Globant S.A.

Consolidated Financial Statements for the financial year ended December 31, 2020, management report and report of independent auditors.

February, 2021

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MANAGEMENT REPORT

CURRENCY PRESENTATION AND DEFINITIONS

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

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

- "IT" refers to information technology;
- "ISO" means the International Organization for Standardization, which develops and publishes international standards in a variety of technologies and in the IT services sector;
- "Agile development methodologies" means a group of software development methods based on iterative and incremental development, where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams;
- "Attrition rate," during a specific period, refers to the ratio of IT professionals that left our company during the period to the number of IT professionals that were on our payroll on the last day of the period; and
- "Globers" refers to the employees that work for our company.

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

PRESENTATION OF INDUSTRY AND MARKET DATA

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

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

HISTORY AND DEVELOPMENT OF THE COMPANY

Globant is a Luxembourg *société anonyme* (a joint stock company). The company's legal name is "Globant S.A." We were founded in 2003 by Martín Migoya, our Chairman and Chief Executive Officer, Guibert Englebienne, our Chief Technology Officer, Martín Umaran, our Chief of Staff, and Nestor Nocetti, our Executive Vice President of Corporate Affairs. Our founders' vision was to create a global company that creates software products that emotionally connect our clients with millions of consumers, while also providing world-class opportunities for talent around the world.

Since we were founded in 2003, we have benefited from strong organic growth and have built a roster of world-class clients, many of which are at the forefront of emerging technologies. Over that same period, we have expanded our network of locations from one to 56, and we are now present in 16 different countries. In addition, we have garnered several awards and recognition from organizations such as Endeavor, the IDC MarketScape, Global Services, the International Association of Outsourcing Professionals, and Fast Company, and we have been the subject of business-school case studies on entrepreneurship at the Massachusetts Institute of Technology, Harvard University and Stanford University in conjunction with the World Economic Forum.

In 2009, we created our Studio Model. Each Studio represents deep pockets of expertise in the latest technologies and trends. We believe our Studio Model helps us foster creativity and innovation while allowing us to build, enhance and consolidate expertise around a variety of emerging technologies. Each of the Studios have specific domain knowledge and deliver tailored solutions focused on specific technology challenges. Over the years, this model has incorporated new Studios to better reflect our ever-evolving industry and help our customers transform their organizations.

In July 2014, we closed the initial public offering of our common shares in the United States. Since then, we have closed four follow-on offerings in the United States, with the most recent offering occurring in June 2020.

During 2016, we introduced a new model to reshape our go-to-market strategy to scale our company, called 50 Squared. The main goal of this approach is to focus our team on the top 50 high potential accounts that have the capacity to grow exponentially over time. To do so, we appointed our most senior people from Sales, Technology and Operations to lead these teams and take our company to the next level. This account focus has become the most important pillar of our go-to-market strategy and every account within Globant now has the goal to become part of this program. After experiencing success with this strategy, we expanded 50 Squared to 100 Squared in 2020 as we continue to broaden our goals.

While our growth has primarily been organic, since 2008 we have made different complementary acquisitions. Our acquisition strategy is focused on deepening our relationship with key clients, extending our technology capabilities, broadening our service offering and expanding the geographic footprint of our delivery centers worldwide. In recent years, we acquired PointSource and Small Footprint Inc, with the purpose of expanding our capabilities in the United States, while opening our expansion into Eastern Europe with operations in Belarus and Romania. Also, with the acquisition of Avanxo (Bermuda) Limited ("Avanxo") and Belatrix Global Corporation S.A. ("Belatrix"), we extended our technology capabilities and also expand our presence in Brazil, Mexico, Colombia, Peru, Argentina, Spain and the United States. In 2020, we acquired Grupo Assa Worldwide S.A. ("Grupo Assa") to reinforce leadership in digital and cognitive transformation, and Spain-based BlueCap Management Consulting S.L. ("BlueCap"), to expand our footprint in the EMEA region and strengthen consulting services in the financial and investment sector. These acquisitions and their customer portfolio reinforce our 100-Squared approach by delivering strategic digital transformation to some of the largest organizations worldwide.

In 2019, we launched Be Kind, our long-term sustainability frame. Be Kind is not a program but is rather an essential part of our culture that we want to share with our stakeholders. We encourage everybody to be kind to their peers, to the planet and to humanity as a whole.

In 2020, we launched Augmented Coding, our cutting-edge AI powered tool for software development. It is a product that accelerates the software development process and improves the coding experience for developers by using AI as a code-understanding and code-suggestion source. As a result, the time-to-market for new products is shortened, improving team collaboration, performance and capacity.

In June 2020, Globant commissioned Forrester Consulting to explore how leaders are rethinking the future of work. As a result, Forrester published the report, titled "Thriving in the Future of Work Requires an Adaptive Workforce".

Additionally, we were recognized as a 2020 Worldwide Leader in CX Improvement by IDC MarketSpace. This recognition highlights Globant's work to drive a better experience for clients around the world.

Corporate Information

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

ACTIVITY AND PERFORMANCE

Operating Results

2020 Compared to 2019

Revenues

Revenues are derived primarily from providing technology services to our clients, which are medium to large-sized companies based in the United States, Europe, Asia and Latin America. For the year ended December 31, 2020, revenues increased by 23.5% to $814.1 million from $659.3 million for the year ended December 31, 2019.

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

Revenues by Contract type

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

	Year ended December 31,			
	2020		2019	
	(in thousands, except percentages)			
By Contract				
Time & Materials	698,943	85.9 %	544,131	82.5 %
Fixed Price	107,033	13.1 %	106,386	16.1 %
Subscription resales	8,156	1.0 %	8,525	1.3 %
Others	7	— %	283	— %
Revenues	**$ 814,139**	**100.0 %**	**$ 659,325**	**100.0 %**

Revenues by Client Location

Our revenues are sourced from three main geographic markets: North America (primarily the United States), Europe (primarily Spain and the United Kingdom) and Latin America (primarily Argentina, Chile, Mexico and Colombia). We present our revenues by client location based on the location of the specific client site that we serve, irrespective of the location of the headquarters of the client or the location of the delivery center where the work is performed. For the year ended December 31, 2020, we had 798 clients.

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

	Year ended December 31,			
	2020		2019	
	(in thousands, except percentages)			
By Geography				
North America	$ 574,150	70.5 %	$ 496,353	75.3 %
Europe	61,780	7.6 %	46,784	7.1 %
Asia	8,349	1.0 %	4,653	0.7 %
Latin America and other	169,860	20.9 %	111,535	16.9 %
Revenues	**$ 814,139**	**100.0 %**	**$ 659,325**	**100.0 %**

Revenues by Industry Vertical

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

	Year ended December 31,			
	2020		2019	
	(in thousands, except percentages)			
By Industry Vertical				
Banks, Financial Services and	$ 193,364	23.8 %	$ 143,788	21.8 %
Media and Entertainment	187,071	23.0 %	156,292	23.7 %
Consumer, Retail & Manufacturing	105,876	13.0 %	85,698	13.0 %
Professional Services	103,133	12.7 %	73,282	11.1 %
Technology & Telecommunications	96,643	11.9 %	88,183	13.4 %
Travel & Hospitality	67,634	8.3 %	92,773	14.1 %
Health Care	53,781	6.6 %	—	— %
Other Verticals	6,637	0.7 %	19,309	2.9 %
Total	**$ 814,139**	**100.0 %**	**$ 659,325**	**100.0 %**

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

The increase in revenues from clients in the media and entertainment industry vertical was primarily attributable to a higher demand for our digital content solutions, scalable platforms and consumer experience practices.

The increase in revenues from clients in the consumer, retail and manufacturing industry vertical was primarily attributable to higher demand for services related to scalable platforms solutions, digital content, and consulting services, supported by the cross-selling capabilities of our Studios.

The increase in revenues from clients in the professional services industry vertical was primarily attributable to higher demand for services related to product acceleration practices, digital content and consulting services.

The increase in revenues from clients in the technology and telecommunications industry vertical was primarily attributable to higher demand in digital content, consumer experience services and the cross-selling capabilities of our Studios.

The decrease in revenues from clients in the travel and hospitality industry vertical is primarily attributable to decrease in demand for scalable platforms services considering that these customers were greatly impacted by the outbreak of COVID-19.

Revenues from clients in other verticals decreased by $12.7 million, or 65.8%, to $6.6 million for 2020 from $19.2 million for 2019, since this year was included the health care industry vertical because of the increase of clients in such industry related to this year's business acquisitions.

Revenues by Client Concentration

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

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

	Year ended December 31,			
	2020		2019	
	(in thousands, except percentages)			
Client concentration				
Top client	$ 89,158	11.0 %	$ 73,772	11.2 %
Top five clients	249,451	30.6 %	171,928	26.1 %
Top ten clients	343,431	42.2 %	260,145	39.5 %
Top twenty clients	442,902	54.4 %	350,074	53.1 %

Our top ten customers for the year ended December 31, 2020 have been working with us for, on average, seven years.

