — | — |
| Globant Brasil Consultoria Ltda. ⁽²⁾ | 358 | does not expire | 540 | does not expire |
| We Are London Limited | — | — | 56 | does not expire |
| Globant UK Limited | 48 | does not expire | — | — |
| Decision Support, S.A | 282 | 2026 | — | — |
| Sistemas Globales S.A. | 3 | 2022 | — | — |
| Sistemas Globales, S.A | 4 | 2023 | — | — |
| Sistemas Globales, S.A | 29 | 2024 | — | — |
| Sistemas Globales, S.A | 38 | 2025 | — | — |
| Sistemas Globales, S.A | 449 | 2026 | — | — |
| Augmented Coding US, LLC | 31 | does not expire | — | — |
| Augmented Coding Spain, S.A | 189 | does not expire | — | — |
| Atix Labs, SRL | 34 | 2026 | — | — |
| Avanxo S.A. | — | — | 4 | 2022 |
| Avanxo S.A. | — | — | 4 | 2023 |
| Avanxo S.A. | — | — | 32 | 2024 |
| Avanxo S.A. | — | — | 23 | 2025 |
| BSF S.A. | 151 | 2026 | — | — |
| Avanxo México Sociedad Anónima Promotora de inversión de Capital Variable | — | — | 379 | 2030 |
| Globant India Private Limited | — | — | 472 | does not expire |
| Grupo ASSA Colombia SAS | — | — | 84 | 2031 |
| | <u>2,867</u> | | <u>2,963</u> | |

⁽²⁾ The amount of the carryforward that can be utilized for Globant Brasil Consultoria Ltda. is limited to 30% of taxable income in each carryforward year.

As of December 31, 2021 and 2020, 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.

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

| 2021 | Opening balance | Recognised in profit or loss (*) | Recognised directly in equity | Acquisitions/ disposals | Additions from business combinations | 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 3,721.

| 2020 | Opening balance | Recognised in profit or loss (*) | Recognised directly in equity | Acquisitions/ disposals | Additions from business combinations | Closing balance |
|--|--------------------|---|-------------------------------------|----------------------------|---|--------------------|
| Deferred tax assets/(liabilities) in relation to: | | | | | | |
| Share-based compensation plan | 11,587 | (76) | 12,416 | (4,461) | — | 19,466 |
| Provision for vacation and bonus | 6,533 | 3,829 | — | — | 8 | 10,370 |
| Intercompany trade payables | 3,553 | 6,694 | — | — | — | 10,247 |
| Property, equipment and intangibles | 1,163 | (7,065) | — | — | (12,373) | (18,275) |
| Goodwill | (1,752) | (1,047) | — | — | — | (2,799) |
| Allowance for doubtful accounts | 928 | (224) | — | — | 23 | 727 |
| Contingencies | 714 | 215 | — | — | 63 | 992 |
| Inflation adjustments | 1,186 | 1,408 | — | — | 486 | 3,080 |
| Other assets | (1,028) | (94) | — | — | — | (1,122) |
| Others | 917 | 247 | — | — | 996 | 2,160 |
| Subtotal | 23,801 | 3,887 | 12,416 | (4,461) | (10,797) | 24,846 |
| Loss carryforward | 2,039 | 1,219 | — | (295) | — | 2,963 |
| TOTAL | 25,840 | 5,106 | 12,416 | (4,756) | (10,797) | 27,809 |

(*) Includes foreign exchange loss of 421.

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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, | | |
|--|--|---------------|---------------|
| | 2021 | 2020 | 2019 |
| Net income for the year attributable to owners of the Company | 96,065 | 54,217 | 54,015 |
| Weighted average number of shares (in thousands) for the purpose of basic earnings per share | 40,940 | 38,515 | 36,586 |
| Weighted average number of shares (in thousands) for the purpose of diluted earnings per share | 42,076 | 39,717 | 37,674 |
| BASIC EARNINGS PER SHARE | \$2.35 | \$1.41 | \$1.48 |
| DILUTED EARNINGS PER SHARE | \$2.28 | \$1.37 | \$1.43 |

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, | | |
|---|--|-------------|-------------|
| | 2021 | 2020 | 2019 |
| Shares not-deemed to be issued in respect of employee options | 30 | 19 | 4 |

NOTE 11 – CASH AND CASH EQUIVALENTS

| | As of December 31, | |
|------------------------|---------------------------|----------------|
| | 2021 | 2020 |
| Cash and bank balances | 425,823 | 278,722 |
| Time deposits | 1,981 | 217 |
| TOTAL | 427,804 | 278,939 |

NOTE 12 – INVESTMENTS

12.1 – Investments

| | As of December 31, | |
|----------------------------------|---------------------------|---------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Mutual funds ⁽¹⁾ | 27,585 | 19,284 |
| Commercial Papers ⁽²⁾ | 4,996 | — |
| TOTAL | 32,581 | 19,284 |

⁽¹⁾ Measured at fair value through profit or loss.

⁽²⁾ Measured at fair value through other comprehensive income.

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| <u>Non current</u> | <u>As of December 31,</u> | |
|--------------------------------------|---------------------------|-------------|
| | <u>2021</u> | <u>2020</u> |
| Contribution to funds ⁽³⁾ | 1,027 | 615 |
| TOTAL | 1,027 | 615 |

⁽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, 2021 and 2020, the Company has paid 1,027 and 615, respectively.

12.2 – Investments in associates

Collokia investment

As of December 31, 2020, the Company had a 19.5% of participation in Collokia LLC.

On February 25, 2016, the Company signed a subscription agreement with Collokia LLC, through which Collokia LLC agreed to increase its capital by issuing 55,645 preferred units, from which the Company acquired 20,998 at the price of \$23.81 per share for a total amount of 500. After this subscription, the Company has a 19.5% of participation in Collokia LLC for a total amount of 800 and accounted for this investment using the equity method considering that the Company has significant influence over the operating and governance decisions of Collokia LLC, as the participation in the board of director, the approval of budget and business plan, among other decisions.

On January 6, 2021, the Company signed an Assignment of Membership Interest Agreement with Mr. Pablo Brenner to transfer all of its membership units in Collokia LLC by exercising the Company's Put Option Right. On January 12, 2021, Collokia LLC's management acknowledged and approve the transfer, and acknowledged and accepted the withdrawal of Globant España S.A. as member of the Company.

Acamica investment

On January 26, 2016, the Company signed a subscription agreement with Ignacio Moreno, Tomás Escobar, Gonzalo Orsi and Juan Badino (jointly "the Founders"); Fitory S.A., a company organized under the laws of Uruguay; Wayra Argentina S.A., a corporation organized under the laws of Argentina; Stultum Pecuniam Ventures LLC, a limited liability company organized under the laws of the state of Washington, United States; Ms. Eun Young Hwang ("Rebecca"); Acamica S.A., a company organized under the laws of Argentina ("Acamica Argentina") and Acamica Inc, a corporation organized under the laws of the state of Delaware, United States ("Acamica US" and together with Acamica Argentina, the "Acamica Group Companies") whereas the Founders own 100% of the capital share of Acamica Group Companies and formed a new company organized under the laws of Spain ("Holdco") which owned 100% of the capital shares of Acamica US and 97% of the capital shares of Acamica Argentina.

On January 3, 2017, pursuant to the terms of the subscription agreement the Company made a capital contribution of 750 to the Acamica Tecnologías S.L. (previously referred as Holdco) in exchange for a 20% ownership stake in the entity. On May 17, 2018, the Company signed a new share purchase and subscription agreement with Fitory S.A., Stultum Pecunian Ventures, LLC, Wayra Argentina S.A., Eun Young Hwang and Acámica Tecnologías S.A. Pursuant to such agreement, the Company purchased additional shares for an amount of 3,250. As of December 31, 2020, the Company has 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 participation 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,

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increasing its participation to 51.93% obtaining temporary control of Acamica. On June 29, 2021, the subscription agreement was closed.

The Company's share on the profit or loss or other comprehensive income of all the above-mentioned investments for the years ended 2018 and 2017 were not significant individually nor in the aggregate, except for the impairment recognized in Collokia in 2018. 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

| | <u>As of December 31,</u> | |
|--|---------------------------|----------------|
| | <u>2021</u> | <u>2020</u> |
| <u>Current</u> | | |
| Accounts receivable ⁽¹⁾ | 274,907 | 181,658 |
| Unbilled revenue | 31,379 | 20,117 |
| Subtotal | 306,286 | 201,775 |
| Less: Allowance for expected credit losses | (6,177) | (5,755) |
| TOTAL | 300,109 | 196,020 |
| <u>Non-current</u> | | |
| Accounts receivable ⁽¹⁾ | — | 5,644 |
| TOTAL | — | 5,644 |

⁽¹⁾ As of December 31, 2021 and 2020, there were no amounts due from 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, 2021 and 2020.

| <u>December 31, 2021</u> | <u>Trade receivables - days past due</u> | | | | | | | <u>Risk clients</u> | <u>Total</u> |
|--|--|----------------|----------------|---------------|----------------|------------------|-----------------|---------------------|--------------|
| | <u>< 30</u> | <u>31 - 60</u> | <u>61 - 90</u> | <u>91-120</u> | <u>121-180</u> | <u>181 - 365</u> | <u>> 365</u> | | |
| 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 |

| <u>December 31, 2020</u> | <u>Trade receivables - days past due</u> | | | | | | <u>Total</u> | |
|--|--|----------------|----------------|---------------|----------------|-----------------|--------------|--------------|
| | <u>< 30</u> | <u>31 - 60</u> | <u>61 - 90</u> | <u>91-120</u> | <u>121-180</u> | <u>> 180</u> | | |
| Expected credit loss rate | 0.80% | 2.00% | 3.50% | 7.80% | 20.30% | 79.50% | | |
| Estimated total gross carrying amount at default | | 27,787 | 3,982 | 1,159 | 191 | 534 | 2,635 | 36,288 |
| Lifetime ECL | | 222 | 80 | 41 | 15 | 108 | 2,095 | 2,561 |

The movements in the allowance are calculated based on lifetime expected credit loss model for 2021 and 2020.

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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, | | |
|---|---------------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 |
| Balance at beginning of year | (5,755) | (3,676) | (3,957) |
| Additions related to Travel and Hospitality clients (note 32) | (2,228) | (3,194) | — |
| (Additions) Recoveries, net (note 4.2) | (5,323) | 107 | (275) |
| Write-off of receivables | 7,129 | 980 | 556 |
| Translation | — | 28 | — |
| Balance at end of year | <u>(6,177)</u> | <u>(5,755)</u> | <u>(3,676)</u> |

The average credit period on sales is 70 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.

NOTE 14 – OTHER RECEIVABLES

| | As of December 31, | |
|---|---------------------------|----------------------|
| | 2021 | 2020 |
| Other receivables | | |
| Current | | |
| Tax credit - VAT | 2,904 | 4,358 |
| Tax credit - Software Promotion Regime | — | 493 |
| Income tax credits | 12,213 | 7,053 |
| Tax credit - Knowledge Law (note 3.7.1.1) | 18,645 | 7,230 |
| Other tax credits | 1,920 | 674 |
| Guarantee deposits | 455 | — |
| Advances to suppliers | 2,750 | 2,142 |
| Prepaid expenses | 10,029 | 6,625 |
| Loans granted to employees | 105 | 77 |
| Other | 173 | 2,981 |
| TOTAL | <u>49,194</u> | <u>31,633</u> |

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| | As of December 31, | |
|---|---------------------------|--------------|
| | 2021 | 2020 |
| <u>Non-current</u> | | |
| Tax credit - VAT | 1,193 | 392 |
| Income tax credits | 10,671 | 3,037 |
| Tax credit - Software Promotion Regime (note 3.7.1.1) | 8 | — |
| Tax credit - Knowledge Law (note 3.7.1.1) | 5,951 | 1,784 |
| Other tax credits | 100 | 145 |
| Guarantee deposits | 4,390 | 3,091 |
| Loans granted to employees | 101 | 101 |
| Prepaid expenses | 1,172 | 1,348 |
| Other | 677 | — |
| Subtotal | 24,263 | 9,898 |
| Allowance for impairment of tax credits | — | (269) |
| TOTAL | 24,263 | 9,629 |

As of December 31, 2021, 2020 and 2019, the Company recorded a recovery for an amount of 269, 7 and 47, 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

| | As of December 31, | | |
|---------------------------------|---------------------------|-------------|-------------|
| | 2021 | 2020 | 2019 |
| Balance at beginning of year | 269 | 378 | 675 |
| (Recovery) additions (note 4.4) | (269) | (7) | (47) |
| Foreign exchange | — | (102) | (250) |
| Balance at end of year | — | 269 | 378 |

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.

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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 | 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 26.18) | 269 | 781 | 456 | 273 | — | — | — | 1,779 |
| 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 | <u>66,800</u> | <u>14,207</u> | <u>68,302</u> | <u>240</u> | <u>13,971</u> | <u>2,354</u> | <u>62,614</u> | <u>228,488</u> |
| 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 | <u>42,024</u> | <u>8,475</u> | <u>42,915</u> | <u>11</u> | <u>1,492</u> | <u>—</u> | <u>—</u> | <u>94,917</u> |
| Carrying amount | <u><u>24,776</u></u> | <u><u>5,732</u></u> | <u><u>25,387</u></u> | <u><u>229</u></u> | <u><u>12,479</u></u> | <u><u>2,354</u></u> | <u><u>62,614</u></u> | <u><u>133,571</u></u> |

Property and equipment as of December 31, 2020 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 | 50 | | | |
| Cost | | | | | | | | |
| Values at beginning of year | 38,939 | 9,599 | 50,357 | 108 | 13,821 | 2,354 | 34,171 | 149,349 |
| Additions related to business combinations (note 26.18) | 1,075 | 222 | 139 | 29 | — | — | — | 1,465 |
| Additions | 10,900 | 625 | 810 | — | 10 | — | 16,285 | 28,630 |
| Disposals | (592) | (489) | (71) | (58) | — | — | (46) | (1,256) |
| Transfers | — | 89 | 442 | — | 76 | — | (607) | — |
| Translation | 10 | 38 | (109) | — | — | — | — | (61) |
| Values at end of year | <u>50,332</u> | <u>10,084</u> | <u>51,568</u> | <u>79</u> | <u>13,907</u> | <u>2,354</u> | <u>49,803</u> | <u>178,127</u> |
| Depreciation | | | | | | | | |
| Accumulated at beginning of year | 25,277 | 5,344 | 30,290 | 28 | 877 | — | — | 61,816 |
| Additions | 7,837 | 1,464 | 6,413 | 16 | 307 | — | — | 16,037 |
| Disposals | (496) | (250) | (35) | (31) | — | — | — | (812) |
| Translation | 29 | 93 | (67) | 4 | — | — | — | 59 |
| Accumulated at end of year | <u>32,647</u> | <u>6,651</u> | <u>36,601</u> | <u>17</u> | <u>1,184</u> | <u>—</u> | <u>—</u> | <u>77,100</u> |
| Carrying amount | <u><u>17,685</u></u> | <u><u>3,433</u></u> | <u><u>14,967</u></u> | <u><u>62</u></u> | <u><u>12,723</u></u> | <u><u>2,354</u></u> | <u><u>49,803</u></u> | <u><u>101,027</u></u> |

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.