An increase in revenues from our top ten clients in 2020 reflects our ability to increase the scope of our engagement with our main customers. Revenues from our largest client for 2020, Walt Disney Parks and Resorts Online, increased by $15.4 million, or 20.9%, to $89.2 million for 2020 from $73.8 million for 2019.

Our focus on delivering quality to our clients is reflected in the fact that existing clients from 2019 contributed 89.8% of our revenues in 2020. As evidence of the increase in scope of engagement within our client base, the number of clients that each accounted for over $5.0 million of our annual revenues increased 32 in 2020 and 26 in 2019) and the number of clients that each accounted for at least $1.0 million of our annual revenues increased to 129 in 2020 and 107 in 2019. The following table shows the distribution of our clients by revenues for the year presented:

	Year ended December 31,	
	2020	2019
Over $5 Million	32	26
$1 - $5 Million	97	81
$0.5 - $1 Million	60	53
$0.1 - $0.5 Million	185	191
Less than $0.1 Million	424	471
Total Clients	**798**	**822**

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

Operating Expenses

Up to 70% of the amounts paid by our Argentine subsidiaries for certain social security taxes in respect of base and incentive compensation of our IT professionals (including salaries of personnel allocated both in cost of revenues and selling, general administrative expenses) is credited back to those subsidiaries under the Knowledge based Economy Law, reducing the effective cost of social security taxes of the base and incentive compensation on which those contributions are calculated. For further discussion of the Knowledge based Economy Law, see note 3.7.1.1 to our audited consolidated financial statements for the year ended December 31, 2020.

Cost of Revenues

The principal components of our cost of revenues are salaries and travel costs related to the provision of services. Included in salaries are base salary, incentive-based compensation, employee benefits costs and social security taxes. Salaries of our IT professionals are allocated to cost of revenues regardless of whether they are actually performing services during a given period.

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

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

Cost of revenues was $509.8 million for 2020, representing an increase of $104.6 million, or 25.8%, from $405.2 million for 2019. The increase was primarily attributable to the net addition of 4,269 IT professionals since December 31, 2019, an increase of 38.7%, to satisfy growing demand for our services, which translated into an increase in salaries. Cost of revenues as a percentage of revenues increased to 62.6% for 2020 from 61.5% for 2019.

	Year ended December 31,			
	2020		2019	
	(in millions, except percentages)			
	Amount	Variation	Amount	Variation
Primary Costs				
Salaries, employee benefits and social security taxes	(476.5)	30.0 %	(366.6)	25.0 %
Shared-based compensation	(4.1)	(18.0)%	(5.0)	19.0 %
Depreciation and amortization expense	(9.8)	32.4 %	(7.4)	85.0 %
Travel and housing	(6.9)	(59.6)%	(17.1)	159.1 %

Selling, General and Administrative Expenses

Selling, general and administrative expenses represent expenses associated with promoting and selling our services and include such items as salary of our senior management, administrative personnel and sales and marketing personnel, infrastructure costs, legal and other professional services expenses, travel costs and other taxes. Included in salaries are base salary, incentive-based compensation, employee benefits costs and social security taxes.

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

Selling, general and administrative expense was $217.2 million for 2020, representing an increase of $44.7 million, or 25.9%, from $172.5 million for 2019.

	Year ended December 31,			
	2020		2019	
	(in millions, except percentages)			
	Amount	Percentages	Amount	Percentages
Primary Selling, General and Administrative Expenses				
Salaries, employee benefits and social security taxes	(86.6)	25.3 %	(69.1)	44.6 %
Share-based compensation expense	(20.5)	37.6 %	(14.9)	71.3 %
Professional services	(23.7)	79.5 %	(13.2)	(4.3)%
Depreciation and amortization expense	(21.1)	24.9 %	(16.9)	2.4 %
Depreciation expense of right-of-use assets	(17.6)	20.5 %	(14.6)	100.0 %
Taxes	(16.7)	3.1 %	(16.2)	165.6 %

The increase of salaries, employee benefits, social security taxes and share based compensation was primarily attributable to the addition of sales and management executives. There was also an increase of $7.2 million in depreciation and amortization and depreciation of right-of-use assets. In addition, there was a $10.5 million increase in professional services related to consulting tax matters and legal and audit fees. Selling, general and administrative expenses as a percentage of revenues increased to 26.7% for 2020 from 26.2% for 2019. Share-based compensation expense within selling, general and administrative expenses accounted for $20.5 million, or 2.5%, as a percentage of revenues for 2020, and $14.9 million, or 2.3%, as a percentage of revenues for 2019.

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

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

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

Net impairment losses on financial assets

Net impairment losses on financial assets mainly include impairment of trade receivables, which represents an allowance for bad debts for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. During the years ended December 31, 2020 and 2019, we recorded a loss of $3.1 and $0.3, respectively, related to the recognition of the allowance for bad debts.

The increase of allowance for bad debts was mainly attributable to the impact of the COVID-19 pandemic on our clients from the "Travel & Hospitality" vertical. Because the tourism sector was negatively affected by the COVID-19 pandemic, with impacts on both travel supply and demand, we 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.

Other operating expenses, net

Other operating expenses, net includes an impairment of intangible assets. For the years ended December 31, 2020 and 2019, we recorded a loss of $0.1 million and $0.7 million, respectively, related to the remeasurement of our internal developments and intangible assets acquired in business combinations, based on our evaluation of projected lower future cash flows from the related customer relationships.

Finance Income

Finance income consists of interest gains on time deposits, financed customers and savings accounts. The increase of finance income of $1.0 million for the year ended December 31, 2019 to $1.9 million for the year ended December 31, 2020 was primarily attributable to interest gains in savings accounts and accrued interests for financed customers. We have made a change in the presentation of the finance income and finance expense, with the objective of presenting within the finance income line item only those gains related to interest (see note 2.2.1 to our audited consolidated financial statements for the year ended December 31, 2020).

Finance Expense

Finance expense includes the interests from borrowings, leases contracts, banking fees and other finance expenses. The increase of finance expense of $6.7 million for the year ended December 31, 2019 to $10.4 million for the year ended December 31, 2020 was due to an increase in borrowings and lease contracts. We have made a change in the presentation of the finance income and finance expense, with the objective of presenting within the finance expense line item only those expenses related to finance costs (see note 2.2.1 to our audited consolidated financial statements for the year ended December 31, 2020).

Other Financial Results, Net

Other financial results, net consists on foreign exchange gain or loss on monetary assets and liabilities denominated in currencies other than the U.S. dollar, gain or loss on transactions with bonds, gain or loss on bills issued by the Treasury of the Argentine Republic (*LETES and LECAPs*), bills issued by the Treasury Department of the U.S (*Treasury bills*), foreign exchange forward contracts and future contracts, and mutual funds.

Other financial results, net increased to a $3.6 million gain for the year ended December 31, 2020 from a $5.9 million loss for the year ended December 31, 2019, primarily reflecting a foreign exchange loss of $2.9 million compared to a loss of $8.8 million in 2019, a loss of $3.4 million net related to losses from financial assets measured at fair value through profit or loss compared to a gain of $1.2 million in 2019 and a gain on transactions with bonds of $9.6 million compared to a gain of $1.6 million in 2019.

We have made a change in the presentation of the finance income and finance expense, with the objective of presenting within the finance expense line item only those expenses related to finance costs (see note 2.2.1 to our audited consolidated financial statements for the year ended December 31, 2020).

Other Income and Expenses, Net

Other income and expenses, net decreased to a loss of $1.9 million for the year ended December 31, 2020 from a gain of $0.1 million for the year ended December 31, 2019. Such decrease is explained by the remeasurement of contingent consideration related to the acquisition of Belatrix and Grupo ASSA, fixed assets disposals and termination of leases contracts.

Income Tax Expense

Income tax expense amounted to $22.3 million for 2020, an increase of $7.3 million from a $15.0 million income tax expense for 2019. The increase in income tax expense was driven by the impact of the devaluation of the Latin American currencies. Our effective tax rate (calculated as income tax gain or expense divided by the profit before income tax) increased to 29.2% for 2020 from 21.8% for 2019, principally explained by the impact of the weakness of some Latin American currencies against U.S. Dollars.

Net Income for the Year

As a result of the foregoing, we had a net income of $54.2 million for 2020, compared to $54.0 million for 2019.

KEY FIGURES

A. Selected Financial Data

The selected consolidated financial data as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 have been derived from the audited consolidated financial statements of Globant S.A. and should be read in conjunction with those audited consolidated financial statements and notes thereto.

	Year ended December 31,		
	2020	2019	2018
	(in thousands, except for percentages and per share data)		
Consolidated Statements of comprehensive income:			
Revenues	$ 814,139	$ 659,325	$ 522,310
Profit from operations	83,942	80,735	66,794
Net income for the year	54,217	54,015	51,596
Earnings per share:			
Basic	1.41	1.48	1.45
Diluted	1.37	1.43	1.41
Weighted average number of outstanding shares (in thousands):			
Basic	38,515	36,586	35,746
Diluted	39,717	37,674	36,685
Consolidated statements of financial position data:			
Cash and cash equivalents	278,939	62,721	77,606
Working capital (1)	329,969	130,260	120,127
Total assets	1,288,767	687,764	437,099
Total liabilities	408,828	249,050	99,183
Total equity	879,939	438,714	337,916

(1) Working capital is defined as total current assets minus total current liabilities.

Reconciliation of Non-IFRS Financial Data

Overview

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

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

Adjusted Gross Profit and Adjusted SG&A Expenses

We utilize non-IFRS measures of adjusted gross profit and adjusted SG&A expenses as supplemental measures for period-to-period comparisons. Adjusted gross profit and adjusted SG&A expenses are most directly comparable to the IFRS

measures of gross profit and selling, general and administrative expenses, respectively. Our non-IFRS measures of adjusted gross profit and adjusted SG&A expenses exclude the impact of certain items, such as depreciation and amortization expense, share-based compensation expense and, only with respect to adjusted SG&A expenses, acquisition-related charges and COVID-19 related charges.

Adjusted Profit from Operations

We utilize the non-IFRS measure of adjusted profit from operations as a supplemental measure for period-to-period comparisons. Adjusted profit from operations is most directly comparable to the IFRS measure of profit from operations. Adjusted profit from operations excludes the impact of certain items, such as share-based compensation expense, impairment of non-financial assets, net of recoveries, acquisition-related charges and COVID-19 related charges.

Adjusted Diluted EPS and Adjusted Net Income

We utilize non-IFRS measures of adjusted diluted EPS and adjusted net income for strategic decision making, forecasting future results and evaluating current performance. Adjusted diluted EPS and adjusted net income are most directly comparable to the IFRS measures of EPS and net income, respectively. Our non-IFRS measures of adjusted diluted EPS and adjusted net income exclude the impact of certain items, such as acquisition-related charges, impairment of non-financial assets, net of recoveries, share-based compensation expense, and COVID-19 related charges and expenses related to the secondary share offering in the United States of our common shares held by WPP Luxembourg Gamma Three S.à.r.l. ("WPP").

	Year ended December 31,		
	2020	2019	2018
Reconciliation of adjusted gross profit			
Gross profit	304,327	$254,161	$203,756
Adjustments			
Depreciation and amortization expense	9,759	7,350	4,022
Share-based compensation expense	4,109	4,976	4,248
Adjusted gross profit	318,195	$266,487	$212,026
Reconciliation of adjusted selling, general and administrative expenses			
Selling, general and administrative expenses	$(217,222)	$(172,478)	$(133,187)
Adjustments			
Depreciation and amortization expense	22,691	16,905	16,521
Share-based compensation expense	20,519	14,912	8,665
Acquisition-related charges [1]	10,096	9,571	3,516
COVID-19 related charges [4]	(613)	—	—
Adjusted selling, general and administrative expenses	$(164,529)	$(131,090)	$(104,485)
Reconciliation of adjusted profit from operations			
Profit from operations	$ 83,942	$ 80,735	$ 66,794
Adjustments			
Share-based compensation expense	24,628	19,888	12,913
Impairment of tax credits	(8)	—	—
Acquisition-related charges [1]	12,754	10,695	4,273
COVID-19 related charges [4]	2,582	—	—
Impairment of assets [2]	83	673	354
Adjusted profit from operations	123,981	111,991	84,334
Reconciliation of adjusted net income for the year			
Net income for the year	$ 54,217	$ 54,015	$ 51,596
Adjustments			
Share-based compensation expense	24,628	19,888	12,913
Impairment of tax credits	(8)	—	—
Acquisition-related charges [1]	15,796	11,518	(2,177)
COVID-19 related charges [4]	2,582	—	—
Impairment of assets [2]	83	673	1,154
Settlement / IPO Expenses [3]	—	—	251
Adjusted net income for the year	$ 97,298	$ 86,094	$ 63,737
Calculation of adjusted diluted EPS			
Adjusted net income	97,298	86,094	63.737
Diluted shares	39,717	37,674	36.685
Adjusted diluted EPS	2.45	2.29	1.74
Other data:			
Adjusted gross profit	318,195	266,487	212,026
Adjusted gross profit margin percentage	39.1 %	40.4 %	40.6 %
Adjusted selling, general and administrative expenses	(164,529)	(131,090)	(104,485)
Adjusted selling, general and administrative expenses margin percentage	(20.2)%	(19.9)%	20.0 %
Adjusted profit from operations	123,981	111,991	84,334

Adjusted profit from operations margin percentage	15.2 %	17.0 %	16.1 %
Adjusted net income for the year	97,298	86,094	63,737
Adjusted net income margin percentage for the year	12.0 %	13.1 %	12.2 %

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

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

(3) Expenses related to secondary share offering include expenses related to the secondary offering in the United States of our common shares held by WPP Luxembourg Gamma Three S.à.r.l.

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

BUSINESS OVERVIEW

Overview

Established less than 20 years ago by four friends in Argentina, we have evolved to become a leading technology service provider. Today we are a publicly-traded company, with our common shares listed on the NYSE under the ticker symbol "GLOB". We continue to maintain the entrepreneurial spirit of our founders throughout our business.

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

We believe in making the world a better place one step at a time and understand that we can make a difference in the world as we focus on three key areas: our be kind initiative, our talent and culture, and, our services. These key areas have contributed to both our success and our clients’ success.

We take pride in our people, and consider them to be our greatest strength. We are committed to growing our community with an emphasis on diversity and inclusion. We have development centers in North America, Latin America, Europe and Asia, where we have established initiatives to promote and assist individuals who wish to join the IT industry. As of December 31, 2020, we had 16,251 Globers and 56 office locations across 37 cities in 16 countries, supported by six client management locations in the United States, and one client management location in each of the United Kingdom, France, Colombia, Uruguay, Argentina and Brazil.

Our clients seek a sustainable future. We work with them to understand where they are and where they want to be, utilizing a future centric approach. Furthermore, we guide our clients through the digital transformation process as they adapt their business models, technology, culture and more to become organizations that are augmented by technology and artificial intelligence. We create a way forward for them to become "**Augmented Organizations**".

Our principal operating subsidiaries are located in Argentina, Mexico, Colombia and India.

For the year ended December 31, 2020, 70.5% of our revenues were generated by clients in North America, 20.9% in Latin America and Others, 7.6% in Europe and 1.0% in Asia.

Our clients include leading global companies such as Walt Disney Parks and Resorts Online, which was among our top ten clients in the year ended December 31, 2020. Additionally, for the year ended December 31, 2020, 89.8% of our revenues came from existing clients who used our services in the prior year. We believe our success in building our client base in one of the most sophisticated and competitive markets for IT services demonstrates the strength of our value proposition, the quality of our execution and the value of our culture of innovation and entrepreneurial spirit.

The market opportunity

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

Technology is rapidly changing, particularly after a tumultuous 2020 that required many brands, businesses and organizations to adapt and utilize new technologies to keep up with consumer needs. Customer engagement has been one of the top strategic business objectives for organizations worldwide, and the need to evolve rapidly has never been more critical.

Technologies that support this new future-centric approach are meant to reinvent key aspects of the organization:

Per IDC, 65% of the global GDP will be digitalized by 2022, driving an estimated $6.8 trillion of direct digital transformation investment from 2020 to 2023.

- To thrive in a digital supremacy economy, 50% of enterprises will implement the organizational culture optimized for DX in 2025, based on customer centric and data driven, according to IDC.
- By 2025, per Gartner, 40% of physical experience-based businesses will improve financial results and outperform competitors by extending into paid virtual experiences.
- In their "Worldwide Digital Transformation 2021 Predictions", IDC states that by 2021, they predict at least 30% of organizations will accelerate innovation to support business and operating model reinvention, fast-tracking transformation programs to future proof their businesses.
- Gartner predicts that by the end of 2023, 40% of organizations will have applied anywhere operations to deliver optimized and blended virtual and physical customer and employee experiences.

Business Trends

In 2020, businesses experienced a high rate of change caused by various factors that were not generally predicable at the start of the year. Businesses were forced to frequently rearrange their plans. Many organizations responded to the adversity by focusing on innovative technologies and strategies. As business environments evolve, we expect to see companies react and implement decisions quickly.

- **We expect a surge in new and transformative business models.** The combination of telecommuting and rapid technology experimentation is expected to lead to an emergence of innovative products and services to meet people's changing needs.
- **Creating a high-performance work culture will require new skills and tools.** The shift to telecommuting, resulting from the COVID-19 pandemic, is less likely to be temporary in nature. Long-term telecommuting will have a fundamental impact on how organizations create high performing work cultures. We expect businesses to create innovative techniques and strategies to maintain and improve their work cultures during the COVID-19 pandemic.
- **Powerful, holistic experiences will differentiate successful and unsuccessful businesses.** Customers continue to increase their expectations for products and services that they use and enjoy, setting the current bar higher for businesses

to deliver engaging and frictionless experiences. Companies will need to reevaluate how to meet the demands of consumers.