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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 used is the appropriate weighted average cost of capital.

During the year, the Company considered the recoverability of its internally generated intangible assets which are included in the consolidated financial statements as of December 31, 2021 and 2020 with a carrying amount of 32,227 and 18,537, respectively.

The Company has recognized an impairment of 83 and 720 as of December 31, 2020 and 2019, respectively. As of December 31, 2021 no impairment was recognized. 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.

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

| | Licenses and internal developments | Customer relationships and contracts | Non-competes 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 26.18) | 2,031 | 12,046 | 127 | — | 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 | 86,836 | 961 | 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 | 58,284 | 20 | 1,136 | 102,016 |

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

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Intangible assets as of December 31, 2020 included the following:

| | Licenses and internal developments | Customer relationships and contracts | Non-compete agreements | Total |
|---|---|---|-----------------------------------|----------------------|
| Useful life (years) | 5 | 1 - 9 | 3 | |
| Cost | | | | |
| Values at beginning of year | 48,318 | 25,285 | 586 | 74,189 |
| Additions related to business combinations (note 26.18) | 813 | 49,507 | 248 | 50,568 |
| Additions from separate acquisitions | 7,065 | — | — | 7,065 |
| Additions from internal development | 17,388 | — | — | 17,388 |
| Disposals | (1,025) | — | — | (1,025) |
| Translation | (21) | — | — | (21) |
| Values at end of year | <u>72,538</u> | <u>74,792</u> | <u>834</u> | <u>148,164</u> |
| Amortization and impairment | | | | |
| Accumulated at beginning of year | 35,473 | 11,020 | 586 | 47,079 |
| Additions | 12,328 | 2,439 | 38 | 14,805 |
| Impairment loss recognized in profit or loss | 83 | — | — | 83 |
| Disposals | (518) | — | — | (518) |
| Translation | (6) | — | — | (6) |
| Accumulated at end of year | <u>47,360</u> | <u>13,459</u> | <u>624</u> | <u>61,443</u> |
| Carrying amount | <u>25,178</u> | <u>61,333</u> | <u>210</u> | <u>86,721</u> |

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, 2021 and 2020 is as follows:

| | As of December 31, | |
|----------------------------|---------------------------|--------------|
| | 2021 | 2020 |
| <u>Other assets</u> | | |
| Current | | |
| Unbilled Subscriptions | <u>7,855</u> | <u>8,146</u> |
| Non-current | | |
| Unbilled Subscriptions | <u>8,583</u> | <u>6,954</u> |

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NOTE 18 – OTHER FINANCIAL ASSETS AND LIABILITIES

| | As of December 31, | |
|--|---------------------------|----------------------|
| | 2021 | 2020 |
| <u>Other financial assets</u> | | |
| <u>Current</u> | | |
| Convertible notes | 1,267 | 860 |
| Foreign exchange forward contracts | 758 | 492 |
| Guarantee deposits | — | 190 |
| Others | 32 | 35 |
| TOTAL | <u>2,057</u> | <u>1,577</u> |
| <u>Non-current</u> | | |
| Convertible notes | 2,608 | 306 |
| Equity instruments | 22,088 | 10,478 |
| Interest rate SWAP | 534 | — |
| Guarantee deposits | — | 4,363 |
| Others | 3 | — |
| TOTAL | <u>25,233</u> | <u>15,147</u> |
| <u>Other financial liabilities</u> | | |
| <u>Current</u> | | |
| Other financial liabilities related to business combinations (note 26) | 61,561 | 19,729 |
| Foreign exchange forward contracts | 1,498 | 93 |
| TOTAL | <u>63,059</u> | <u>19,822</u> |
| <u>Non-current</u> | | |
| Other financial liabilities related to business combinations (note 26) | 51,509 | 73,639 |
| Put option on minority interest of Walmeric (note 26) | 15,423 | — |
| Interest rate SWAP | — | 737 |
| TOTAL | <u>66,932</u> | <u>74,376</u> |

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. Additionally on September 30, 2021, the Company paid an additional 862, increasing it's investment to 15.8%. As of December 31, 2021 and 2020, the Company has a 15.8% and 15% equity interest on Digital House, respectively, and the amount disclosed is 15,877 and 9,167 as other financial assets non-current, respectively.

ELSA investment

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

V.U investment

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

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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, | |
|--|---------------------------|---------------|
| | 2021 | 2020 |
| Centro para el Desarrollo Tecnológico Industrial (Spain) | 1,484 | — |
| Banco Santander (Spain) | 850 | — |
| Banco Supervielle (Argentina) | 71 | 188 |
| Banco Santander (Argentina) | 9,835 | — |
| HSBC Bank and Citibank - Syndicated loan (United States) | — | 25,028 |
| Banco ICBC (Argentina) | — | 752 |
| TOTAL | 12,240 | 25,968 |

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

| | As of December 31, | |
|--------------------|---------------------------|---------------|
| | 2021 | 2020 |
| Current | | |
| Bank loans | 10,156 | 907 |
| Other loans | 149 | — |
| <i>Sub-Total</i> | 10,305 | 907 |
| Non-current | | |
| Bank loans | 600 | 25,061 |
| Other loans | 1,335 | — |
| <i>Sub-Total</i> | 1,935 | 25,061 |
| TOTAL | 12,240 | 25,968 |

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%,

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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 Second 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.

Movements in borrowings are analyzed as follows:

| | As of December 31, | | |
|--|---------------------------|---------------|---------------|
| | 2021 | 2020 | 2019 |
| Balance at the beginning of year | 25,968 | 51,386 | — |
| Borrowings related to business combination (note 26.18) ^{(1) (4)} | 2,538 | 13,969 | 1,290 |
| Proceeds from new borrowings ^{(2) (5)} | 13,500 | 155,108 | 90,523 |
| Payment of borrowings ^{(3) (5)} | (30,216) | (196,202) | (41,570) |
| Accrued interest ⁽⁴⁾ | 915 | 2,299 | 1,226 |
| Foreign exchange ⁽⁴⁾ | (375) | (592) | (83) |
| Translation ⁽⁴⁾ | (90) | — | — |
| TOTAL | 12,240 | 25,968 | 51,386 |

⁽¹⁾ Corresponds to two loan agreements granted by the Centro para el Desarrollo Tecnológico e Industrial (CDTI) of Spain to Walmeric with maturity dates on September 30, 2025 and January 25, 2030; and also to a borrowing with Banco Santander with maturity date on April 2025 granted to Hybrid. These borrowings do not have covenants. During the year ended December 31, 2021 through the business combinations the Company acquired borrowings mainly with Corrum, Banco Macro, HSBC, ICBC, Banco Provincia, BBVA, Aurum Fondo de Inversiones and Itau, with maturity date between October 9, 2020 and July 30, 2021. These borrowings do not have 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, 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 Avanzo 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.

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NOTE 22 – TAX LIABILITIES

| | As of December 31, | |
|---------------------------------|---------------------------|---------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Periodic payment plan | 379 | 107 |
| VAT payable | 9,927 | 4,599 |
| Wage withholding taxes | 3,354 | 2,721 |
| Personal properties tax accrual | 1,139 | 1,062 |
| Taxes payable related to LEC | 1,385 | 687 |
| Sales taxes payable | 100 | 189 |
| Other | 1,787 | 2,439 |
| TOTAL | 18,071 | 11,804 |

NOTE 23 – CONTINGENT LIABILITIES

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. The Company records a provision for labor, regulatory and commercial claims where the risk of loss is considered probable. The final resolution of these potential claims is not likely to have a material effect on the results of operations, cash flow or the financial position of the Company.

Breakdown of reserves for lawsuits claims and other disputed matters include the following:

| | As of December 31, | |
|-------------------------------|---------------------------|---------------|
| | 2021 | 2020 |
| Reserve for labor claims | 5 | 53 |
| Reserve for commercial claims | — | 2,400 |
| Reserve for regulatory claims | 9,632 | 10,130 |
| TOTAL | 9,637 | 12,583 |

Roll forward is as follows:

| | As of December 31, | | |
|--|---------------------------|-------------|-------------|
| <u>Reserve for labor claims</u> | 2021 | 2020 | 2019 |
| Balance at beginning of year | 53 | 91 | 678 |
| Additions | 8 | 72 | 907 |
| Recovery | (10) | (50) | (1,247) |
| Utilization of provision for contingencies | (38) | — | (99) |
| Foreign exchange | (8) | (60) | (148) |
| Balance at end of year | 5 | 53 | 91 |

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| | As of December 31, | | |
|--|---------------------------|---------------|--------------|
| | 2021 | 2020 | 2019 |
| <u>Reserve for regulatory claims</u> | | | |
| Balance at beginning of year | 10,130 | 1,511 | 2,184 |
| Additions ⁽³⁾ | 863 | 176 | 219 |
| Additions related to business combinations | — | 9,124 | — |
| Recovery | (258) | — | (879) |
| Utilization of provision for contingencies | (509) | (615) | (95) |
| Foreign exchange | (594) | (66) | 82 |
| Balance at end of year ⁽⁴⁾ | 9,632 | 10,130 | 1,511 |

| | As of December 31, | | |
|---|---------------------------|--------------|--------------|
| | 2021 | 2020 | 2019 |
| <u>Reserve for commercial claims</u> | | | |
| Balance at beginning of year | 2,400 | 1,000 | — |
| Additions ⁽¹⁾ | 5,166 | 1,400 | 1,000 |
| Utilization of provision for contingencies ⁽²⁾ | (7,566) | — | — |
| Balance at end of year | — | 2,400 | 1,000 |

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

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

⁽³⁾ 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. As of December 31, 2021, the Company is awaiting for final confirmation from the IRS to pay the amount of the assessment and settle this matter definitely.

⁽⁴⁾ 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, the MTE and the RFB initiated different administrative proceedings against Grupo Assa’s Brazilian subsidiaries, seeking to collect payment of taxes and social security contributions allegedly owed by the companies, and impose certain associated fines. As of December 31, 2021, some of these administrative proceedings are still ongoing while others have derived in judicial proceedings, the recognized liability as of December 31, 2021 is 7,670. 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.

NOTE 24 – RELATED PARTIES BALANCES AND TRANSACTIONS

24.1 – Related parties

As of December 31, 2021 and 2020 there are no outstanding balances with related parties to disclose.

During the year ended December 31, 2021 and 2020, the Company did not recognized revenues from operations with related parties.

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During the year ended December 31 2019, the Company recognized revenues for 1,419, as follows:

| | <u>For the year ended December 31,</u> | | |
|--|--|-------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Morgan Stanley Investment Management Inc. ^(*) | — | — | 1,257 |
| Mercado Libre S.R.L. ^(*) | — | — | 162 |
| Total | — | — | 1,419 |

^(*)Morgan Stanley and Mercado Libre S.R.L were no longer considered a related party as of December 31, 2020. As of that date disclosure of revenues as related parties from these customers is not required.

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:

| | <u>For the year ended December 31,</u> | | |
|----------------------|--|--------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Salaries and bonuses | 6,709 | 6,643 | 6,914 |
| Total | 6,709 | 6,643 | 6,914 |

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

During 2019, the Company granted 4,000 share options at a strike price of \$52.10.

During 2019, the Company granted 82,800, 2,400 and 2,390 restricted stock units at a grant price of \$87.44, \$52.10 and \$69.77, respectively.

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.

NOTE 25 – EMPLOYEE BENEFITS

25.1 – Share-based compensation plan

In July 2014, the Company adopted a new Equity Incentive Program, the 2014 Plan.

Pursuant to this plan, on July 18, 2014, the first trading day of the Company common shares on the NYSE, the Company made the annual grants for 2014 Plan to certain of the executive officers and other employees. The grants included share options with a vesting period of 4 years, becoming exercisable a 25% of the options on each anniversary of the grant date through the fourth anniversary of the grant. Share-based compensation expense for awards of equity instruments is determined based on the fair value of the awards at the grant date.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry (ten years after the effective date).

Under this share-based compensation plan, during the year 2019, other share-based compensation agreements were signed for a total of 4,000 options granted.

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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, to be settled in cash or common shares of the Company. As of the date of this annual report we granted no SEUs.

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.

During the years 2021 and 2020, 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, 2021 and 2020:

| | As of December 31, 2021 | | As of December 31, 2020 | |
|----------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at the beginning of year | 857,643 | 31.57 | 1,051,602 | 31.82 |
| Forfeited during the year | — | — | (18,687) | 40.57 |
| Exercised during the year | (213,686) | 30.93 | (175,272) | 33.24 |
| Balance at end of year | 643,957 | 31.79 | 857,643 | 31.57 |

The following shows the evolution of the RSUs for the years ended at December 31, 2021 and 2020:

| | As of December 31, 2021 | | As of December 31, 2020 | |
|----------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| | Number of RSU | Weighted average grant price | Number of RSU | Weighted average grant price |
| Balance at the beginning of year | 664,345 | 101.25 | 624,896 | 64.05 |
| RSU granted during the year | 168,669 | 276.51 | 309,384 | 147.22 |
| Forfeited during the year | (18,130) | 111.37 | (50,888) | 98.18 |
| Issued during the year | (235,392) | 89.18 | (219,047) | 59.37 |
| Balance at end of year | 579,492 | 164.73 | 664,345 | 101.25 |

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

| Grant date | Grant price (\$) | Number of Restricted Stock Units | Fair value at grant date (\$) | Expense as of December 31, 2021 (\$)^(*) |
|-------------------|-------------------------|---|--------------------------------------|---|
| 2017 | from 36.30 to 42.00 | — | — | 16 |
| 2018 | from 46.00 to 55.07 | 83,567 | 3,887 | 5,427 |
| 2019 | from 52.10 to 103.75 | 129,716 | 11,337 | 6,421 |
| 2020 | from 104.25 to 189.53 | 198,016 | 29,912 | 18,864 |
| 2021 | from 184.00 to 328.96 | 157,169 | 43,192 | 6,966 |
| Subtotal | | 568,468 | 88,328 | 37,694 |
| Non employees RSU | | | | |
| 2020 | from 104.25 to 189.53 | 3,750 | 711 | 565 |
| 2021 | from 184.00 to 328.96 | 7,274 | 2,068 | 386 |
| Subtotal | | 11,024 | 2,779 | 951 |
| Total | | 579,492 | 91,107 | 38,645 |

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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, 2021 | Fair value at grant date (\$) | Fair value vested (\$) | Expense as of December 31, 2021^(*) |
|------------------------------------|----------------------------|--------------------------------|---|--------------------------------------|-------------------------------|--|
| 2014 | 10.00 | 70,313 | 70,313 | 236 | 236 | — |
| 2015 | from 28.31 to 34.20 | 135,007 | 135,007 | 940 | 940 | — |
| 2016 | from 29.01 to 39.37 | 283,887 | 283,887 | 2,225 | 2,225 | — |
| 2017 | from 36.30 to 38.16 | 7,500 | 7,500 | 64 | 64 | 198 |
| 2018 | from 44.97 to 55.07 | 118,250 | 71,750 | 2,400 | 1,461 | 3,019 |
| 2019 | 52.10 | 2,000 | — | 45 | — | 110 |
| Subtotal | | 616,957 | 568,457 | 5,910 | 4,926 | 3,327 |
| Non employees stock options | | | | | | |
| 2016 | from 29.01 to 39.37 | 27,000 | 27,000 | 248 | 248 | — |
| Subtotal | | 27,000 | 27,000 | 248 | 248 | — |
| Total | | 643,957 | 595,457 | 6,158 | 5,174 | 3,327 |

(*) Includes social security taxes.