- **The rise of resilient, yet adaptive, organizations.** Companies will increase investments in their core systems as they seek flexible, elastic, AI-augmented and data driven technologies. These investments in emerging technologies will enable large corporations to quickly adapt as market and business needs change.
- **Businesses will shift to hyper-automation and adopt tools to dramatically accelerate software development.** We are now seeing humanity make a significant shift in habits and behavior, caused by the COVID-19 pandemic. Companies are changing their strategies to adapt and recover profitability and efficiency. Technology is, and will continue to be, an essential part of every business plan.

You can read more about our 2021 predictions in our website: https://more.globant.com/predictions-2021

Tech Trends

Expectations have never been higher. Across the world, we are all adjusting to a new way of life, including an increasing reliance on technology. With that shift comes higher expectations of our digital experiences.

- **Humanizing AI experiences.** Artificial intelligence is already helping organizations to create new and better digital experiences and services for their customers. In 2021 and beyond, this won't be enough. Leading organizations are moving past basic forms of AI and transitioning to "human-centered AI."
- **Extended reality offers new opportunities for connection.** Extended reality or mixed reality experiences use both augmented (AR) and virtual (VR) reality. They complement the goal of providing natural experiences for customers by immersing them in a three-dimensional space to make experiences more realistic and engaging. In 2021, these types of experiences are more important than ever as customers balance the increasing demands of working and living in the midst of the global pandemic.
- **Data-driven cultures create innovative experiences.** The way in which organizations collect and use data continues to accelerate at a rapid pace. Forrester shared that already "85% of decision-makers prioritize the use of data insights, incorporating quantitative information into the decision-making process." In 2021, this focus on data to make crucial decisions will continue, but we'll also see an increase in the use of data in everything from helping organizations become more nimble and adaptive, to driving immersive, personalized experiences for customers.
- **Prioritize cybersecurity throughout the entire experience process.** The last year introduced the world to a completely new way of doing business, with companies pivoting to online operations, sometimes for the first time. This included the way their employees worked, but also the way they created exceptional experiences for their customers. As our reliance on connection by way of apps and digital experiences has increased, we are still figuring out how to harness the power of those devices and the data that passes through them. While we have evolved as a tech society, our cybersecurity culture remains comparatively quite immature.

Strategy

We seek to be a leading provider that leverages the latest technologies and methodologies in the digital and cognitive space to help organizations transform in every aspect. The key elements of our strategy for achieving this objective are, mainly, the following:

Grow revenue with existing and new clients

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

Remain at the forefront of innovation and emerging technologies

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

Attract, train and retain top quality talent

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

Selectively pursue strategic acquisitions

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

Competitive Strengths

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

Deep domain expertise in emerging technologies and related market trends

We have developed strong core competencies in emerging technologies and practices and we have a deep understanding of market trends. Our areas of expertise are organized in Studios, which we believe provide us with a strong competitive advantage and allow us to leverage prior experiences to deliver superior software solutions to clients.

Long-term relationships with blue chip clients

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

Global delivery with access to deep talent pool

Latin America has an abundant talent pool of individuals skilled in IT. Over 345,000 engineering and technology students have graduated annually from 2012 – 2016 from universities in Latin America and the Caribbean region according to The Science

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

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

Highly experienced management team

Our management team is comprised of seasoned industry professionals with global experience. Our management sets the vision and strategic direction for Globant and drives our growth and entrepreneurial culture. On average, the members of our senior management team have 20 years of experience in the technology industry giving them a comprehensive understanding of the industry as well as insight into emerging technologies and practices and opportunities for strategic expansion.

Our be kind initiative

Our Sustainability Plan has evolved to our Be Kind initiative. We strive to make the world a better place by transforming organizations and people’s lives. We believe that our innovative approach to transforming organizations, strong performance, global talent, and unique culture are what allows us to dream bigger and believe that this purpose is feasible.

In our view, the achievement of professional excellence requires high ethical standards. We believe in conducting business in an ethical manner, always conscious that our achievements go hand-in-hand with the responsibility to improve our society.

Be Kind is not a program, it's a way of life. It's an essential part of our culture that we want to share with our stakeholders. Be Kind focuses on three key components: be kind to peers, be kind to humanity and be kind to the planet, all of which are deeply enrooted in Globant’s DNA. We consider it important that this message goes beyond our walls: we encourage our stakeholders join us to take a stand, and promote kindness.

Our Be Kind initiative focus on three main components:

1. Be kind to peers: Diversity and Inclusion are key to our business. We believe unlimited voices bring unlimited power and that diversity produces unique and creative ideas. Technology requires us to innovate constantly, and we can only achieve that if we can connect different points of view. We have developed a Learning Program that emphasizes gender equality, cultural diversity and inclusion and is aimed at making Globant a great work environment for all employees.

Some of the initiatives we are working on are:

- **Be kind gender commitment:** To improve gender equality in the technology industry, Globant aims to maintain no less than 50% women and non-binary gender in Management positions by 2025.

- **Equal-employment opportunities:** Globant strongly supports equal employment opportunities for all applicants regardless of race, color, religion, sex, gender identity, pregnancy, national origin, ancestry, citizenship, age, marital status, physical or mental disability, sexual orientation, genetic information, or any other characteristic.
- **Women That Build:** At Globant we are constantly looking for opportunities to empower women in the IT industry and in leadership positions. We support these efforts with our Women That Build campaign. This includes a series of internal and external initiatives that promote the inclusion and professional growth of women in our industry.
- **Code your Future:** Today, the technology industry generates millions of job opportunities, outpacing the rate at which the education system provides trained personnel. This generates not only an unprecedented opportunity but also a large training gap worldwide. At Globant, we aim to reduce this training gap via scholarship programs focused on our regions' young talent. 80% of the allocated scholarships are awarded to women.
- **Inclusion programs:** Globant supports inclusion programs to help people in a vulnerable situation by offering new opportunities. We combine several programs which include training, mentoring, inspirational workshops and scholarships to promote IT related studies. In doing so, we are promoting inclusion through education in technology, and the access to employment in a vibrant market of job opportunities.

2. Be kind to humanity: by working with our customers to create accessible software for everyone.

Our mission is to transform the world, one step at the time. We want to empower both people and organizations to evolve, and prepare for a digital, cognitive and sustainable future. We are aware that, through the technology we develop, we can connect with millions of consumers around the world. We want to help organizations to be kind to humanity through technology by uniting with our clients and embracing a common vision and overcoming ethical challenges and incorporating inclusive practices.

We are pioneering better ways of doing business empowered by technology, understanding the impact we generate, and solving the world’s biggest problems, including using Accessibility standards and taking into consideration Integrity and transparency in the use of AI.

Today's digital solutions need to provide equal access and equal opportunity to people with disabilities though compliance with accessibility standards. We help our customers to improve the quality of their digital products by removing barriers that prevent interactions, ensuring accessibility WCAG 2.0 AA Compliance, Section 508 and ADA.

To incorporate Artificial Intelligence in our practices, we must unite with the client and embrace a common vision of overcoming ethical challenges and social risks. Therefore, our AI Manifesto sets forth a set of principles that states what we believe in and encourage at Globant. Our goal is to define what we do and what we don’t do with AI.

We also actively promote the internal development of projects that have a potential social impact in our communities. Globant Labs is a space where we guarantee Globers can experiment and take into completion projects that will help society.

3. Be kind to the planet: by reducing and compensating the impact of our actions in the environment.

We promote a culture of environmental care. In our view, the best way to do this is to lead by example. We all need to commit to this cause, and understand the potential impact on future generations. Sustainability is an important principle we want to share with our Globers and stakeholders.

In 2019, Globant publicly expressed its goal to use renewable sources of energy for all its global operations in 2020. During 2020, our estimation of energy sources and use was developed according to the premises established by several reporting initiatives, including RE100, CDP and the GHG protocol. Specific research was performed by Facilities and Sustainability functions within the organization, obtaining an estimate which covers the 95% of energy use across the organization. Further, direct and indirect use of energy was appraised. By examining the geographic availability of renewable energy sources, the Company identified the relevant energy sources employing only certified sources based on REC, I-REC and GO certification to ensure compliance with the reporting criteria described above.

The finalization and execution of renewable energy contracts have been executed in January 2021, complying with the aim of supplying operations with 100% renewable electricity. Other direct energy sources (scope 1) were included in the estimation, resulting in a marginal increase in the overall energy used by the organization.

Renewable energy's use is based mostly on photovoltaic, solar and wind technology, with complementary hydropower contracts in those jurisdictions where guarantees of origin were not available or economically feasible. In the latter case, water management practices were also reviewed to validate renewable energy sources' efficiency and sustainability.

Our services

The Organization of the Future: Augmented Organizations

Companies are expected to have engaging experiences, stay up to date with the latest technologies and strive to be at the forefront of their respective industry. We believe that, in most cases, a limited digital presence is insufficient for success. The rate of technological change is rapid and exponential, and the need to evolve quickly has never been as evident.

While companies look to boost their consumer experiences, they also face the need to transform themselves internally. For many it becomes difficult to build a digitally-native culture from scratch or change the status quo of IT departments. It is hard to be successful using old practices to create innovative technology products. As Forrester points out: "Transformation starts with developing the right set of strategy choices and the ability to help shape digital thinking and a digital culture that supports continuous innovation. It is cemented through effective change management."

We believe that technology alone is not enough to create solutions for a true digital and cognitive transformation. In order to be sustainable and successful, we believe that transformations need to impact every single dimension of an organization. With consumers and employees at the center of every strategy, our services seek to address every stage of the transformational process ensuring that we prepare our clients for the future.

Becoming an Augmented Organization is more than adopting a single technology. It is a fundamental shift in how a company operates. It requires a cultural change in many cases alongside complex technological and organizational changes. It means building an organization that knows how to use technology, culture and trends to unleash its own potential.

Augmented Organizations are empowered by artificial intelligence. They have an agile, digital culture, build world-class experiences, adapt quickly to new market realities and have technology at their core. Our future-centric approach is focused on enabling these companies for a sustainable growth path.

Our experience as a pure play in the digital and cognitive arena makes us an ideal partner to help organizations succeed. Our approach to building Augmented Organizations focuses on 6 core pillars:

1. Business Hacking

Business disruptors have taken over the innovation game. Now organizations have opportunities to thrive in new areas that were unthinkable before. But this requires a level of ingenuity and strength that can only be enabled by a fully transformative strategy.

We are focused on helping companies create and sustain business models that will enable a new era of growth and scalability for their respective organizations, making calculated business analyses and crafting actionable paths for a bold future.

Our Business Hacking pillar is all about creating a way forward to future success.

2. Culture and Agility

Culture management is as essential to success as creating a high performing culture has been proven to accelerate growth in modern organizations. Those who truly understand the power of their culture invest in it to keep it healthy and in constant evolution.

We help companies craft a culture suited for their goals. We support this new culture through a suite of products that enable organizations to visualize the flow of engagement in their teams, manage change, align efforts with business results and perform better in an environment of growth. They make the invisible aspects of culture both visible and actionable.

We believe that creating a culture that is adaptable and agile is a key to our clients success.

3. Engaging Experiences

We believe that the creation of engaging experiences is what differentiates a thriving company from its competitors. Bringing the user to the center, understanding user behavior and crafting a holistic experience empowered by technology makes businesses grow and scale.

We believe that in this highly competitive market, great experiences are a cornerstone of great businesses.

Our services bring the power of design, the insights of marketing and the strategy of an holistic approach to create experiences that bring the user closer to the brand. We design systems of services and products that can create a way forward for new and better business.

4. Adaptive Organizations

To create a new path to the future, businesses are rethinking and reinventing everything from their structure and processes to how they go to market.

Successful organizations are creating agile, yet resilient, digital-first cultures, using data to quickly make smart decisions that drive their businesses forward. We believe that employees enjoy and thrive in a fast-moving and constantly changing environment.

We optimize business processes and augment collaboration between employees. With technology at the core, we build adaptive organizations fit for an evolving world.

5. Technology & Data

We believe technology is at the core of most successful organizations. Creating a new path into the future means combining the power of new technologies and data to build state-of-the-art capabilities.

To deliver world-class experiences, we believe companies need to adopt technology skills to design, architect and then implement new digital products and services. We embrace the power of artificial intelligence and automation to enable organizations to become more efficient and effective. But, more importantly, we thrive by building technology environments that are future-fit and ready to quickly scale based on your business needs.

6. Augmented capabilities

Becoming an Augmented Organization enables a company to gain enhanced visibility into its processes, products and strategies. Every corner of your company can be rethought with a new approach, augmenting its capabilities with Artificial Intelligence, Data, Technology or new Engaging Experiences.

We can help companies leverage a set of accelerators that embrace technology unleashing the potential of their organizations.

Our Approach

Transforming an organization across each of the pillars is not something that is done simply through technology. Our approach focuses on looking at the company as a whole and crafting a path to transform it into an Augmented Organization. We deliver these services through our Accelerators, our unique Studios and our Agile Pods Methodology.

1. Our Accelerators

We've created a set of accelerators and disruptors that leverage Artificial Intelligence to reinvent key aspects of organizations, creating a way forward in unimaginable ways. These accelerators and disruptors harness the power of technology and artificial intelligence and a variety of emerging and leading technologies to take any company's capabilities to the next level and contribute to the advancement of the technology industry.

- **Augmented Coding:** Simply put Augmented Coding revolutionizes coding by augmenting developers' capabilities with AI. Our patented AI-powered tool transforms how businesses develop software through strategic features that bring key benefits, such as simplifying code processes, increasing team efficiency, and enhancing team collaboration. Its Code Autocompletion feature uses deep learning to anticipate the code the developers are looking for by understanding the context in which it's written, suggesting intelligent code completions, and allowing programmers to work faster, better, and with fewer errors.
- **Navigate:** Globant's Navigate AI Decision Platform uses cutting-edge technologies to create a digital twin of your organization. By combining process mining, data science, and machine learning, Navigate enables companies to analyze the effectiveness of their organizations, measure throughputs, monitor lead times, and anticipate bottlenecks. These insights translate to streamlined decision-making and the ability to quickly solve business problems.
- **MAIDA:** Globant's MAIDA AI platform brings innovation and the latest technologies to application management services (AMS). As a digital AMS platform, MAIDA takes traditional services to a new level of experience, with features including real-time KPIs and a virtual assistant to ensure continuous improvement.
- **StarMeUp:** StarMeUp is a transformative culture-building solution fueled by data. It promotes human bonding, increases connection and relationships among colleagues, encourages peer to peer recognition and shapes a company's culture.
- **FluentLab:** FluentLab is a patented modular framework that enables businesses to create unique and powerful conversational experiences fueled by Artificial Intelligence.
- **Acámica:** Acámica is an online education platform used to accelerate the cultural transformation that some organizations require. It is an e-learning platform designed for global companies who want to run their own online and personalized academies by hosting massive open online courses. Acámica also provides private training modules, with a strong focus on user experience and social interactions.

2. Our Studios:

We believe that our Studio model is an effective way of organizing our company into smaller operating units, fostering creativity and innovation while allowing us to build, enhance and consolidate expertise around a variety of emerging technologies. Each Studio represents deep pockets of expertise on the latest technologies and trends and delivers tailored solutions focused on specific challenges. Our Studio model fosters creativity and innovation while allowing us to build, enhance and consolidate expertise around a variety of emerging technologies.

We believe that organizing the company around Studios is the most efficient way to make a difference for our clients. These Studios deliver the knowledge needed for the different kinds of projects, cross-pollinating insights from different industries to create disruptive ideas. Our expertise can better connect organizations with their consumers and employees, even when

redefining an internal process. This approach is essential to help our customers challenge the status quo and transform their organizations.

As of the date of this management report, we have 23 Studios, namely: Business Hacking, Sustainable Business, Cultural Hacking, Agile Delivery, Product, Design, Digital Marketing, Conversational Interfaces, Gaming, Media OTT, CloudOps, Cybersecurity, Quality Engineering, Scalable Platforms, Digital Experience Platforms, UI Engineering, Data & AI, Internet of Things, Process Optimization, Salesforce, Blockchain, Enterprise Applications and Life Sciences.

3. Our Agile Pods Methodology:

We have developed a software product design and development model, known as Agile Pods. It is designed to better align business and technology teams. Driven by a culture of self-regulated teamwork and collaboration across skills, partners and country borders.

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

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

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

Our Delivery Model

Our cultural affinity with our clients enables increased interaction that creates close client relationships, increased responsiveness and more efficient delivery of our solutions. As we grow and expand our organization, we will continue diversifying our footprint by expanding into additional locations globally.

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

Our talent and our culture

Our culture

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

Our culture is built on three main motivational pillars and six core values.

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

Our core values are:

- **Think Big** – We believe that we can build a world-class company that provides Globers with a global career path. Our work is based on constant challenges and growth.
- **Constantly Innovate** – We confront every "impossible" and seek to innovate in order to break paradigms.
- **Aim for Excellence in Your Work** – We know that problems we face now will reappear in future projects so we try to solve the obstacles that affect us today.
- Be a Team Player – We encourage Globers to get to know their colleagues and to support one another. Together, we are going to improve our profession, company and countries. We operate as one team whether it's solving a problem or celebrating excellent results. We also all have the right to be heard and respected.
- **Have Fun** – As Globers, we believe in finding pleasure in our daily tasks, creating a pleasant work atmosphere and building friendships among colleagues.
- **Be kind** – This value, originally named "Act Ethically" - represents our vision of doing business and conducting ourselves in an ethical manner, with integrity, and our responsibility to improve our society, transform ourselves through kindness and make the world a better place.

Our workplace embodies our culture

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

Fostering Employees' Career Growth

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

- **Technology** - Our more than 20 Studios consolidate experience in more than 100 emerging technologies and practices where Globers can learn, develop, specialize and stay relevant. We have numerous trainings and development opportunities that allow them to grow professionally.
- **Clients** - We have a portfolio of leading global brands that Globers can work with over the course of their career.
- **Industries** - We work with leading companies from different industries, such as media, health care, finance, travel, gaming and e-learning. This enables Globers to benefit from an in-depth look into many industries and gives them the opportunity to specialize in one.
- **Specialty** - Globers can reinvent their career, role or position. They can develop their career by gaining seniority in their current path or moving internally into other roles in different areas of expertise.
- **Geocultural diversity** - We encourage Globers to seek new opportunities and embrace cultural exchanges. Our Globers can work on projects with people from diverse cultures and have the chance to live an international experience. We have open positions and relocation opportunities in all of our offices.