Deferred income tax asset arising from the recognition of the share-based compensation plan amounted to 30,788 and 19,466 for the years ended December 31, 2021 and 2020, respectively.

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

| | <u>As of December 31, 2021</u> | | <u>As of December 31, 2020</u> | |
|-----------------------------------|---|------------------------------|---|------------------------------|
| | <u>Number of options exercised</u> | <u>Exercise price</u> | <u>Number of options exercised</u> | <u>Exercise price</u> |
| Granted in 2014 | 33,687 | 10.00 | 3,826 | 10.00 |
| Granted in 2015 | 37,409 | 28.31 | 37,706 | 28.31 |
| Granted in 2015 | 4,000 | 34.20 | — | 34.20 |
| Granted in 2015 | — | 29.34 | 1,001 | 29.34 |
| Granted in 2016 | 30,000 | 29.01 | 34,146 | 29.01 |
| Granted in 2016 | 52,840 | 32.36 | 47,343 | 32.36 |
| Granted in 2017 | 10,000 | 38.16 | 20,000 | 38.16 |
| Granted in 2017 | — | 36.30 | 7,500 | 36.30 |
| Granted in 2018 | 5,000 | 44.97 | 5,000 | 44.97 |
| Granted in 2018 | 38,250 | 46.00 | 13,750 | 46.00 |
| Granted in 2018 | 1,500 | 50.92 | 1,500 | 50.92 |
| Granted in 2018 | — | 55.07 | 2,500 | 55.07 |
| Granted in 2019 | 1,000 | 52.10 | 1,000 | 52.10 |
| Balance at end of the year | <u>213,686</u> | | <u>175,272</u> | |

The average market price of the share amounted to 251.18 and 150.29 for years 2021 and 2020, respectively.

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The following tables summarizes the RSU vested during the years 2021 and 2020:

| | December 31, 2021 | | December 31, 2020 | |
|-----------------------------------|------------------------------|--------------------|------------------------------|--------------------|
| | Number of RSUs vested | Grant price | Number of RSUs vested | Grant price |
| Granted in 2017 | 500 | 36.30 | 500 | 36.30 |
| Granted in 2017 | — | 37.00 | 45,242 | 37.00 |
| Granted in 2017 | 1,625 | 42.00 | 1,625 | 42.00 |
| Granted in 2018 | 89,617 | 46.00 | 91,658 | 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 | 66,318 | 87.44 | 69,392 | 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 | — | 152.49 | 655 | 152.49 |
| Granted in 2020 | 2,336 | 104.25 | — | 104.25 |
| Granted in 2020 | 41,046 | 130.99 | — | 130.99 |
| Granted in 2020 | 895 | 140.00 | — | 140.00 |
| Granted in 2020 | 740 | 170.00 | — | 170.00 |
| Granted in 2020 | 1,500 | 184.72 | — | 184.72 |
| Granted in 2020 | 18,408 | 189.53 | — | 189.53 |
| Granted in 2021 | 57 | 213.57 | — | 213.57 |
| Granted in 2021 | 2,375 | 232.11 | — | 232.11 |
| Balance at end of the year | 235,392 | | 219,047 | |

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.

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, 2021 and 2020.

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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 - Employee Share Purchase Plan

In March 2021, the Company adopted the Globant S.A. 2021 Employee Share Purchase Plan (the "ESPP"), with effect as of March 1, 2021. This plan is additional to the 2012 long-term incentive plan and the 2014 Equity Incentive Plan. The ESPP 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. As of December 31, 2021, as a result of offerings to the employees the Company has repurchased 27,000 shares from which 7,453 have been delivered.

NOTE 26 – BUSINESS COMBINATIONS

26.1 Acquisition of Clarice Technologies

On May 14, 2015 ("closing date"), Globant España S.A. acquired Clarice Technologies PVT, Ltd ("Clarice"), a company organized and existing under the laws of India. Clarice is an innovative software product development services company that offers product engineering and user experience (UX) services and has operations in the United States and India. As of the closing date, the total headcount of Clarice was 337 employees distributed in India and United States. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Clarice.

On August 5, 2015 the Company changed the legal name from Clarice to Globant India Private Limited ("Globant India").

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 20,184, which included certain earn out payments agreed with the sellers.

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Based on the targets achieved by Globant India for the period between January 1, 2018 and December 31, 2018, the Company paid on March 14, 2019, 3,135.

Based on the targets achieved by Globant India for the period between January 1, 2019 and December 31, 2019, the Company paid on June 22, 2020, 1,585.

On April 5, 2019, the Company issued 7,654 common shares for an amount of 400.

On June 22, 2020 the Company paid the aggregate consideration of 1,580. As of December 31, 2020 the consideration was fully settled.

26.2 Acquisition of Ratio

On February 28, 2017, Globant, LLC acquired 100% of shares of Ratio Cypress, LLC ("Ratio"), a limited liability company organized and existing under the laws of the State of Washington, United States. Ratio offers design, development and quality assurance services necessary to build and manage robust digital products and video streaming solutions for major media companies. Total headcount of Ratio was 45 employees with operations in United States.

The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Ratio.

The aggregate purchase price under the Stock Purchase Agreement ("SPA"), amended on March 2, 2018, amounted to 9,529, including certain earn out payments.

On February 15, 2019, the Company paid the aggregate consideration of 2,019, to the sellers.

On February 18, 2020, the Company paid the aggregate consideration of 903 for targets achievement by Ratio during the period commencing on January 1, 2019 and ending on December 31, 2019.

As of December 31, 2020 the consideration was fully settled.

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

26.3 Acquisition of PointSource

On June 1, 2017, Globant, LLC acquired 100% of shares of PointSource, LLC ("PointSource"), a limited liability company organized and existing under the laws of the State of Florida, United States. PointSource offers digital solutions to its customers which include design, digital strategy, development and marketing services. Total headcount of PointSource was 97 employees with operations in United States.

The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of PointSource.

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 28,629.

In May, 2018, the Company signed an amendment to the SPA, pursuant to which a new fixed-payment was established, in replacement of previous payment subject to targets achievements. As of December 31, 2018, gain arising from the change in the fair value of the liability amounted to 5,506 and it was recognized in the line of Other income and expense, net.

On February 28, 2019, the Company paid the aggregate consideration of 750 to the sellers.

On February 28, 2020, the Company paid the aggregate consideration of 1,088 to the sellers, related to the target achievements during the period commencing on January 1, 2019 and ending on December 31, 2019.

As of December 31, 2020, the consideration was fully settled.

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

26.4 Acquisition of Small Footprint

On August 20, 2018, Globant España S.A. (sociedad unipersonal) and Globant, LLC signed a pre-closing Asset Purchase Agreement (“APA”) with Small Footprint Inc., a corporation organized and existing under the laws of the State of North Carolina, United States, pursuant to which Globant España acquired 100% of shares of Small Footprint S.R.L., a limited liability company organized and existing under the laws of Romania, and Globant, LLC acquired the assets and properties used or held for use in connection with the business of Small Footprint Inc. Both transactions were treated as a single business combination according to IFRS 3. The closing date took place on October 15, 2018, which is the date the Company acquired control over Small Footprint.

The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Small Footprint.

The aggregate purchase price under the APA amounted to 7,397. Such purchase price may be subject to adjustments based on the future performance of Small Footprint and is payable to the seller as follows:

First earn-out payment: On March 1, 2019, the Company paid the aggregate consideration of 3,066 to the sellers.

Second earn-out payment: On February 13, 2020, the Company paid the aggregate consideration of 2,140 to the sellers given the achievement of billable headcount target during the year 2019 and such amount was recognized as remuneration expense.

Third earn-out payment: Not later than February 15, 2021, the amount of 1,610 considering the billable headcount target achievement by Small Footprint during the period commencing on January 1, 2020 and ending on December 31, 2020 which was identified as an arrangement that includes remuneration of former owners of the acquiree for future services and consequently, it was excluded from the business combination and have been recognized in expense during the required service period. On February 19, 2021, the Company paid 1,491 to the sellers related to the achievement of billable headcount during 2020.

As of December 31, 2021, there were no outstanding amounts.

Acquisition related expenses were not material and were recognized directly as expense for each period.

26.5 Acquisition of Avanxo

On January 17, 2019, the Company entered into a Share Purchase Agreement (the “Purchase Agreement”) with the shareholders of Avanxo (Bermuda) Limited (“Avanxo”), pursuant to which the Company agreed to purchase all of Avanxo’s share capital subject to the terms and conditions set forth in the Purchase Agreement. Avanxo is a cloud consulting and implementation company headquartered in Bermuda, with operations in Brazil, Mexico, Colombia, Peru, Argentina and the United States. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Avanxo.

The Purchase Agreement contains customary representations, warranties, covenants, indemnities and conditions to closing, including non-objection to the Acquisition by the Colombian antitrust authority (Superintendencia de Industria y Comercio), which was received in January, 2019. The transaction closed on February 1, 2019 (acquisition date).

Under the terms of the Purchase Agreement, the total consideration payable by the Company to Avanxo’s shareholders, assuming a debt-free and cash-free balance sheet, is 44,460. Such purchase price may be subject to a working capital adjustment, reduction for uncollected accounts receivables and the amounts of the Earn-Out Payments (as defined below) that become due and payable.

- Up-front payment: On February 1, 2019, the Company paid an aggregate consideration of 40,939 to the seller. The working capital and the minimum cash adjustments amounted to 1,205 and were paid in May, 2019.
- Earn-out payments: the total amount of the earn-out payments was 7,618 and will be payable in two installments, at the end of each of the years ending December 31, 2019 and 2020, and is subject to upwards or downwards adjustment based on Avanxo’s achievement of specified revenue, gross margin and operating margin targets for each of the years

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ending December 31, 2019 and 2020 (the “Earn Out Payments”) that apply only to certain sellers. Of total amount of the earn-out payments, 2,318 was considered part of the purchase price and 5,300 was identified as an arrangement that includes remuneration of former owners of the acquiree for future services and consequently, it was excluded from the business combination and will be recognized in expense during the required service period.

As of March 24, 2020, the Company paid 1,159 related to the target achievements during the period commencing January 1, 2019 and ending on December 31, 2019.

As of March 29, 2021, the Company paid 1,153, related to the target achievements during the period commencing January 1, 2020 and ending on December 31, 2020.

At the Company's sole option, the Company will be entitled to pay a portion of the Total Consideration through the issuance and delivery of common shares, as follows: (i) up to 865 of the amount payable on the closing of the Acquisition and (ii) at the time of payment of any Earn Out Payments, up to 25% of such Earn Out Payment. The number of common shares that may be issued and delivered to Avanzo's selling shareholders will be determined based on the volume weighted average trading price for the 60 calendar day period prior to closing of each share subscription. Common shares issued pursuant to the exercise of this option will be subject to a 12-month lock-up period. These common shares are expected to be issued in reliance on the exemption from registration provided by Regulation S under the Securities Act of 1933, as amended. On February 1 and February 20, 2019, the Company issued 14,778 common shares for a total amount of 845; and, on April 20, 2020 and May 7, 2020, the Company issued 6,346 and 2,730 common shares, respectively, for a total amount of 978 as part of this subscription agreement (note 30.1).

As of December 31, 2021, the consideration was fully settled.

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

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 42,144 |
| Contingent consideration | 2,158 (a) |
| Total consideration | 44,302 |

(a) As of December 31, 2021 the consideration was fully settled. As of December 31, 2020 included 1,145 as Other financial liabilities current.

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

26.6 Acquisition of Belatrix

On August 9, 2019, Globant S.A. (the “Company”), through certain of its wholly-owned subsidiaries, entered into an Equity Purchase Agreement (the “Purchase Agreement”) with the equityholders of Belatrix Global Corporation S.A., a Spanish stock company (“Belatrix”), pursuant to which the Company purchased all of the outstanding equity interests in Belatrix and its subsidiaries (the “Acquisition”). The transaction was simultaneously signed and closed. Belatrix is a software and applications development company with operations in Argentina, Peru, Colombia and the United States. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Belatrix.

Upon the closing of the Acquisition, the Company paid 61,468 in cash to the sellers and, pursuant to the terms of the Purchase Agreement, the sellers subscribed for 5,000 of the Company's common shares, which were valued based on the volume weighted average trading price of the Company's common shares during the 60-day period until two days prior to the closing date. A portion of the upfront cash consideration is being held in escrow for potential adjustments related to working capital, accounts receivable, minimum cash and other matters. An additional amount of 3,000 is payable to the sellers by October 31, 2020, subject to Belatrix's achievement of specified revenue targets for the period from August 1, 2019 through July 31, 2020, and it is subject to upwards adjustment based on overachievement of such targets. Of total amount of the earn-out payments, 2,091 was considered part of the purchase price and 909 was identified as an arrangement that includes remuneration of former

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owners of the acquiree for future services and consequently, it was excluded from the business combination and will be recognized in expense during the required service period.

During 2020, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the over-achievement of targets established by the Share Purchase Agreement. Loss arising from the change in fair amounted to 3,633 and is disclosed as Other income and expense, net as of December 31, 2020.

On October 16, 2020, the Company paid 6,305 related to the achievements during the period commencing on August 1, 2019 and ending on July 31, 2020.

As of December 31, 2020, the consideration was fully settled.

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

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 61,468 |
| Contingent consideration | 4,165 (a) |
| Total consideration | 65,633 |

(a) As of December 31, 2020 the consideration was fully settled.

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

26.7 Acquisition of BI Live

On October 16, 2019, Globant S.A. (the "Company"), through its subsidiary Sistemas Globales S.A., entered into an Purchase Agreement with BI Live S.R.L., an Argentine company, pursuant to which the Company purchased certain assets and rights of BI Live (the "Acquisition"). The transaction closed on November 11, 2019. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of BI Live.