Innovation

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

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

Entrepreneurship

Globant was created as a start up. It was built by entrepreneurs and, over the years, many Globers have made a difference by creating and driving innovation. Entrepreneurship is one of our keys to success, and we encourage Globers to dream and create meaningful and rewarding experiences for our customers.

During 2018, we created Globant Ventures, which is our own accelerator for tech startups. The objective of Globant Ventures is to promote the emergence of new entrepreneurs that are involved in cutting-edge areas of technology, such as Artificial Intelligence and other emerging trends.

Availability of High-Quality Talent

We believe that Latin America has emerged as an attractive geographic region from which to deliver a combination of engineering, design, and innovation capabilities for enterprises seeking to leverage emerging technologies. Latin America has an abundantly skilled IT talent pool. According to the Science and Technology Indicator Network (Red de Indicadores de Ciencia y Tecnologia), over 345,000 engineering and technology students have graduated annually from 2012 – 2016 from universities in Latin America and the Caribbean region. Latin America's talent pool (including Mexico, Brazil, Argentina, Colombia and Uruguay) is composed of approximately 1,000,000 professionals according to different sources, such as Stackoverflow, SmartPlanet and Nearshore Americas. This labor pool remains relatively untapped compared to other regions such as the United States, Central and Eastern Europe and China. The region's professionals possess a breadth of skills that is optimally suited for providing technology services at competitive rates. In addition, institutions of higher education in the region offer rigorous academic programs to develop professionals with technical expertise who are competitive on a global scale. Furthermore, Latin America has a significant number of individuals who speak multiple languages, including English, Spanish, Portuguese, Italian, German and French, providing a distinct advantage in delivering engineering, design and innovation services to key markets in the United States and Europe.

India offers significant graduate talent. According to the Strategic Review of The National Association of Software and Services Companies (NASSCOM), the Indian IT-BPM Industry currently employs around 4 million people. In terms of students, more than 5 million students graduate every year, and almost 15% of these graduates are considered employable by Tier 1/Tier 2 companies.

2021 EXPECTATIONS

2021 First Quarter and Full Year Outlook

Based on current market conditions, Globant is providing the following estimates for the first quarter and the full year of 2021:

- First quarter 2021 Revenues are estimated to be at least $258 million, implying at least 34.7% year-over-year growth.
- First quarter 2021 Non-IFRS Adjusted Profit from Operations Margin is estimated to be in the range of 15%-17%.
- First quarter 2021 Non-IFRS Adjusted Diluted EPS is estimated to be at least $0.79 (assuming an average of 41.2 million diluted shares outstanding during the first quarter).
- Fiscal year 2021 Revenues are estimated to be at least $1,047 million, implying at least 28.6% year-over-year revenue growth.
- Fiscal year 2021 Non-IFRS Adjusted Profit from Operations Margin is estimated to be in the range of 15%-17%.
- Fiscal year 2021 Non-IFRS Adjusted Diluted EPS is estimated to be at least $3.20 (assuming an average of 41.5 million diluted shares outstanding during 2021).

RISK FACTORS

The following summarizes the principal factors that make an investment in our company speculative or risky. The following factors could result in harm to our business, reputation, revenue, financial results, and prospects, among other impacts. The market price of our common shares could decline due to any of these risks and uncertainties, and you could lose all or part of your investment. The risks detailed below are those that we currently believe may materially affect us.

Risks Related to Our Business and Industry

- The extent to which the coronavirus ("COVID-19") outbreak and measures taken in response thereto impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict.
- If we are unable to maintain the current resource utilization rates and productivity levels, our revenues, profit margins and results of operations may be adversely affected.
- If we are unable to manage attrition and attract and retain highly-skilled IT professionals, our operating efficiency and productivity may decrease, and we may not have the necessary resources to maintain client relationships and expand our business.
- If the pricing structures we use for our client contracts are based on inaccurate expectations and assumptions regarding the cost and complexity of performing our work, our contracts could be unprofitable, which could adversely affect our results of operations, financial condition and cash flows from operation.
- If we are unable to achieve anticipated growth, our revenues, results of operations, business and prospects may be adversely affected.
- If we are unable to effectively manage the rapid growth of our business, our management personnel, systems and resources could face significant strains, which could adversely affect our results of operations.
- If we were to lose the services of our senior management team or other key employees, our business operations, competitive position, client relationships, revenues and results of operations may be adversely affected.
- If we do not continue to innovate and remain at the forefront of emerging technologies and related market trends, we may lose clients and not remain competitive, which could cause our revenues and results of operations to suffer.
- If any of our largest clients terminates, decreases the scope of, or fails to renew its business relationship or short-term contract with us, our revenues, business and results of operations may be adversely affected.
- Global economic and political conditions could have a material adverse effect on our revenues, margins, results of operations and financial condition.

Risks Related to Operating in Latin America.

- Latin America has experienced adverse economic conditions that may impact our business, financial condition and results of operations.
- Latin American governments have exercised and continue to exercise significant influence over the economies of the countries where we operate, which could adversely affect our business, financial condition, results of operations and prospects.
- Inflation, and government measures to curb inflation in Latin America, may adversely affect the economies in the countries where we operate in Latin America, our business and results of operations.
- Our business, results of operations, financial condition, costs and operating margins may be adversely affected by fluctuations in currency exchange rates (most notably between the U.S. dollar and the Argentine peso).
- We face the risk of political and economic crises, instability, terrorism, civil strife, expropriation and other risks of doing business in Latin America, which could adversely affect our business, financial condition and results of operations.

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

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

- Holders of our common shares may experience losses due to increased volatility in the U.S. capital markets.
- We may be classified by the Internal Revenue Service as a “passive foreign investment company,” which may result in adverse tax consequences for U.S. investors.
- We may need additional capital and we may not be able to obtain it.
- Concentration of ownership among our existing executive officers, directors and principal shareholders may prevent new investors from influencing significant corporate decisions or adversely affect the trading price of our common shares.
- Our business and results of operations may be adversely affected by the increased strain on our resources from complying with the reporting, disclosure, and other requirements applicable to public companies in the United States.

STOCK OPTION PLAN

On July 3, 2014, our board of directors and shareholders approved and adopted our 2014 Equity Incentive Plan, which was amended by our board of directors to increase the number of common shares that may be issued as stock awards from 1,666,667 to up to 3,666,667 on May 9, 2016, and from 3,666,667 to 5,666,667 on February 13, 2019. The following description of the plan is qualified in its entirety by the full text of the plan, which has been filed with the SEC as an exhibit to the registration statement previously filed in connection with our initial public offering and incorporated by reference herein.

Purpose. We believe that the plan will promote our long-term growth and profitability by (i) providing key people with incentives to improve shareholder value and to contribute to our growth and financial success through their future services, and (ii) enabling us to attract, retain and reward the best-available personnel.

Eligibility; Types of Awards. Selected employees, officers, directors and other individuals providing bona fide services to us or any of our affiliates, are eligible for awards under the plan. The administrator of the plan may also grant awards to individuals in connection with hiring, recruiting or otherwise before the date the individual first performs services; however, those awards will not become vested or exercisable before the date the individual first performs services. The plan provides for grants of stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards and other stock-based awards, or any combination of the foregoing.

Common Shares Subject to the Plan. The number of common shares that we may issue with respect to awards granted under the plan will not exceed an aggregate of 5,666,667 common shares. This limit will be adjusted to reflect any stock dividends, split ups, recapitalizations, mergers, consolidations, share exchanges, and similar transactions. If any award, or portion of an award, under the plan expires or terminates unexercised, becomes unexercisable, is settled in cash without delivery of common shares, or is forfeited or otherwise terminated or cancelled as to any common shares, the common shares subject to such award will thereafter be available for further awards under the plan. Common shares used to pay the exercise price of an award or tax obligations will not be available again for other awards under the plan.

Administration. The plan is administered by our compensation committee. The administrator has the full authority and discretion to administer the plan and to take any action that is necessary or advisable in connection with the administration of the plan, including without limitation the authority and discretion to interpret and construe any provision of the plan or any agreement or other documents relating to the plan. The administrator’s determinations will be final and conclusive.

Awards. The plan provides for grants of stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards, and other stock-based awards.

Stock Options. The plan allows the administrator to grant incentive stock options, as that term is defined in section 422 of the Internal Revenue Code, or non-statutory stock options. Only our employees or employees of our subsidiaries may receive incentive stock option awards. Options must have an exercise price that is at least equal to the fair market value of the underlying common shares on the date of grant and not lower than the par value of the underlying common shares. The option holder may pay the exercise price in cash or by check, by tendering common shares, by a combination of cash and common shares, or by any other means that the administrator approves. The options have a maximum term of ten years; however, the options will expire earlier if the optionee’s service relationship with the company terminates.