Upon the closing of the acquisition, the Company paid 366 in cash to the sellers. An additional amount of up to 3,000 is payable to the sellers by February 21, 2021, 2022 and 2023, subject to BI Live's achievement of specified growth and operating margin targets for the years 2020, 2021 and 2022, and it is subject to adjustment based on the achievement of such targets. The fair value of the contingent payment is 535 as of December 31, 2020. The primarily reason for the purchase is to expand to SAP software consulting and innovation services.

On February 26, 2021, the Company paid the aggregate consideration of 503 to the sellers related to the target achievements during the period commencing January 1, 2020 and ending on December 31, 2020.

As of March 31, 2021, the Company signed an amendment of the agreement with the sellers of BI Live, pursuant to which the remaining payments were modified and agreed upon fixed payments in replacement of the previous contingent considerations. As a result of the amendment the Company recognized a loss of 372 and is disclosed as Other income and expense, net as of December 31, 2021.

The fair value of the consideration transfer for BI Live acquisition at the acquisition date was calculated as follows:

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 366 |
| Contingent consideration | 512 (a) |
| Total consideration | 878 |

(a) As of December 31, 2021 and 2020 included 210 and 138 as Other financial liabilities current, respectively, and 202 and 397 as Other financial liabilities non-current, respectively.

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26.8 Acquisition of Grupo Assa

On July 31 2020, Globant S.A., through certain of its wholly-owned subsidiaries, entered into an Equity Purchase Agreement (the “Purchase Agreement”) with the equityholders of Grupo ASSA Worldwide S.A., a Spanish stock company (Sociedad Anónima) and certain of its affiliated entities (collectively, “Grupo ASSA”), pursuant to which the Company agreed to purchase all of the outstanding equity interests in Grupo ASSA (the “Acquisition”). The transaction was simultaneously signed and closed. Grupo ASSA is a digital business consulting company with operations in Latin America, Europe, and the United States.

As consideration for the equity interests of Grupo ASSA, the Company agreed to pay:

- (i) 45,000 on the closing date subject to purchase price adjustments related to working capital, accounts receivable and other matters (the “Closing Payment”)
- (ii) 17,000 on the 24th month anniversary of the closing date (the “Deferred Payment”)
- (iii) an additional amount of 12,500 subject to upwards or downwards adjustment based on Grupo ASSA's achievement of specified revenue and gross margin targets for the period from August 1, 2020 through December 31, 2020, no later than March 31, 2021.

Pursuant to the terms of the transaction, 42,000 of the Closing Payment, minus the difference between the Estimated Cash at Closing and the Cash required, as defined in the share purchase agreement, which amounted to a total of 25,156, was paid in cash, and the sellers agreed to subscribe for up to 20,000 of the Company’s common shares as follows:

- (i) 3,618 from the Closing Payment on the closing date (the “Tranche 1 Shares”)
- (ii) 17,000 from the Deferred Payment, subject to adjustment for contingencies, on the 24th month anniversary of the closing date (the “Tranche 2 Shares”); provided that the issuance of a portion of the Tranche 2 Shares may be deferred for an additional 12-month period, to cover for certain contingencies, until the 36th month anniversary of the closing date. All subscribed shares shall be issued at a subscription price per share based on the volume weighted average trading price of the Company’s common shares during the 60-day period prior to the applicable date of issuance.

As of December 31, 2020, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the non-achievement of targets established by the Share Purchase Agreement. Gain arising from the change in fair amounted to 1,202 and is disclosed as Other income and expense, net as of December 31, 2020.

As of March 31, 2021, the Company paid 11,289, related to the target achievements during the period commencing August 1, 2020 and ending on December 31, 2020.

The fair value of the consideration for Grupo ASSA acquisition at the acquisition date was calculated as follows:

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 28,774 |
| Working capital adjustment | (2,493) |
| Contingent consideration | 12,283 (a) |
| Installment payment | 16,131 |
| Total consideration | 54,695 |

(a) As of December 31, 2021 included 13,865, as Other financial liabilities current, net of the indemnification asset as explained in note 26.22. As of December 31, 2020 included 11,218, the net of the contingent consideration and its remeasurement plus interest accrued, as Other financial liabilities current, and 13,343 as Other financial liabilities non-current (installment payment plus interest accrued net of the indemnification asset as explained in note 26.21).

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

26.9 Acquisition of Xappia

On October 21, 2020, Globant S.A. (the “Company”), through certain of its wholly-owned subsidiaries, entered into an Equity Purchase Agreement with the equity holders of Xappia S.R.L., an Argentine company and Xappia SpA, a Chilean company

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("Xappia Argentina" and "Xappia Chile"), pursuant to which the Company agreed to purchase all of the outstanding equity interests in Xappia Argentina and Xappia Chile. On the same date, the Company through one of its subsidiaries, Globant Brasil Consultoria Ltda., entered into a Purchase Agreement with the equity holder of Xappia Brasil Servicos de Assessoria Empresarial LTDA. ("Xappia Brazil"), a Brazilian company, pursuant to which the Company purchased certain rights title and interest of Xappia Brasil. The Share Purchase Agreement was signed on October 30, 2020 and the transaction closed on November 13, 2020. The purpose of the purchase was to increase Salesforce delivery capabilities to our South American clients.

As consideration for the equity interest of Xappia Argentina and Xappia Chile and asset acquisition of Xappia Brazil, the Company agreed to pay:

- (i) 3,500 on the closing date subject to any deduction or withholding detailed in the agreement ("the Closing Cash Payment");
- (ii) 3,500 less any deduction or withholding as provided in the agreement that should be paid as follows: (1) an amount of 1,750 will be paid through the issuance of common shares of the Company to the sellers on the fourth (4) month anniversary of the Closing (the "G-Shares Tranche 1"), (2) an amount of 750 will be paid through the issuance of common shares of the Company to the sellers, on the twelfth (12) month anniversary of the Closing (the "G-Shares Tranche 2"), (3) an amount of 1,000 will be paid through the issuance of common shares of the Company to the sellers on the thirtieth (30) month anniversary of the Closing (the "G-Shares Tranche 3"). All subscribed shares shall be issued at a subscription price per share based on the volume weighted average trading price of the Company's common shares during the 60-day period prior to the applicable date of issuance;
- (iii) An additional amount of up to 3,000 is payable to the sellers by June 30, 2021 and 2022, subject to Xappia Argentina, Xappia Chile and Xappia Brazil's achievement of specified growth and operating margin targets for the years 2020 and 2021, and it is subject to adjustment based on the achievement of such targets.

On June 29, 2021, the Company paid the aggregate consideration of 2,410 to the sellers related to the target achievements during the period commencing January 1, 2020 and ending on December 31, 2020.

As of December 31, 2021, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the over-achievement of targets established by the Share Purchase Agreement. Loss arising from the change in fair amounted to 1,025 and is disclosed as Other income and expense, net as of December 31, 2021.

The fair value of the consideration for Xappia acquisition at the acquisition date was calculated as follows:

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 4,136 |
| Working capital adjustment | (149) |
| Contingent consideration | 3,868 |
| Installment payment | 3,402 |
| Total consideration | 11,257 |

(a) As of December 31, 2021 and 2020 included 2,478 and 4,761 as Other financial liabilities current, respectively, and 966 and 2,382 as Other financial liabilities non-current, respectively.

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

26.10 Acquisition of Giant Monkey Robot

On November 9, 2020, Globant S.A (the "Company"), through its subsidiary Globant España S.A, entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Giant Monkey Robot, Inc., an American stock company, pursuant to which the Company purchased all of the outstanding interests in Giant Monkey Robot Inc. and its only subsidiary, Giant Monkey Robot SpA ("GMR Chile"), a Chilean stock company. The transaction was simultaneously signed and closed. Giant Monkey Robot is mainly a game developing Company, experts in complex technology solutions and experienced in supporting an maintaining live operation games for several platforms.

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As consideration for the equity interest of Giant Monkey Robot, the Company agreed to pay:

- i) 4,000 on the closing date plus or minus any adjustments, deductions or withholding detailed in the agreement ("the Closing Cash Payment");
- ii) 1,123 were paid through the issuance of common shares of the Company to the sellers at closing date. All subscribed shares were issued at a subscription price per share based on the volume weighted average trading price of the Company's common shares during the 60-day period prior to the applicable date of issuance;
- (iii) An additional amount of up to 4,500 is payable to the sellers by June 30, 2021 and 2022, subject to GMR Chile's achievement of specified growth target for the years 2020 and 2021, and it is subject to adjustment based on the achievement of such targets. Pursuant to the terms of the transaction, 4,248 was paid in cash on November 9, 2020.

On June 30, 2021, the Company paid the aggregate consideration of 2,547 to the sellers related to the target achievements during the period commencing January 1, 2020 and ending on December 31, 2020.

As of December 31, 2021, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the over-achievement of targets established by the Share Purchase Agreement. Loss arising from the change in fair amounted to 1,407 and is disclosed as Other income and expense, net as of December 31, 2021.

The fair value of the consideration for Giant Monkey Robot acquisition at the acquisition date was calculated as follows:

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 5,370 |
| Contingent consideration | 4,374 (a) |
| Total consideration | 9,744 |

(a) As of December 31, 2021 and 2020 included 3,343 and 2,467 as Other financial liabilities current, respectively, and as of December 31, 2020, 1,924 as Other financial liabilities non-current.

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

26.11 Acquisition of BlueCap Management Consulting

On December 18, 2020, Globant S.A. (the "Company"), through certain of its wholly-owned subsidiaries, entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equityholder of BlueCap Management Consulting S.L., a Spanish limited liability company (sociedad limitada) ("BlueCap"), pursuant to which the Company purchased all of the outstanding equity interests in BlueCap (the "Acquisition"). The transaction was simultaneously signed and closed. BlueCap provides leading financial institutions consulting services primarily related to strategic management of risk, capital and value.

Upon the closing of the Acquisition, the Company paid:

- (i) 43,200 euros paid in cash (plus/minus the shortfall or excess in BlueCap's estimated cash at December 31, 2020 versus minimum required cash, as defined in the Purchase Agreement at such date);
- (ii) 28,800 euros were paid through the issuance of common shares of the Company to the seller. The shares issued at closing were valued based on the volume weighted average trading price of the Company's common shares during the 60-trading-day period ended 10 days prior to the closing date;
- (iii) 14,000 euros less any working capital, accounts receivables and other matters adjustments, sett-off or deductions as provided in the Purchase Agreement no later than March 31, 2022;
- (iv) 8,400 euros less any working capital, accounts receivables and other matters adjustments, sett-off or deductions as provided in the Purchase Agreement no later than March 31, 2023;
- (v) 5,600 euros less any working capital, accounts receivables and other matters adjustments, sett-off or deductions as provided in the Purchase Agreement no later than August 31, 2024;

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(vi) Additional amounts may be payable to the seller by March 31, 2022 and March 31, 2023 of up to 10,000 euros on each such date, subject to BlueCap's achievement of specified revenue and operating margin targets for the period from January 1, 2021 through December 31, 2021 (in the case of the first payment) and the period from January 1, 2022 through December 31, 2022 (in the case of the second payment). Each such contingent payment is subject to upwards adjustment based on overachievement of the financial targets and to deduction for seller-indemnified losses in accordance with the Purchase Agreement.

As of December 31, 2021, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the over-achievement of targets established by the Share Purchase Agreement. Loss arising from the change in fair amounted to 1,226 and is disclosed as Other income and expense, net as of December 31, 2021.

The fair value of the consideration for BlueCap acquisition at the acquisition date was calculated as follows:

| Purchase price | Amount |
|----------------------------|----------------|
| Down payment | 93,951 |
| Contingent consideration | 22,557 (a) |
| Installment payment | 33,036 |
| Total consideration | 149,544 |

(a) As of December 31, 2021 included 28,203 and 25,341 as Other financial liabilities current and non-current, respectively. As of December 31, 2020, included 55,593 as Other financial liabilities non-current.

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

26.12 Acquisition of Cloudshiftgroup Limited

On February 28 2021, Globant S.A., through certain of its wholly-owned subsidiaries, entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Cloudshiftgroup Limited ("Cloudshift"), a British stock company, pursuant to which the Company agreed to purchase all of the outstanding equity interests in Cloudshift (the "Acquisition"). The transaction was simultaneously signed and closed. Cloudshift is a Salesforce platinum partner which provides Salesforce advisory and implementation services in the United Kingdom.

As consideration for the equity interests of Cloudshift, the Company agreed to pay (amounts in thousands of pounds sterling):

- 23,346 pounds sterling on the closing date (the "Closing Payment");
- 666 pounds sterling within 10 days of receipt, related to acquired invoices pending to collect from Edwardian London Management Services Limited, detailed as the Delayed Debtor Payment from Edwardian London Management Services Limited in the agreement;
- 614 pounds sterling within 10 business days of written demand, related to the options tax relief, generated by the exercised options before the acquisition, to be utilized as soon as possible; detailed as the Option Tax Consideration in the Purchase Agreement;
- 260 pounds sterling after receiving confirmation from Her Majesty's Revenue and Customs (HMRC) about the Delayed Valuation Consideration detailed in the agreement; and
- an additional amount of 11,500 pounds sterling is payable to the sellers by February 2022 and 2023, subject to upwards or downwards adjustment based on Cloudshift's achievement of specified revenue and gross margin targets, out of which 1,155 will be recognized as remuneration due to the terms of the Purchase Agreement.

On April 30, 2021 and July 9, 2021, the Company paid a total of 922 related to the installment payment.

As of December 31, 2021, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the over-achievement of targets established by the Share Purchase Agreement. Loss arising from the change in fair amounted to 460 and is disclosed as Other income and expense, net as of December 31, 2021.

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

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| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 32,551 |
| Contingent consideration | 14,236 |
| Installment payment | 2,096 (a) |
| Total consideration | 48,883 |

(a) As of December 31, 2021, included 8,594 and 7,199 as Other financial liabilities current and non-current, respectively. Acquisition related expenses were not material and were recognized directly as expense for each period.

26.13 Acquisition of Hybrido Worldwide

On May 11, 2021, the Company through its subsidiary Software Product Creation, S.L., entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Hybrido Worldwide, S.L. ("Habitant"), a Spanish limited liability corporation, pursuant to which the Company purchased all of the outstanding equity interests in Hybrido Worldwide, S.L. and its subsidiary, Pixel Division, S.L., a Spanish limited liability corporation. Habitant specializes in providing consultancy services on digital marketing, strategy and digital sales for its clients.

As consideration for the equity interests of Hybrido Worldwide, S.L., the Company agreed to pay (amounts in thousands of Euro):

- i. 8,820 euros on the closing date subject to any adjustments or withholding detailed in the agreement (the "Closing Cash Payment");
- ii. 3,780 euros subject to any adjustments, set off, deductions or withholding detailed in the agreement will be paid through the issuance of common shares of the Company to the sellers at the price per share equal to USD 214.69. The common shares shall be issued by Globant S.A. and subscribed by the sellers within the following calendar: (a) 1,780 euros on the closing date; (b) 1,000 euros on March 31, 2024; and (c) 1,000 euros on December 31, 2025; the last two being recognized on the closing date as Equity settled agreement in the statement of changes in equity, since the amount of the common shares to be issued is already settle in the subscription agreement.
- iii. 2,700 euros subject to upwards or downwards adjustment based on Hybrido Worldwide's (on a consolidated basis with its subsidiary) achievement of both revenue and operating margin targets for the period from January 1, 2021 through December 31, 2021, no later than March 31, 2022;
- iv. 2,700 euros subject to upwards or downwards adjustment based on Hybrido Worldwide's (on a consolidated basis with its subsidiary) achievement of both revenue and operating margin targets for the period from January 1, 2022 through December 31, 2022, no later than March 31, 2023.

On September 30, 2021, the Company paid 389, related to the working capital adjustment.

As of December 31, 2021, the Company remeasured the fair value of the contingent consideration related to the earn-outs, considering the over-achievement of targets established by the Share Purchase Agreement. Loss arising from the change in fair amounted to 204 and is disclosed as Other income and expense, net as of December 31, 2021.

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

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 12,853 |
| Working capital adjustment | 404 |
| Contingent consideration | 6,838 |
| Installment payment | 2,152 (a) |
| Total consideration | 22,247 |

(a) As of December 31, 2021, included as 3,365 and 3,278 as Other financial liabilities current and non-current, respectively.

Acquisition related expenses were not material and were recognized directly as expense for each period.

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26.14 Acquisition of Walmeric Soluciones, S.L.

On July 8, 2021 Globant, S.A (the "Company"), through its subsidiary Software Product Creation, S.L., entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Walmeric Soluciones, S.L. a Spanish limited liability company, pursuant to which the Company purchased eighty per cent (80%) of the share capital of Walmeric Soluciones, S.L. The Share Purchase Agreement was simultaneously signed and closed on July 8, 2021. Walmeric is a firm specialized in developing marketing automation technology combining lead management, online marketing and sales enablement, it offers a multi-channel marketing platform focused on lead to revenue management with strong B2B2C expertise.

As consideration of the equity interest of Walmeric Soluciones, S.L. the Company agreed to pay:

- i. 36,000 euros plus the Estimated Net Cash at the closing date amounting to 3,525 euros in cash by irrevocable wire transfer in immediately available funds to the to the Sellers' bank accounts;
- ii. 5,600 euros subject to any adjustments, set offs, deductions, or withholdings as provided in the agreement, that should be paid as follows: (a) an amount of 2,000 will be paid through the issuance of common shares of the Company to the Sellers on the Closing Date (the "First G-Shares Subscription Date"); (b) an amount of 1,000 euros will be paid through the issuance of common shares of the Company to the Sellers on the second anniversary of the Closing Date (the "Second G-Shares Subscription Date"); (c) an amount of 2,000 euros will be paid through the issuance of common shares of the Company to the Sellers on the third anniversary of the Closing Date (the "Third G-Shares Subscription Date") and (d) an amount of 600 euros will be paid through the issuance of common shares of the Company to the Sellers on December 30, 2025 (the "Fourth G-Shares Subscription Date").

An amount of 3,600 euros out of the cash for Globant shares as set forth in the "Escrow Amount" was deposited by Software Product Creation, S.L. on the date hereof into a bank account of the Notary.

The Company has recognized a non-controlling interest for 2,648 measured at its fair value at the time of the closing date of the transaction for the 20% of the remaining share capital of Walmeric.

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

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 53,424 |
| Total consideration | 53,424 |

Acquisition related expenses were not material and were recognized directly as expense for each period.

Call and Put Option Agreement over non-controlling interest

On July 8, 2021 Software Product Creation, S.L. (the "Majority Shareholder") and Globant, S.A., with Internet Business Intelligent Insite, S.L. and Next Generation Communication Services, S.L. (jointly referred to as the "Minority Shareholder") entered into a put and call option agreement over the remaining twenty percent (20%) of Walmeric Soluciones, S.L (the "Option shares"), with the purpose to set out the terms and conditions of: (i) a put option over the Option Shares to be granted by Software Product Creation, S.L. in favor of the Minority Shareholders; and (ii) a call option over the Option Shares to be granted by the Minority Shareholders in favor of Software Product Creation, S.L.

The Minority Shareholders and the Software Product Creation, S.L. shall be entitled to exercise the Yearly Options under the following conditions and within the following calendar:

- i. Subject to and based on the achievement of the 2021 Targets, the 2022 Put Option or the 2022 Call Option may be exercised by the Minority Shareholders or SPC (as the case may be) (i) from 1 March 2022 to 31 March 2022; or (ii) from 1 March 2023 to 31 March 2023; or (iii) from 1 March 2024 to 31 March 2024 (the "2022 Option Exercise Period" and, the relevant Yearly Option, the "2022 Yearly Option");
- ii. Subject to and based on the achievement of the 2022 Targets, the 2023 Put Option or the 2023 Call Option may be exercised by the Minority Shareholders or SPC (as the case may be) (i) from 1 March 2023 to 31 March 2023; or (ii) from 1 March 2024 to 31 March 2024 (the "2023 Option Exercise Period" and, the relevant Yearly Option, the "2023 Yearly Option"); and

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- iii. Subject to and based on the achievement of the 2023 Targets, the 2024 Put Option or the 2024 Call Option may be exercised by the Minority Shareholders or SPC (as the case may be) from 1 March 2024 to 31 March 2024 (the "2024 Option Exercise Period" and, the relevant Yearly Option, the "2024 Yearly Option").

The Parties agree and accept that the total purchase price for the Option Shares in case of exercise of the Yearly Options shall be determined as follow: (i) 2022 Yearly Option Purchase Price for 4,000 euros; (ii) 2023 Yearly Option Purchase Price for 4,000 euros and (iii) 2024 Yearly Option Purchase Price for 4,000 euros; all subject to adjustments based on Walmeric Soluciones, S,L achievement of specific growth and EBITDA (earnings before interest, taxes, depreciation and amortization) targets.

As of the date of the closing the company recognized in equity a put option over non-controlling interest of 16,285 equal to the present value of the amount that could be required to be paid to the counterparty discounted at and interest rate of 0.95%. Changes in the measurement of the gross obligation will be recognized in profit or loss. As of December 31, 2021, the Company has recognized as non-current other financial liabilities the written put option for an amount of 15,423.

26.15 Acquisition of Atix Labs

On September 22, 2021 Globant, S.A (the "Company"), through its subsidiary Globant LLC, Globant España S.A and Software Product Creation, S.L., entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Atix Labs S.R.L, an Argentine company, and Atix Labs LLC, an American company ("Atix Labs"), pursuant to which the Company agreed to purchase all of the outstanding equity interests in Atix Labs. The Share Purchase Agreement was signed on September 24, 2021 and the transaction closed on October 4, 2021. Atix Labs is a professional services company specialized in blockchain.

As consideration of the equity interest of Atix Labs the Company agreed to pay:

- (i) 2,000 less any deductions or withholdings as provided in the Purchase Agreement on the closing ("Closing Cash Payment");
- (ii) 1,700 less any deductions or withholdings as provided in the Purchase Agreement, that shall be paid to the Sellers as follows: (a) an amount of 850 will be paid through the issuance of common shares of the Company to the Sellers on the tenth month anniversary of the Closing Date (the "G-Shares Tranche 1") and (b) and amount of 850 will be paid through the issuance of common shares of the Company to the Sellers on the twenty-four month anniversary of the Closing Date (the "G-Shares Tranche 2").
- (iii) 550 less any deductions or withholdings as provided in the Purchase Agreement, shall be payable to the Sellers no later than March 31, 2022 subject to the achievement by the Atix Division of both of the revenue and operating margin targets for the period from October 1, 2021 through December 31,2021.
- (iv) 1,300 less any deductions or withholdings as provided in the Purchase Agreement, shall be payable to the Sellers no later than March 31, 2023 subject to the achievement by the Atix Division of both of the revenue and operating margin targets for the period from January 1, 2022 through December 31,2022.

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

| | Purchase price | Amount |
|----------------------------|-----------------------|---------------|
| Down payment | | 2,000 |
| Working capital adjustment | | 67 |
| Contingent consideration | | 2,090 |
| Installment payments | | 1,639 (a) |
| Total consideration | | 5,796 |

(a) As of December 31, 2021, included as 1,503 and 2,316 as Other financial liabilities current and non-current, respectively.

Acquisition related expenses were not material and were recognized directly as expense for each period.

26.16 Acquisition of Navint Group

On November 14, 2021 Globant, S.A (the "Company"), through its subsidiary Globant España S.A entered into an Equity Purchase Agreement (the "Purchase Agreement") with the equity holders of Navint Partners, LLC, an American company and

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certain of its affiliated entities (collectively "Navint Group"), pursuant to which the Company agreed to purchase all of the outstanding equity interest in Group Navint. The Share Purchase Agreement was signed on November 14, 2021 and the transaction transaction closed on November 30, 2021. The purpose of the purchase was to reinforce and expand Salesforce's services.

As consideration of the equity interest of Navint Group the Company agreed to pay:

- (i) 62,596 plus or minus any adjustments, escrows, deductions or withholdings as provided in the Purchase Agreement on the closing ("Closing Cash Payment");
- (ii) 3,984 plus or minus any adjustments, escrows, deductions or withholdings as provided in the Purchase Agreement, that shall be paid through the issuance of common shares of the Company to the Sellers on the Closing Date (the "G-Shares");
- (iii) 2,000 less any deductions, set off or withholdings as provided in the Purchase Agreement, shall be payable to the Sellers no later than March 31, 2022 subject to the achievement by the Navint Group of both of the revenue and gross margin targets for the period from November 1, 2021 through December 31, 2021;
- (iv) 7,210 less any deductions, set off or withholdings as provided in the Purchase Agreement, shall be payable to the Sellers no later than March 31, 2023 subject to the achievement by the Navint Group of both of the revenue and gross margin targets for the period from January 1, 2022 through December 31, 2022.
- (v) 7,210 less any deductions, set off or withholdings as provided in the Purchase Agreement, shall be payable to the Sellers no later than March 31, 2024 subject to the achievement by the Navint Group of both of the revenue and gross margin targets for the period from January 1, 2023 through December 31, 2023.

As of the date of issuance of these consolidated financial statements, due to the recent of this acquisition, the accounting for this acquisition is incomplete; hence, the Company has not included in this footnote the following disclosures as required by such standard, as follows:

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

| Purchase price | Amount |
|----------------------------|---------------|
| Down payment | 66,900 |
| Working capital adjustment | (1,727) |
| Installment payments | 1,727 |
| Contingent consideration | 12,207 (a) |
| Total consideration | 79,107 |

(a) As of December 31, 2021, included as 12,207 as Other financial liabilities non-current.

Acquisition related expenses were not material and were recognized directly as expense for each period.

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26.17 Outstanding balances

Outstanding balances of other financial liabilities related to the above mentioned acquisitions as of December 31, 2021 and 2020 are as follows:

| | As of December 31, 2021 | | As of December 31, 2020 | |
|---|--|--|--|--|
| | Other financial liabilities - current | Other financial liabilities - non current | Other financial liabilities - current | Other financial liabilities - non current |
| Avanxo | — | — | 1,145 | — |
| BI Live | 210 | 202 | 138 | 397 |
| Grupo ASSA | 13,865 | — | 11,218 | 13,343 |
| Xappia | 2,478 | 966 | 4,761 | 2,382 |
| Giant Monkey Robot | 3,343 | — | 2,467 | 1,924 |
| Bluecap | 28,203 | 25,341 | — | 55,593 |
| Cloudshift | 8,594 | 7,199 | — | — |
| Hybrido Worldwide | 3,365 | 3,278 | — | — |
| Put option on minority interest of Walmeric | — | 15,423 | — | — |
| Atix Labs | 1,503 | 2,316 | — | — |
| Navint | — | 12,207 | — | — |
| Total | 61,561 | 66,932 | 19,729 | 73,639 |

The significant inputs are disclosed in note 29.9.1

26.18 Purchase Price Allocation

As of December 31, 2021 and 2020, the fair values of the assets acquired, liabilities assumed and goodwill, of CloudShiftGroup Limited, Hybrido Worldwide S.L., Walmeric Soluciones S.L, Atix Labs and the preliminary fair values of the assets acquired, liabilities assumed and goodwill of Navint Group determined at the date of acquisition in the business combinations are as follows:

| | 2021 acquisitions | | | | |
|----------------------------------|--------------------------|-----------------|-----------------|------------------|---------------|
| | Cloudshift | Habitant | Walmeric | Atix Labs | Navint |
| <u>Current Assets</u> | | | | | |
| Cash and cash equivalents | 6,373 | 713 | 6,913 | 228 | 2,377 |
| Investments | — | — | 113 | — | — |
| Trade receivables | 3,803 | 4,719 | 3,963 | 474 | 4,760 |
| Other receivables | 90 | 322 | 108 | 256 | 341 |
| <u>Non current assets</u> | | | | | |
| Other receivables | — | 48 | 44 | — | 516 |
| Other financial assets | — | — | 2 | — | — |
| Property and equipment | 337 | 634 | 57 | 21 | 730 |
| Intangibles ⁽¹⁾ | 299 | 1,907 | 8,824 | 495 | 2,679 |
| Deferred tax | 922 | — | — | — | — |
| Goodwill ⁽²⁾ | 39,037 | 19,206 | 43,903 | 4,954 | 72,413 |

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Current liabilities

| | | | | | |
|-----------------------------|-------|---------|---------|-------|---------|
| Trade and other payables | (845) | (2,849) | (2,540) | (238) | (1,252) |
| Tax liabilities | (486) | (432) | (734) | (204) | (256) |
| Payroll and social security | (235) | (499) | (1,027) | (133) | (2,531) |
| Other liabilities | (412) | (1) | — | — | — |
| Borrowings | — | (176) | (25) | — | — |

Non current liabilities

| | | | | | |
|--------------------------|---|-------|---------|------|-------|
| Deferred tax liabilities | — | (434) | (2,103) | (57) | (670) |
| Borrowings | — | (911) | (1,426) | — | — |
| Non-controlling interest | — | — | (2,648) | — | — |

| | | | | | |
|----------------------------|---------------|---------------|---------------|--------------|---------------|
| Total consideration | 48,883 | 22,247 | 53,424 | 5,796 | 79,107 |
|----------------------------|---------------|---------------|---------------|--------------|---------------|

2020 acquisitions

| | Grupo ASSA | Bluecap | Other Acquisitions |
|---------------------------------------|-------------------|----------------|---------------------------|
| <u>Current Assets</u> | | | |
| Cash and cash equivalents | 3,486 | 9,944 | 2,153 |
| Investments | — | 6,258 | 8 |
| Trade receivables | 11,228 | 2,046 | 2,585 |
| Other receivables | 4,046 | 3,218 | 454 |
| Indemnification asset | 2,970 | — | — |
| <u>Non current assets</u> | | | |
| Other receivables | 207 | — | — |
| Property and equipment | 838 | 384 | 243 |
| Intangibles ⁽¹⁾ | 11,277 | 34,093 | 4,931 |
| Right-of-use asset | 513 | — | — |
| Deferred tax | 1,771 | — | 37 |
| Goodwill ⁽²⁾ | 63,682 | 126,059 | 14,731 |
| <u>Current liabilities</u> | | | |
| Trade and other payables | (4,259) | — | (341) |
| Tax liabilities | (8,085) | (6,491) | (897) |
| Payroll and social security | (6,453) | (17,444) | (1,670) |
| Borrowings | (10,390) | — | — |
| <u>Non current liabilities</u> | | | |
| Deferred tax liabilities | (2,849) | (8,523) | (1,233) |
| Lease liabilities | (584) | — | — |
| Borrowings | (3,579) | — | — |
| Contingencies | (9,124) | — | — |
| Total consideration | 54,695 | 149,544 | 21,001 |

⁽¹⁾ As of December 31, 2021 and 2020, the amount of 11,701 and 42,703 have been allocated to customer relationships, respectively, and 2,402 and 7,598 as other intangibles, respectively.