Stock Appreciation Rights. The plan allows the administrator to grant awards of stock appreciation rights which entitle the holder to receive a payment in cash, in common shares, or in a combination of both, having an aggregate value equal to the product of the excess of the fair market value on the exercise date of the underlying common shares over the base price of the common shares specified in the grant agreement, multiplied by the number of common shares specified in the award being exercised.

Stock Awards. The plan allows the administrator to grant awards denominated in common shares or other securities, stock equivalent units or restricted stock units, securities or debentures convertible into common shares or any combination of the foregoing, to eligible participants. Awards denominated in stock equivalent units will be credited to a bookkeeping reserve account solely for accounting purposes. The awards may be paid in cash, in common shares or in a combination of common shares or other securities and cash.

Performance Awards. The plan allows the administrator to grant performance awards including those intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m) of the U.S. Internal Revenue Code. The administrator may establish performance goals relating to any of the following, as it may apply to an individual, one or more business units, divisions or subsidiaries, or on a company-wide basis, and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies: revenue; earnings before interest, taxes, depreciation and amortization (EBITDA); operating income; pre- or after-tax income; cash flow; cash flow per share; net earnings; earnings per share; price-to-earnings ratio; return on equity; return on invested capital; return on assets; growth in assets; share price performance; economic value added; total shareholder return; improvement in or attainment of expense levels; improvement in or attainment of working capital levels; relative performance to a group of companies comparable to the company, and strategic business criteria consisting of one or more objectives based on the company's meeting specified goals relating to revenue, market penetration, business expansion, costs or acquisitions or divestitures. Performance targets may include minimum, maximum, intermediate and target levels of performance, with the size of the performance-based stock award or the lapse of restrictions with respect thereto based on the level attained.

A performance target may be stated as an absolute value or as a value determined relative to prior performance, one or more indexes, budget, one or more peer group companies, any other standard selected by the administrator, or any combination thereof. The administrator shall be authorized to make adjustments in the method of calculating attainment of performance measures and performance targets in recognition of: (A) extraordinary or non-recurring items; (B) changes in tax laws; (C) changes in accounting policies; (D) charges related to restructured or discontinued operations; (E) restatement of prior period financial results; and (F) any other unusual, non-recurring gain or loss that is separately identified and quantified in our financial statements. Notwithstanding the foregoing, the administrator may, in its sole discretion, modify the performance results upon which awards are based under the plan to offset any unintended results arising from events not anticipated when the performance measures and performance targets were established.

Change in Control. In the event of any transaction resulting in a "change in control" of Globant S.A. (as defined in the plan), outstanding stock options and other awards that are payable in or convertible into our common shares will terminate upon the effective time of the change in control unless provision is made in connection with the transaction for the continuation, assumption, or substitution of the awards by the surviving or successor entity or its parent. In the event of such termination, the holders of stock options and other awards under the plan will be permitted immediately before the change in control to exercise or convert all portions of such stock options or awards that are exercisable or convertible or which become exercisable or convertible upon or prior to the effective time of the change in control.

Notwithstanding the foregoing, the vesting schedule of all of the outstanding stock options granted to certain senior executives will be accelerated in the event of a transaction resulting in a change in control if (i) no provision is made in connection with the transaction for the continuation or assumption of the relevant executive's outstanding options by, or for the substitution of the equivalent awards of, the surviving or successor entity or a parent thereof, or (ii) the relevant executive is dismissed without cause within a two-year period following the change in control.

Amendment and Termination. No award will be granted under the plan after the close of business on the day before the tenth anniversary of the effective date of the plan. Our board of directors may amend or terminate the plan at any time. Shareholder approval is required to reprice underwater options.

BRANCHES

As of December 31, 2020 and 2019, the Company does not have any branches.

SUBSEQUENT EVENTS

Transfer of Membership Units of Collokia LLC

On January 6, 2021, Globant España S.A, one of our Spanish subsidiaries, 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.

Cancellation of the Convertible Promissory Notes with Collokia LLC

On February 11, 2021, Globant España S.A, one of our Spanish subsidiaries, entered into a Software License Agreement with Collokia LLC in exchange for the cancellation of certain Convertible Promissory Note Purchase Agreement entered into on May 5 and October 7, 2017, between Collokia, LLC as borrower and Globant España S.A., as lender, for an aggregate amount of 120000. Pursuant to the Software License Agreement, the parties agreed that Collokia LLC will grant Globant a perpetual, free, worldwide, non-exclusive, non-transferable and non-sublicensable license to use a software developed by Collokia LLC.

COMMON SHARES AND ARTICLES OF ASSOCIATION

The following is a summary of some of the terms of our common shares, based on our articles of association, and applicable Luxembourg Law, including Luxembourg Corporate Law.

General

We are a Luxembourg joint stock company (*société anonyme*) and our legal name is "Globant S.A." We were incorporated on December 10, 2012. We are registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembour*g) under number B 173 727 and have our registered office at 37A Avenue J.F. Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg.

Share Capital

As of December 31, 2020, our issued share capital was $48,027,528, represented by 40,022,940 common shares with a nominal value of $1.20 each, of which 138,152 were treasury shares held by us.

We had an authorized share capital, excluding the issued share capital, of $5,280,967.20, consisting of 4,400,806 common shares with a nominal value of $1.20 each.

Our shareholders' meeting has authorized our board of directors to issue common shares within the limits of the authorized share capital at such time and on such terms as our board of directors may decide during a period ending on the fifth anniversary of the extraordinary general meeting of shareholders held on April 3, 2020, and may be renewed. Accordingly, as of December 31, 2020, our board of directors may issue up to 4,400,806 common shares until such date. We currently intend to seek renewals and/or extensions as required from time to time.

Our authorized share capital is determined by our articles of association, as amended from time to time, and may be increased or reduced by amending the articles of association by approval of the requisite two-thirds majority of the votes at a quorate extraordinary general shareholders' meeting. Under Luxembourg law, our shareholders have no obligation to provide further capital to us.

Under Luxembourg law, our shareholders benefit from a pre-emptive subscription right on the issuance of common shares for cash consideration. However, our shareholders have, in accordance with Luxembourg law authorized our board of directors to waive, suppress or limit, any pre-emptive subscription rights of shareholders provided by law to the extent our board of directors deems such waiver, suppression or limitation advisable for any issue or issues of common shares within the scope of our authorized share capital. Such common shares may be issued above, at or below market value as well as above, at or below nominal value by way of incorporation of available reserves (including premium).

Form and Transfer of Common Shares

Our common shares are issued in registered form only and are freely transferable under Luxembourg law and our articles of association. Luxembourg law does not impose any limitations on the rights of Luxembourg or non-Luxembourg residents to hold or vote our common shares.

Under Luxembourg law, the ownership of registered shares is established by the inscription of the name of the shareholder and the number of shares held by him or her in the shareholder register. Transfers of common shares not deposited into securities accounts are effective towards us and third parties either through the recording of a declaration of transfer into the shareholders' register, signed and dated by the transferor and the transferee or their representatives or by us, upon notification of the transfer to, or upon the acceptance of the transfer by, us. Should the transfer of common shares not be recorded accordingly, the shareholder is entitled to enforce his or her rights by initiating the relevant proceedings before the competent courts of Luxembourg.

In addition, our articles of association provide that our common shares may be held through a securities settlement system or a professional depositary of securities. The depositor of common shares held in such manner has the same rights and obligations as if such depositor held the common shares directly. Common shares held through a securities settlement system or a professional depositary of securities may be transferred from one account to another in accordance with customary procedures for the transfer of securities in book-entry form. However, we will make dividend payments (if any) and any other payments in cash, common shares or other securities (if any) only to the securities settlement system or the depositary recorded in the shareholders’ register or in accordance with its instructions.

Issuance of Common Shares

Pursuant to Luxembourg Corporate Law, the issuance of common shares requires the amendment of our articles of association by the approval of two-thirds of the votes at a quorate extraordinary general shareholders' meeting; provided, however, that the general meeting may approve an authorized share capital and authorize our board of directors to issue common shares up to the maximum amount of such authorized unissued share capital for a five year period beginning either on the date of the relevant general meeting or the date of publication in the RESA of the minutes of the relevant general meeting approving such authorization. The general meeting may amend or renew such authorized share capital and such authorization of our board of directors to issue common shares.

As of December 31, 2020, we had an authorized share capital, excluding the issued share capital, of $5,280,967.20 and our board of directors was authorized to issue up to 4,400,806 common shares (subject to stock splits, consolidation of common shares or like transactions) with a nominal value of $1.20 per common share.

Our articles of association provide that no fractional shares shall be issued or exist.

Pre-emptive Rights

Unless limited, waived or cancelled by our board of directors in the context of the authorized share capital or pursuant to a decision of an extraordinary general meeting of shareholders pursuant to the provisions of the articles of association relating to amendments thereof, holders of our common shares have a pro rata pre-emptive right to subscribe for any new common shares issued for cash consideration. Our articles of association provide that pre-emptive rights can be waived, suppressed or limited by our board of directors for a period ending on the fifth anniversary of the date of extraordinary general meeting of shareholders held on April 3, 2020, which period therefore ends on April 3, 2025, in the event of an increase of the issued share capital by our board of directors within the limits of the authorized share capital.