⁽²⁾ As of December 31, 2021 and 2020, 179,513 and 204,472, are not deductible for tax purposes, respectively.

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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 and non-compete agreements are recognized as intangible, in the acquisitions of Navint, Atix Labs, Walmeric, Habitant, Cloudshift, Bluecap, GMR, Xappia and Grupo Assa. The other benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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

Acquisition related expenses were not material and were recognized directly as expense for each period.

26.19 Impact of acquisitions on the results of the Company

Directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the Company on an annualized basis and to provide a reference point for comparison in future periods.

The net income for the year ended December 31, 2021 includes a gain of 4,717 attributable to the business generated by Cloudshift, Habitant, Walmeric, Atix Labs and Navint. Revenue for the year ended December 31, 2021 includes 29,670 related to the business of those companies.

Had the five business combinations made in 2021, Cloudshift, Habitant, Walmeric, Atix Labs and Navint, been performed on January 1, 2021, the consolidated revenue of the Company would have been 1,336,691 and the net income for the year ended December 31, 2021, would have been 97,032.

26.20 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, 2021 and 2020, were the following: projected cash flows for the following five years for both years, the average growth rate considered was 27.0% and 23.0%, respectively, and the rate used to discount cash flows was 9.6% and 10.10%, respectively. The long-term rate used to extrapolate cash flows beyond the projected period as of December 31, 2021 and 2020, was 4% and , respectively 3%, respectively. 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 impairments were recognized during 2021, 2020 and 2019.

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

| | As of December 31, | |
|--|---------------------------|----------------|
| | 2021 | 2020 |
| Cost | | |
| Balance at beginning of year | 392,760 | 188,538 |
| Additions related to new acquisitions (note 26.18) | 179,513 | 204,472 |
| Translation | (73) | 17 |
| Measurement period adjustment | 759 | (267) |
| Balance at end of year | 572,959 | 392,760 |

26.21 Effects of offsetting on acquisition

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 2,883 and 2,970, as of December 31, 2021 and 2020, respectively. The consideration for this acquisition includes 16,748 and 16,313 (17,000 measured at present value) as of December 31, 2021 and 2020, respectively, which are 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.

| | As of December 31, 2021 | | |
|-----------------------------|--------------------------------|--|--|
| | Gross amount | Gross amount set off in the balance sheet | Net amount presented in the balance sheet |
| Other financial liabilities | 16,748 | 2,883 | 13,865 |

| | As of December 31, 2020 | | |
|-----------------------------|--------------------------------|--|--|
| | Gross amount | Gross amount set off in the balance sheet | Net amount presented in the balance sheet |
| Other financial liabilities | 16,313 | 2,970 | 13,343 |

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.

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

| | For the year ended December 31, | | |
|--|--|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 |
| <u>North America</u> | | | |
| United States of America | 803,934 | 558,528 | 483,228 |
| Canada | 26,970 | 15,622 | 13,125 |
| <i>Subtotal North America</i> | <u>830,904</u> | <u>574,150</u> | <u>496,353</u> |
| <u>Europe</u> | | | |
| Spain | 94,459 | 32,977 | 26,134 |
| United Kingdom | 27,156 | 17,100 | 15,672 |
| Belgium | 8,705 | 2,924 | — |
| Switzerland | 5,710 | 1,785 | — |
| France | 2,600 | 1,224 | 267 |
| Luxembourg | 4,777 | 1,292 | 937 |
| Germany | 1,424 | 939 | 437 |
| Netherlands | 3,604 | 1,461 | 2,723 |
| Others | 2,867 | 2,078 | 614 |
| <i>Subtotal Europe</i> | <u>151,302</u> | <u>61,780</u> | <u>46,784</u> |
| <u>Asia</u> | | | |
| India | 10,442 | 2,670 | 2,157 |
| Indonesia | — | — | 1,157 |
| Japan | 8,514 | 5,338 | 1,062 |
| United Arab Emirates | 401 | 248 | 277 |
| Others | 1,558 | 93 | — |
| <i>Subtotal Asia</i> | <u>20,915</u> | <u>8,349</u> | <u>4,653</u> |
| <u>Latin America and others</u> | | | |
| Argentina | 87,756 | 53,667 | 32,295 |
| Colombia | 14,357 | 13,302 | 14,355 |
| Chile | 86,809 | 50,707 | 29,547 |
| Mexico | 53,455 | 25,928 | 20,623 |
| Perú | 15,695 | 11,648 | 6,251 |
| Brazil | 20,821 | 11,976 | 7,964 |
| Panama | 744 | 737 | 128 |
| Uruguay | 755 | 144 | 17 |
| Dominican Republic | 3,788 | 869 | 126 |
| Australia | 5,223 | 287 | — |
| Paraguay | 2,823 | 231 | 8 |
| Others | 1,731 | 364 | 221 |
| <i>Subtotal Latin America and others</i> | <u>293,957</u> | <u>169,860</u> | <u>111,535</u> |
| TOTAL | <u>1,297,078</u> | <u>814,139</u> | <u>659,325</u> |

The revenues by geography were determined based on the country where the sale took place.

One single customer accounted for 10.9%, 11.0% and 11.2% of revenues for the years ended December 31, 2021, 2020 and 2019.

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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, | |
|--------------------------|---------------------------|----------------|
| | 2021 | 2020 |
| Spain | 540,237 | 396,970 |
| Argentina | 165,163 | 104,929 |
| United States of America | 66,701 | 68,767 |
| United Kingdom | 52,185 | 293 |
| Colombia | 50,785 | 43,237 |
| México | 30,445 | 20,761 |
| India | 21,521 | 11,350 |
| Uruguay | 15,546 | 12,971 |
| Peru | 6,883 | 3,986 |
| Chile | 6,660 | 4,877 |
| Belarus | 6,157 | — |
| Luxembourg | 4,226 | 4,226 |
| Brazil | 3,783 | 2,702 |
| Other countries | 758 | 3,692 |
| TOTAL | 971,050 | 678,761 |

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, 2021 and 2020 were as follow:

| <u>Right-of-use assets</u> | <u>Office spaces</u> | <u>Office equipments</u> | <u>Computers</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|---------------------------------|-------------------------|---------------------|
| 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) |
| Foreign currency translation | (103) | — | — | (103) |
| December 31, 2021 | 104,565 | 22,104 | 17,912 | 144,581 |

Lease liabilities

| | |
|---|----------------|
| January 1, 2021 | 87,598 |
| Additions ⁽¹⁾ | 74,011 |
| Foreign exchange difference ⁽¹⁾ | (4,031) |
| Foreign currency translation ⁽²⁾ | (89) |
| Interest expense ⁽¹⁾ | 5,415 |
| Payments ⁽²⁾ | (27,201) |
| Disposals | (1,218) |
| December 31, 2021 | 134,485 |

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| <u>Right-of-use assets</u> | <u>Office spaces</u> | <u>Office equipments</u> | <u>Computers</u> | <u>Total</u> |
|---|-----------------------------|---------------------------------|-------------------------|---------------------|
| January 1, 2020 | 51,625 | 6,642 | 514 | 58,781 |
| Additions | 41,341 | 3,388 | 4,743 | 49,472 |
| Additions from business combinations (note 26.18) | 513 | — | — | 513 |
| Disposals | (672) | — | (43) | (715) |
| Depreciation (note 6) | (16,030) | (544) | (1,064) | (17,638) |
| Translation | (403) | — | — | (403) |
| December 31, 2020 | 76,374 | 9,486 | 4,150 | 90,010 |

Lease liabilities

| | |
|---|---------------|
| January 1, 2020 | 61,363 |
| Additions ⁽¹⁾ | 49,472 |
| Additions from business combinations (note 26.18) | 584 |
| Foreign exchange difference ⁽¹⁾ | (1,916) |
| Foreign currency translation ⁽²⁾ | (301) |
| Interest expense ⁽¹⁾ | 4,944 |
| Payments ⁽²⁾ | (25,141) |
| Disposals | (895) |
| Discounts (note 32) | (512) |
| December 31, 2020 | 87,598 |

⁽¹⁾ Non-cash transactions.

⁽²⁾ Cash transactions.

The Company has some lease contracts that have not yet commenced as of December 31, 2021 and 2020. The future lease payments for these lease contracts are disclosed as follows:

| As of December 31, 2021 | |
|--------------------------------|---------------|
| Year | Amount |
| 2022 | 141 |

| As of December 31, 2020 | |
|--------------------------------|---------------|
| Year | Amount |
| 2021 | 71 |
| 2022 | 71 |
| 2023 | 71 |
| 2024 | 71 |
| 2025 | 71 |
| 2026 | 71 |
| 2027 | 71 |
| 2028 | 71 |
| 2029 | 71 |

The outstanding balance of the lease liabilities as of December 31, 2021 and 2020 is as follows:

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| <u>Lease liabilities</u> | As of December 31, | |
|---------------------------------|---------------------------|---------------|
| | 2021 | 2020 |
| Current | 25,917 | 15,358 |
| Non-current | 108,568 | 72,240 |
| TOTAL | 134,485 | 87,598 |

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, 2021 | | |
|------------------------------------|--------------------------------|---------------|-----------------------|
| | FVTPL | FVTOCI | Amortised 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 |

| | As of December 31, 2021 | | |
|--|--------------------------------|---------------|-----------------------|
| | FVTPL | FVTOCI | Amortised cost |
| Financial liabilities | | | |
| Trade payables | — | — | 69,597 |
| Borrowings | — | — | 12,240 |
| Other financial liabilities | | | |
| Foreign exchange forward contracts | 1,392 | 106 | — |
| Other financial liabilities related to business combinations | 63,886 | — | 49,184 |
| Put option on minority interest of Walmeric | — | — | 15,423 |
| Lease liabilities | — | — | 134,485 |
| Other liabilities | — | — | 955 |

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| | <u>As of December 31, 2020</u> | | |
|---|--------------------------------|---------------|-----------------------|
| | <u>FVTPL</u> | <u>FVTOCI</u> | <u>Amortised cost</u> |
| Financial assets | | | |
| Cash and cash equivalents | — | — | 278,939 |
| Investments | | | |
| Mutual funds | 19,284 | — | — |
| Contribution to funds | — | — | 615 |
| Trade receivables | — | — | 201,664 |
| Other assets | — | — | 15,100 |
| Other receivables | — | — | 6,250 |
| Other financial assets | | | |
| Convertible notes | 1,166 | — | — |
| Foreign exchange forward contracts | 327 | 165 | — |
| Guarantee payments related to the future lease of a property under construction | — | — | 4,553 |
| Equity instruments | — | 10,478 | — |
| Others | — | — | 35 |
| Financial liabilities | | | |
| Trade payables | — | — | 40,506 |
| Borrowings | — | — | 25,968 |
| Other financial liabilities | | | |
| Foreign exchange forward contracts | 93 | — | — |
| Other financial liabilities related to business combinations | 43,724 | — | 49,644 |
| Interest rate SWAP | 605 | 132 | — |
| Lease liabilities | — | — | 87,598 |
| Other liabilities | — | — | 81 |

29.2 - Market risk

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

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative instruments to hedge its exposure to risks, apart from those mentioned in note 29.10 and 29.11.

29.3 - Foreign currency risk management

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

Except for the subsidiaries mentioned in the Note 3.5, the functional currency of the Company and its subsidiaries is the U.S. dollar. In 2021, 75.4% 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.

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Foreign exchange sensitivity analysis

The Company is mainly exposed to Argentine pesos, Colombian pesos, Indian rupees, European Union euros, Mexican pesos, Sterling pounds 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, 2021 and adjusts their translation at the year-end for changes in U.S. dollars against the relevant foreign currency.

| Account | Currency | Amount | % Increase | Gain/(loss) | | |
|----------------|----------------------|------------------|-------------------|--------------------|-------------------|-----------------|
| | | | | Amount | % Decrease | Amount |
| Net balances | Argentine pesos | 12,441 | 30 % | (2,871) | 10 % | 1,382 |
| | Colombian pesos | (49,425) | 10 % | 4,493 | 10 % | (5,492) |
| | Indian Rupees | (16,670) | 10 % | 1,515 | 10 % | (1,852) |
| | European Union euros | (61,658) | 10 % | 5,605 | 10 % | (6,851) |
| | Mexican pesos | (12,933) | 10 % | 1,176 | 10 % | (1,437) |
| | Sterling pound | (32,694) | 10 % | 2,972 | 10 % | (3,633) |
| | Uruguayan pesos | (8,962) | 10 % | 815 | 10 % | (996) |
| | Total | (169,901) | | 13,705 | | (18,879) |

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 2021, the Argentine peso experienced a 22.09% devaluation from 84.05 Argentine peso per U.S dollar to 102.62 Argentine peso per U.S dollar.

During 2020, the Argentine peso experienced a 40.58% devaluation from 59.79 Argentine peso per U.S. dollar to 84.05 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, 2021 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, 2021 and 2020, the Company has recognized a gain of 132 and a loss of 132 included in the line item "Other comprehensive income", respectively, and 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 liabilities are presented in the line item "Other financial liabilities" within the statements of financial position.

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Interest rate swap contracts outstanding as of December 31, 2021 and 2020:

| <u>Maturity Date</u> | <u>Notional</u> | <u>Floating rate receivable</u> | <u>Fixed rate payable</u> | <u>Fair value assets / (liabilities)</u> |
|--|-----------------|-------------------------------------|-------------------------------|--|
| <u>Instruments for which hedge accounting has been discontinued</u> | | | | |
| 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 |
| <u>Hedge instrument</u> | | | | |
| April 30, 2024 | 25,000 | 1month LIBOR | 0.355 % | (132) |
| Fair value as of December 31, 2020 | | | | (132) |
| <u>Instruments for which hedge accounting has been discontinued</u> | | | | |
| March 11, 2024 | 15,000 | 1month LIBOR | 0.647 % | (230) |
| March 31, 2023 | 15,000 | 1month LIBOR | 0.511 % | (123) |
| March 12, 2024 | 20,000 | 1month LIBOR | 0.566 % | (252) |
| Fair value as of December 31, 2020 | | | | (605) |

29.5 – Liquidity risk management

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

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flow.

The table below analyzes financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | <u>Expected Maturity Date</u> | | | | <u>Total</u> |
|--|-------------------------------|---------------|---------------|-------------------|----------------|
| | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>Thereafter</u> | |
| Trade payables | 63,210 | 3,824 | 2,554 | 10 | 69,598 |
| Borrowings | 13,320 | 556 | 556 | 884 | 15,316 |
| Lease liabilities | 31,360 | 31,194 | 25,522 | 66,240 | 154,316 |
| Other financial liabilities ^(*) | 48,242 | 42,024 | 23,661 | — | 113,927 |
| TOTAL | 156,132 | 77,598 | 52,293 | 67,134 | 353,157 |

^(*) The amounts disclosed in the line of other financial liabilities do not include foreign exchange forward contracts, interest rate SWAP and 19,364 related to business combinations payments through subscription agreements.

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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, 2021, 2020 and 2019, the Company's top five clients accounted for 26.7%, 30.6% and 26.1% of its revenues, respectively. One single customer accounted for 10.9%, 11.0% and 11.2% of revenues for the years ended December 31, 2021, 2020 and 2019. 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, 2021 and 2020, are a reasonable approximation of fair value due to the short time of realization.

| | As of December 31, 2021 | | As of December 31, 2020 | |
|---------------------------------------|-------------------------|------------|-------------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| <u>Non-current assets</u> | | | | |
| Other receivables | | | | |
| Guarantee deposits | 4,390 | 4,177 | 3,091 | 3,039 |
| Other assets | 8,583 | 7,810 | 6,954 | 6,278 |
| <u>Non-current liabilities</u> | | | | |
| Trade payables | 6,387 | 5,899 | 5,240 | 4,735 |
| Borrowings | 1,935 | 1,847 | 25,061 | 25,382 |

29.8 - Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into a three-level fair value hierarchy as mandated by IFRS 13, as follows:

Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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| | 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 | — | — | 63,886 | 63,886 |
| Foreign exchange forward contracts | — | 1,498 | — | 1,498 |
| As of December 31, 2020 | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Mutual funds ⁽¹⁾ | — | 19,284 | — | 19,284 |
| Foreign exchange forward contracts | — | 492 | — | 492 |
| Convertibles notes | — | 130 | 1,036 | 1,166 |
| Equity instrument | — | — | 10,478 | 10,478 |
| Financial liabilities | | | | |
| Contingent consideration | — | — | 43,724 | 43,724 |
| Foreign exchange forward contracts | — | 93 | — | 93 |
| Interest rate SWAP | — | 737 | — | 737 |

⁽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 between Level 1, Level 2 and Level 3 during the period.

The Company has applied the market approach technique in order to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities.

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

29.9 Level 3

29.9.1 Contingent consideration

As described in note 26.5, the acquisition of Avanxo (Bermuda) Limited ("Avanxo"), included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's gross revenue, gross margin and operating margin.

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As of December 31, 2020, the nominal value of contingent consideration related to Avanzo amounted to 1,159. Based on our estimations as of that date, the potential minimum amounts of all future payments that the Company could be required to make under this agreement were between 185 and 370, respectively. In addition, the actual amounts to be paid under the contingent consideration arrangement may be increased proportionally to the target's achievements and are not subject to any maximum amount. Finally, the fair value of the contingent consideration arrangement of 1,145 as of December 31, 2020, was estimated by discounting to present value using a risk-adjusted discount rate. On March 29, 2021 an amount of 1,153 was paid leaving the contingent consideration fully settled.

As described in note 26.6, the acquisition of Belatrix Global Corporation S.A, included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue. As of December 31, 2020, the Company remeasured the fair value of the contingent consideration related to Belatrix described above. As of December 31, 2020, loss arising from the change in fair value of the contingent consideration amounted to 3,633 and is included as Other income and expenses, net.

As of December 31, 2019, the nominal value of contingent consideration related to Belatrix amounted to 4,097. Based on our estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement were between 4,192 and 4,097, respectively. In addition, the actual amounts to be paid under the contingent consideration arrangement, may be increased proportionally to the target's achievements and are not subject to any maximum amount. Finally, the fair value of the contingent consideration arrangement of 4,221 as of December 31, 2019 was estimated by discounting to present value using a risk-adjusted discount rate. On October 16, 2020, the Company paid 7,795 leaving the contingent consideration fully settled.

As described in note 26.7, the acquisition of BI Live included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue, revenue growth and operating margin.

As of December 31, 2020, the nominal value of contingent consideration related to BI Live amounted to 423. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 710 and 3,000, as of December 31, 2020. The fair value of the contingent consideration arrangement of 535 as of December 31, 2020, was estimated by discounting to present value using a risk-adjusted discount rate. An amount of 503 was paid on February 26, 2021, leaving the contingent consideration fully settled.

As of March 31, 2021, the Company signed an amendment of the agreement with the sellers of BI Live, pursuant to which the remaining payments were modified and agreed upon fixed payments in replacement of the previous contingent considerations.

As described in note 26.8, the acquisition of Grupo ASSA included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and gross margin. As of December 31, 2020, the Company remeasured the fair value of the contingent consideration related to Grupo ASSA. As of December 31, 2020, gain arising from the change in fair value of the contingent consideration amounted to 1,202 and is included as Other income and expenses, net.

As of December 31, 2020, the nominal value of contingent consideration related to Grupo ASSA amounted to 11,289. Such amount was paid on March 31, 2021. The fair value of the contingent consideration arrangement of 11,218 as of December 31, 2020 was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 26.9, the acquisition of Xappia included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and gross margin. As of December 31, 2021, loss arising from the change in the fair value of the contingent consideration amounted to 1,025 and is included as Other income and expense, net.

As of December 31, 2021 and 2020, the nominal value of contingent consideration related to Xappia amounted to 2,567 and 3,980, respectively. Based on our estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement were between 2,567 and 3,980, respectively. In addition, the actual amounts to be paid under the contingent consideration arrangement, may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 2,478

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and 3,878 as of December 31, 2021 and 2020, respectively, was estimated by discounting to present value using a risk-adjusted discount rate. On June 29, 2021, the Company paid the aggregate consideration of 2,410 to the sellers, related to the target achievements during the year 2020.

As described in note 26.10, the acquisition of GMR included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue. As of December 31, 2021, loss arising from the change in the fair value of the contingent consideration amounted to 1,407 and is included as Other income and expense, net.

As of December 31, 2021 and 2020, the nominal value of contingent consideration related to GMR amounted to 3,403 and 4,547, respectively. Based on our estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement was 3,403 and 4,547, respectively. In addition, the actual amounts to be paid under the contingent consideration arrangement, may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 3,343 and 4,391 as of December 31, 2021 and 2020, respectively was estimated by discounting to present value using a risk-adjusted discount rate.

On June 30, 2021, the Company paid the aggregate consideration of 2,547 to the sellers, related to the target achievements during the year 2020

As described in note 26.11, to the Company's audited consolidated financial statements for the year ended December 31, 2020, the acquisition of Bluecap included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and operating margin. As of December 31, 2021, loss arising from the change in the fair value of the contingent consideration amounted to 1,226 and is included as Other income and expense, net.

As of December 31, 2021 and 2020, the nominal value of contingent consideration related to Bluecap amounted to 22,409 and 24,419, respectively. Based on our estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement were 22,409 and 24,419, respectively. In addition, the actual amounts to be paid under the contingent consideration arrangement, may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 22,405 and 22,557 as of December 31, 2021 and 2020, respectively, was estimated by using a probabilistic framework such as Montecarlo simulation were each iteration was discounted to present value using a discount rate.

As described in note 26.12, the acquisition of Cloudshift included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and operating margin. As of December 31, 2021, loss arising from the change in the fair value of the contingent consideration amounted to 460 and is included as Other income and expense, net.

As of December 31, 2021, the nominal value of contingent consideration related to Cloudshift amounted to 14,638. Based on the Company's estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement was 14,638. In addition, the actual amounts to be paid under the contingent consideration arrangement may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 14,635 as of December 31, 2021, was estimated by using a probabilistic framework such as Montecarlo simulation were each iteration was discounted to present value using a discount rate.

As described in note 26.13, the acquisition of Hybrido Worldwide included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and operating margin. As of December 31, 2021, loss arising from the change in the fair value of the contingent consideration amounted to 204 and is included as Other income and expense, net.

As of December 31, 2021, the nominal value of contingent consideration related to Hybrido Worldwide amounted to 7,597. Based on the Company's estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement was 7,597. In addition, the actual amounts to be paid under the contingent consideration arrangement may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 6,716 as of December 31, 2021, was estimated using a

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probabilistic framework such as Montecarlo simulation were each iteration was discounted to present value using a discount rate.

As described in note 26.14, the acquisition of Walmeric did not include a contingent consideration agreement.

As described in note 26.15, the acquisition of Atix Labs included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and operating margin

As of December 31, 2021, the nominal value of contingent consideration related to Atix Labs amounted to 2,152. Based on the Company's estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement was 2,152. In addition, the actual amounts to be paid under the contingent consideration arrangement may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 2,102 as of December 31, 2021, was estimated using a probabilistic framework such as Montecarlo simulation were each iteration was discounted to present value using a discount rate.

As described in note 26.16, the acquisition of Navint included a contingent consideration agreement which is payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's revenue and operating margin

As of December 31, 2021, the nominal value of contingent consideration related to Navint amounted to 13,466. Based on the Company's estimations as of those dates, the potential minimum amounts of all future payments that the Company could be required to make under this agreement was 13,466. In addition, the actual amounts to be paid under the contingent consideration arrangement may be increased proportionally to the target's achievements and are not subject to any maximum amount. The fair value of the contingent consideration arrangement of 12,207 as of December 31, 2021, was estimated using a probabilistic framework such as Montecarlo simulation were each iteration was discounted to present value using a discount rate.

The following table shows the results from remeasurement of the contingent considerations described above:

| | For the year ended December 31, | | |
|---|--|----------------|-------------|
| | 2021 | 2020 | 2019 |
| Increase of the contingent consideration of Belatrix | — | (3,633) | — |
| Increase of the contingent consideration of PointSource | — | — | (16) |
| Increase of the contingent consideration of Avanxo | — | — | (4) |
| Increase of the contingent consideration of Clarice | — | — | (3) |
| Increase of the contingent consideration of Ratio | — | — | (62) |
| Decrease of the contingent consideration of Grupo Assa | — | 1,202 | — |
| Increase of the contingent consideration of Bi Live | (372) | — | — |
| Increase of the contingent consideration of Bluecap | (1,226) | — | — |
| Increase of the contingent consideration of GMR | (1,407) | — | — |
| Increase of the contingent consideration of Xappia | (1,025) | — | — |
| Increase of the contingent consideration of Cloudshift | (460) | — | — |
| Increase of the contingent consideration of Habitant | (204) | — | — |
| TOTAL | (4,694) | (2,431) | (85) |

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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, 2021 | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to Fair Value |
|---------------------------------|--|-----------------------------|---------------------------|--|
| Contingent consideration | 63,886 | Risk adjusted discount rate | Between 1.76% and 4.11% | An increase in the discount rates by 1% would decrease the fair value by \$728 and a decrease in the discount rates by 1% would increase the fair value by \$377 |
| Contingent consideration | 63,886 | Expected revenues | Between 969 and 42,784 | An increase in the expected revenues by 10% would increase the fair value by \$17,076 and a decrease in the expected revenues by 10% would decrease the fair value by \$13,615 |
| Contingent consideration | 63,886 | Expected operating margin | Between 17.35% and 35.18% | An increase in the expected operating margin by 10% would increase the fair value by \$1,876 and a decrease in the expected operating margin by 10% would decrease the fair value by \$8,580 |

29.9.2 Convertible notes

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

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, 2019 | 3,425 | — | 9,252 |
| Fair value remeasurement ⁽¹⁾ | — | — | 2,431 |
| Acquisition of business ⁽¹⁾ | — | — | 43,082 |
| Acquisition of investment ⁽²⁾ | — | 9,167 | — |
| Exercise of conversion option ⁽¹⁾ | (1,311) | 1,311 | — |
| Instrument sold ⁽²⁾ | (1,800) | — | — |
| Payments ⁽²⁾ | 701 | — | (11,400) |
| Interests ⁽¹⁾ | 21 | — | 359 |
| December 31, 2020 | 1,036 | 10,478 | 43,724 |

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| | 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⁾ | — | — | 35,371 |
| 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 | 63,886 |

⁽¹⁾ Non-cash transactions.

⁽²⁾ Cash transactions included in investing activities in the Consolidated Statement of Cash Flows.

⁽³⁾ 5,762 were Cash transactions included in investing activities in the consolidated statement of cash flows, 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, 2020 and 2019, 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 years ended December 31, 2021, 2020 and 2019 the Company recognized a loss of 355, 144 and a gain of 383, respectively.

These futures contracts have daily settlements, in which the futures value changes daily. Sistemas Globales S.A. and IAFH Global S.A. recognize daily variations in SBS primary accounts, and the gains or losses generated by each daily position through profit or loss. Thus, at the closing of each day, according to the future price of the exchange rate U.S. Dollar – Argentine peso, the companies perceive a gain or loss for the difference. As of December 31, 2021, the accrued valuation of the last day of the month will be settled with the bank in the first day of the next month, so the value recognize in the financial statements is the amount pending to settle with the bank for the last day valuation, as of December 31, 2021 there were no outstanding future contracts. As of December 31, 2020 the Company maintained three foreign exchange futures contracts with a maturity date of January 31, 2021 and 7 recognize as Other financial liabilities in the balance sheet.

Pursuant to these contracts, Sistemas Globales S.A. and IAFH Global S.A. are required to maintain collaterals in an amount equal to a percentage of the notional amounts purchased until settlement of the contracts. As of December 31, 2020, Sistemas Globales held a 10% of the value of those collaterals in Mutual funds in SBS primary account. This ensures minimal funding, in case SBS has to transfer funds to "Mercado a Término de Rosario S.A" (ROFEX) if losses are generated by daily settlements. This amount must also remain restricted during the term of the contracts. As of December 31, 2020, collaterals regarding the transactions are restricted assets for an amount of 952 in Mutual funds included as investments. As of December 31, 2021, the Company did not maintain any collaterals for futures contracts.

During 2021 and 2020, certain subsidiaries from Argentina, Uruguay, Chile, Colombia, Mexico and India, 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. Those contracts were recognized, according to IFRS 9, as financial assets at fair value through profit or loss. For the years ended December 31, 2021 and 2020, the Company recognized a net loss of 10,673 and 3,783, respectively. As of December 31, 2021 and 2020, the foreign exchange forward contracts that were recognized as financial assets and liabilities at fair value through profit or loss were as follows:

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| Settlement date | Currency from contracts | Foreign currency rate from contracts | Notional foreign currency rate | Fair value assets / (liabilities) |
|---|--------------------------------|---|---------------------------------------|--|
| 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 | 4,053.10 | 4,021.61 | 119 |
| March 31, 2022 | Colombian peso | 4,040.50 | 4,021.55 | 39 |
| Fair value as of December 31, 2021 | | | | 608 |
| January 28, 2021 | Colombian Peso | 3,530.13 | 3,433.13 | 226 |
| January 28, 2021 | Colombian Peso | 3,475.25 | 3,431.93 | 101 |
| Fair value as of December 31, 2020 | | | | 327 |
| Settlement date | Currency from contracts | Foreign currency rate from contracts | Notional foreign currency rate | Fair value assets / (liabilities) |
| 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 | 108.70 | 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) |
| January 29, 2021 | Argentine Peso | 90.50 | 87.60 | (86) |
| Fair value as of December 31, 2020 | | | | (86) |

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 and 2020, 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. 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

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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, 2021 and 2020, the Company has recognized a net loss of 136 and 272, respectively, included in Salaries, employee benefits and social security taxes and a net 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, 2021 and 2020, the Company recognized a gain of 132 and a loss 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, 2021:

Hedging instruments - Outstanding contracts

| Settlement date | Currency from contracts | Foreign currency rate from contracts | Notional foreign currency rate | Fair value assets / (liabilities) |
|---|--------------------------------|---|---------------------------------------|--|
| 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 | 4064.86 | 4021.21 | 88 |
| Fair value as of December 31, 2021 | | | | 150 |
| January 15, 2021 | Mexican Peso | 20.15 | 19.93 | 22 |
| January 27, 2021 | Indian Rupee | 73.72 | 73.31 | 2 |
| January 27, 2021 | Indian Rupee | 73.72 | 73.31 | 3 |
| January 27, 2021 | Indian Rupee | 73.72 | 73.31 | 3 |
| January 27, 2021 | Indian Rupee | 73.71 | 73.31 | 1 |
| January 28, 2021 | Colombian Peso | 3,490.10 | 3,433.08 | 133 |
| January 29, 2021 | Uruguayan Peso | 42.51 | 42.47 | 1 |
| Fair value as of December 31, 2020 | | | | 165 |

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| 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) |

NOTE 30 — CAPITAL AND RESERVES

30.1 Issuance of common shares

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 some 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 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company and 235,392 RSU's were vested at an average price of 89.18 per share amounting to a total of 20,992 (non-cash transactions).

On November 30, 2021, the Company issued 7,032 common shares for a total amount of 2,100 as part of the subscription agreement included in the stock purchase agreement signed with Navint's sellers.

On November 17, 2021, the Company issued 2,502 common shares for a total amount of 750 as part of the subscription agreement included in the stock purchase agreement signed with Xappia's sellers.

On July 8, 2021, the Company issued 10,842 common shares for a total amount of 2,372 as part of the subscription agreement included in the stock purchase agreement signed with Walmeric's sellers.

On May 11, 2021, the Company issued 10,088 common shares for a total amount of 2,149 as part of the subscription agreement included in the stock purchase agreement signed with Hybrido Worldwide's sellers. As part of the subscription agreement the Company recognized 2,152 as equity settled agreement, related to common shares that the Company will issued in the future.

On March 15, 2021, the Company issued 8,415 common shares for a total amount of 1,750 as part of the subscription agreement included in the stock purchase agreement signed with Xappia's sellers.

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 certain 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 RSUs 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 13,005 (non-cash transaction).

On December 18, 2020, the Company issued 189,287 common shares for a total amount of 40,354 as part of the subscription agreement included in the stock purchase agreement signed with Bluecap.

On November 10, 2020, the Company issued 5,551 common shares for a total amount of 1,123 as part of the subscription agreement included in the stock purchase agreement signed with Giant Monkey Robot.

On August 3, 2020, the Company issued 20,918 common shares for a total amount of 3,618 as part of the subscription agreement included in the stock purchase agreement signed with Grupo ASSA's sellers.

On May 7, 2020, the Company issued 2,730 common shares for a total amount of 294 as part of the subscription agreement included in the stock purchase agreement signed with Avaxxo's sellers.

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On April 20, 2020, the Company issued 6,346 common shares for a total amount of 684 as part of the subscription agreement included in the stock purchase agreement signed with Avanzo's sellers.

On March 10, 2020, the Company issued 2,018 common shares for a total amount of 225 as part of the subscription agreement included in the stock purchase agreement signed with Ratio's sellers.

During the year ended December 31, 2019, 717,240 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 22.06 per share amounting to a total of 15,822.

During the year ended December 31, 2019, 309,539 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company. During 2019, 181,860 RSUs were vested at an average price of 37.00 per share amounting to a total of 6,732 (non-cash transaction).

On August 9, 2019, the Company issued 51,471 common shares for a total amount of 5,000 as part of the subscription agreement stated in the stock purchase agreement signed with Belatrix's seller.

On April 5, 2019, the Company issued 7,654 common shares for a total amount of 400 as part of the subscription agreement stated in the stock purchase agreement signed with Clarice's sellers.

On March 21 and March 18, 2019, the Company issued 7,517 common shares for a total amount of 449 as part of the subscription agreement stated in the stock purchase agreement signed with Ratio's sellers.

On March 18, 2019, the Company issued 13,895 common shares for a total amount of 868 as part of the subscription agreement stated in the stock purchase agreement signed with Small Footprint's sellers.

On February 20 and February 1, 2019, the Company issued 14,778 common shares for a total amount of 845 as part of the subscription agreement stated in the stock purchase agreement signed with Avanzo's sellers.

On February 15, 2019, the Company issued 3,542 common shares for a total amount of 208 as part of the subscription agreement stated in the stock purchase agreement signed with Pointsource's sellers.

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, 2021, 40,375,915 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:

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| | Foreign currency risk | |
|--|----------------------------------|-------------|
| | 2021 | 2020 |
| Balance at beginning of the year | 281 | 352 |
| Loss arising on changes in fair value of hedging instruments during the period | (578) | (948) |
| Loss reclassified to profit or loss – hedged item has affected profit or loss | 308 | 877 |
| Balance at end of the year | 11 | 281 |

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

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

On June 16, 2021, the Argentine Government enacted an income tax reform (Law No. 27,630) which, among other things, permanently extends the 7% withholding tax for dividend distribution.

On December 29, 2017, Argentine Law No. 27,430 amending the income tax law was enacted. According to the amendments, for fiscal years beginning on or after January 1, 2018 the distribution of dividends is now subject to a 7% withholding for 2018 and 2019 and 13% withholding for 2020 onwards. The Equalization Tax, which levied distributions made out of previously untaxed income, was eliminated.

On December 23, 2013, the Argentine government adopted a new double taxation treaty with Spain, which applied retroactively from January 1, 2013. According to this treaty, the tax applicable on dividends distributed by our Argentine Subsidiaries to the Spain Holdco, is limited to 10% on the gross amount of dividends distributed.

As of December 31, 2021, the legal reserve amounted to 434 for the Company's Argentine subsidiaries, Sistemas Globales S.A, IAFH Global S.A, BSF S.A, Globers S.A, Decision Support S.A, Atix Labs S.R.L, and Dynaflows S.A, and as of that date, the legal reserve of Sistemas Globales S.A, Globers S.A and Decision Support S.A were all fully constituted.

As of December 31, 2021, the legal reserve amounted to 45 for Sistemas Globales Uruguay S.A and Difier S.A, and as of that date only Sistemas Globales Uruguay was fully constituted.

According to the Bylaws of Sistemas Colombia S.A.S. and Globant Colombia S.A.S., the Colombian subsidiaries of the Company must appropriate 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, 2021, there was a legal reserve of 360 constituted by Sistemas Colombia S.A.S. Regarding Avanzo Colombia, the Colombian branch of Globant España S.A. (sociedad unipersonal) - as successor company of Avanzo Servicios Informáticos España S.L. after its merged with and into Globant España S.A. (sociedad unipersonal), there is no requirement for the Colombian branch to allocate profits for the creation of a legal reserve and, therefore, as of December 31, 2021, there was no legal reserve constituted. Globant Colombia S.A.S, did not have a legal reserve as of December 31, 2021.

Colombian Law No 1,819, published on December 29, 2016, introduced a withholding tax of 5% on dividend distributions to non-resident. This new fiscal obligation is not applicable to our shareholder due to the tax treaty agreement between Colombia and Spain, entered in force on October 28, 2008.

Under Spanish law, the Spanish subsidiaries of the Company must appropriate 10% of its standalone profit to a legal reserve until such reserve equals to 20% of their respective share capital amount. As of December 31, 2021, the legal reserve amounted to 12,449 for Globant España S.A. (sociedad unipersonal), Software Product Creation S.L., Grupo Assa Worldwide S.A., Bluecap Management Consulting S.L., Hybrido Worldwide S.A. and Walmeric Soluciones S.A., and as of that date, the legal reserve of Bluecap Management Consulting S.L, Hybrido Worldwide S.A and, Walmeric Soluciones S.A were all fully constituted. There was no legal reserve constituted for Pixel Division S.L. and Augmented Coding Spain S.A as of December 31, 2021.

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In accordance with Brazilian Law, there is no requirement for limited liability companies to allocate profits for the creation of a legal reserve. Accordingly, the Company's Brazilian subsidiaries did not have a legal reserve as of December 31, 2021.

Under Luxembourg law, at least 5% of our net profit per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve subsequently falls below the 10% threshold, at least 5% of net profit must be allocated toward the reserve. If the legal reserve exceeds 10% of our issued share capital, the legal reserve may be reduced in proportion so that it does not exceed 10% of our issued share capital. The legal reserve is not available for distribution. As of December 31, 2021, the legal reserve amounted to 891.

As for the restrictions on the distribution of dividends paid by the Company to the holders of our common shares are as a rule subject to a 15% withholding tax in Luxembourg, unless a reduced withholding tax rate applies pursuant to an applicable double tax treaty or an exemption pursuant to the application of the participation exemption, and, to the extent withholding tax applies, we are responsible for withholding amounts corresponding to such taxation at its source.

In accordance with Peru corporate law, Peruvian Companies 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, 2021, the legal reserve amounted to 281 for Globant Peru S.A.C. that was partially constituted.

According to Mexican Law, the Mexican subsidiaries of the Company must appropriate at least 5% of net income of the year to a legal reserve, until such reserve equals the fifth portion of their respective share capital amounts. As of December 31, 2021, the legal reserve amounted to 15 for GASA Mexico Consultoría y Servicios S.A de C.V. which was fully constituted. As of December 31, 2021, the legal reserve amounted to 658 for the Company's Mexican subsidiaries IAFH Globant México IT S. de R.L. de C.V., Grupo Assa Mexico Soluciones Informáticas S.A de C.V, and GASA Mexico Consultoría y Servicios S.A de C.V.

Regarding India Law, the Companies Act, 2013 does not mandate any fixed quantum of profits to be transferred or allocated to the reserves of a company. Despite there is no mandatory provision, as of December 31, 2021, the Globant India Private Limited's and Hansen Techsol Private Limited had a general reserve that amounted to 267.

In accordance with Indian law, our Indian subsidiary must set off all losses incurred by it (including carried over losses from the previous financial year) and make a provision for depreciation (including depreciation for the previous year if it was not already provided for) against the profits earned by it prior to declaring any dividends. Since the declaration of dividends under Indian law is discretionary, our Indian subsidiary is not required to allocate a specific portion of its annual profits to a designated legal reserve for purposes of declaring dividends.

In the United Kingdom there is no requirement for the UK subsidiaries to allocate profits for the creation of a legal reserve. Despite there is no mandatory provision, as of December 31, 2021, The Hansen Partnership Limited's general reserve amounted to 743.

In Germany there is no requirement for German subsidiaries to allocate profits for the creation of a legal reserve.

In Netherlands there is no legal obligation to allocate part of the profits from the Company to a legal reserve.

In Chile there is no requirement for Chilean Company to allocate profits for the creation of a legal reserve. As of December 31, 2021, there was no legal reserve constituted.

According to French law, a minimum of 5% of the profit of the year must be allocated to a reserve account named "legal reserve", until such reserve amounts 10% of the share capital of the French subsidiary of the Company. As of December 31, 2021, the legal reserve amounted to 6 for Globant France S.A.S.

In accordance with the law of Belarus, the Belorussian subsidiary of the Company must allocate an amount up to 25% of annual payroll to a reserve fund for salaries. The source for creating this fund is the profit remaining at the disposal of the subsidiary after paying taxes and other obligatory payments. As of December 31, 2021, there was no such reserve constituted.

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In the United States there is no requirement for the Company's U.S. subsidiaries to allocate profits for the creation of a legal reserve. As of December 31, 2021, there was no legal reserve constituted.

According to Romanian Companies Law, the Romanian subsidiary of the Company has the obligation to allocate each year at least 5% of its profit to a reserve fund, until the value of the fund is at least 20% of the Romanian Company's share capital. As of December 31, 2021, the reserve fund of the company was of Romanian Leu ("RON") 58.

In Canada there is no requirement for the Canada's Company subsidiary to allocate profits for the creation of a legal reserve. As of December 31, 2021, there was no legal reserve constituted.

In the United Arab Emirates there is no requirement for Software Product Creation's branch office in Dubai to allocate profits for the creation of a legal reserve. As of December 31, 2021, there was no legal reserve constituted.

In Costa Rica 5% of the net profits for each year must be allocated to the formation of a legal reserve. Such obligation will cease when that reserve reaches 10% of the capital. As of December 31, 2021, there was no legal reserve constituted.

In Singapore there is no mention on the allocation of profits or any restrictions on the companies. As of December 31, 2021, there was no legal reserve constituted.

In Ecuador there is no requirement for the Ecuador's Company subsidiary to allocate profits for the creation of a legal reserve. As of December 31, 2021, there was no legal reserve constituted.

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.

GLOBANT S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021

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

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 has assessed whether the impact of COVID-19 has led to any other non-financial asset impairment, including goodwill, and has 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. The Company will continue to monitor developments closely.


Finally, as required by IAS 1, Presentation of Financial Statements, the Company has evaluated its ability to continue as a going concern taking into consideration the existing and anticipated effects of the COVID-19 outbreak on the Company’s activities and has concluded that, since its business outlook, cash and liquidity position remain strong, the going concern assumption is appropriate.

NOTE 33 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events until February 16, 2022, 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 34 – APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved by the Board of Directors on February 16, 2022.


Martín Migoya
President