Repurchase of Common Shares

We cannot subscribe for our own common shares. We may, however, repurchase issued common shares or have another person repurchase issued common shares for our account, subject to the following conditions:

- the repurchase complies with the principle of equal treatment of all shareholders, except in the event such repurchase was the result of the unanimous decision of a general meeting at which all shareholders were present or represented (in addition, listed companies may repurchase their own shares on the stock exchange without an offer to repurchase having to be made to the shareholders);
- prior authorization by a simple majority vote at an ordinary general meeting of shareholders is granted, which authorization sets forth the terms and conditions of the proposed repurchase, including the maximum number of common shares to be repurchased, the duration of the period for which the authorization is given (which may not exceed five years) and, in the case of a repurchase for consideration, the minimum and maximum consideration per common share;
- the repurchase does not reduce our net assets (on a non-consolidated basis) to a level below the aggregate of the issued share capital and the reserves that we must maintain pursuant to Luxembourg law or our articles of association; and
- only fully paid-up common shares are repurchased.

No prior authorization by our shareholders is required for us to repurchase our own common shares if:

- we are in imminent and severe danger, in which case our board of directors must inform the general meeting of shareholders held subsequent to the repurchase of common shares of the reasons for, and aim of such repurchase, the number and nominal value of the common shares repurchased, the fraction of the share capital such repurchased common shares represented and the consideration paid for such shares; or
- the common shares are repurchased by us or by a person acting for our account in view of a distribution of the common shares to our employees.

On May 31, 2019, the general meeting of shareholders, according to the conditions set forth in article 430-15 of Luxembourg Corporate Law, granted our board of directors the authorization to repurchase up to a maximum number of shares representing 20% of the issued share capital immediately after the closing of our initial public offering for a net purchase price being (i) no less than 50% of the lowest stock price and (ii) no more than 50% above the highest stock price, in each case being the closing price, as reported by the New York City edition of the Wall Street Journal, or, if not reported therein, any other authoritative sources to be selected by our board of directors, over the ten trading days preceding the date of the purchase (or the date of the commitment to the transaction). The authorization is valid for a period ending five years from the date of the general meeting or the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, our board of directors is authorized to acquire and sell our common shares under the conditions set forth in the minutes of such general meeting of shareholders. Such purchases and sales may be carried out for any purpose authorized by the general meeting of Globant S.A.

Capital Reduction

Our articles of association provide that our issued share capital may be reduced by a resolution adopted by a two-thirds majority of the votes at a quorate extraordinary general shareholders' meeting. If the reduction of capital results in the capital being reduced below the legally prescribed minimum, the general meeting of the shareholders must, at the same time, resolve to increase the capital up to the required level.

General Meeting of Shareholders

Any regularly constituted general meeting of our shareholders represents the entire body of shareholders.

Each of our common shares entitles the holder thereof to attend our general meeting of shareholders, either in person or by proxy, to address the general meeting of shareholders and to exercise voting rights, subject to the provisions of Luxembourg law and our articles of association. Each common share entitles the holder to one vote at a general meeting of shareholders. Our articles of association provide that our board of directors shall adopt as it deems fit all other regulations and rules concerning the attendance to the general meeting.

A general meeting of our shareholders may, at any time, be convened by our board of directors, to be held at such place and on such date as specified in the convening notice of such meeting. Our articles of association and Luxembourg law provide that a general meeting of shareholders must be convened by our board of directors, upon request in writing indicating the agenda, addressed to our board of directors by one or more shareholders representing at least 10% of our issued share capital. In such case, a general meeting of shareholders must be convened and must be held within a period of one month from receipt of such request. One or more shareholders holding at least 5% of our issued share capital may request the addition of one or more items to the agenda of any general meeting of shareholders and propose resolutions. Such requests must be received at our registered office by registered mail at least 22 days before the date of such meeting.

Our articles of association provide that if our common shares are listed on a stock exchange, all shareholders recorded in any register of our shareholders are entitled to be admitted and vote at the general meeting of shareholders based on the number of shares they hold on a date and time preceding the general meeting of shareholders as the record date for admission to the general meeting of shareholders (the "Record Date"), which the board of directors may determine as specified in the convening notice. Furthermore, any shareholder, holder or depositary, as the case may be, who wishes to attend the general meeting must inform us thereof no later than on the third business day preceding the date of such general meeting, or by any other date which the board of directors may determine and as specified in the convening notice, in a manner to be determined by our board of directors in the notice convening the general meeting of the shareholders. In the case of common shares held through the operator of a securities settlement system or with a depositary, or sub-depositary designated by such depositary, a shareholder wishing to attend a general meeting of shareholders should receive from such operator or depositary a certificate certifying the number of common shares recorded in the relevant account on the Record Date. The certificate should be submitted to us at our registered office no later than three business days prior to the date of such general meeting. In the event that the shareholder votes by means of a proxy, the proxy must be deposited at our registered office at the same time or with any of our agents, duly authorized to receive such proxies. Our board of directors may set a shorter period for the submission of the certificate or the proxy in which case this will be specified in the convening notice.

The convening of, and attendance to, our general meetings is subject to the provisions of the Luxembourg Corporate Law.

General meetings of shareholders shall be convened in accordance with the provisions of our articles of association and the Luxembourg Corporate Law and the requirement of any stock exchange on which our shares are listed. The Luxembourg Corporate Law provides -*inter alia*- that convening notices for every general meeting shall contain the agenda and shall take the form of announcements filed with the register of commerce and companies, published on the RESA, and published in a Luxembourg newspaper at least 15 days before the meeting. As all of our common shares are in registered form, we may decide to send the convening notice only by registered mail to the registered address of each shareholder no less than eight days before the meeting. In that case, the legal requirements regarding the publication of the convening notice in the RESA and in a Luxembourg newspaper do not apply.

In the event (i) an extraordinary general meeting of shareholders is convened to vote on an extraordinary resolution (See below under "Voting Rights" for additional information), (ii) such meeting is not quorate and (iii) a second meeting is convened, the second meeting will be convened as specified above.

Pursuant to our articles of association, if all shareholders are present or represented at a general meeting of shareholders and state that they have been informed of the agenda of the meeting, the general meeting of shareholders may be held without prior notice.

Our annual general meeting is held on the date set forth in the corresponding convening notice within six months of the end of each financial year at our registered office or such other place as specified in such convening notice.

Voting Rights

Each share entitles the holder thereof to one vote at a general meeting of shareholders.

Luxembourg law distinguishes between ordinary resolutions and extraordinary resolutions.

Extraordinary resolutions relate to proposed amendments to the articles of association and certain other limited matters. All other resolutions are ordinary resolutions.

Ordinary Resolutions. Pursuant to our articles of association and the Luxembourg Corporate Law, ordinary resolutions shall be adopted by a simple majority of votes validly cast on such resolution at a general meeting. Abstentions and nil votes will not be taken into account.

Extraordinary Resolutions. Extraordinary resolutions are required for any of the following matters, among others: (a) an increase or decrease of the authorized share capital or issued share capital, (b) a limitation or exclusion of preemptive rights, (c) approval of a merger (*fusion*) or de-merger (*scission*), (d) dissolution, (e) an amendment to our articles of association and (f) a change of nationality. Pursuant to Luxembourg law and our articles of association, for any extraordinary resolutions to be considered at a general meeting, the quorum must generally be at least 50% of our issued share capital. Any extraordinary resolution shall generally be adopted at a quorate general meeting upon a two-thirds majority of the votes validly cast on such resolution. In case such quorum is not reached, a second meeting may be convened by our board of directors in which no quorum is required, and which must generally still approve the amendment with two-thirds of the votes validly cast. Abstentions and nil votes will not be taken into account.

Appointment and Removal of Directors. Members of our board of directors are elected by ordinary resolution at a general meeting of shareholders. Under our articles of association, all directors are elected for a period of up to four years, provided, however, that our directors shall be elected on a staggered basis. Any director may be removed with or without cause and with or without prior notice by a simple majority vote at any general meeting of shareholders. The articles of association provide that, in case of a vacancy, our board of directors may fill such vacancy on a temporary basis by a person designated by the remaining members of our board of directors until the next general meeting of shareholders, which will resolve on a permanent appointment. The directors shall be eligible for re-election indefinitely.

Neither Luxembourg law nor our articles of association contain any restrictions as to the voting of our common shares by non-Luxembourg residents.

Amendment to Articles of Association

Shareholder Approval Requirements. Luxembourg law requires that an amendment to our articles of association generally be made by extraordinary resolution. The agenda of the general meeting of shareholders must indicate the proposed amendments to the articles of association.

Pursuant to Luxembourg Corporate Law and our articles of association, for an extraordinary resolution to be considered at a general meeting, the quorum must generally be at least 50% of our issued share capital. Any extraordinary resolution shall be adopted at a quorate general meeting (save as otherwise required by law) upon a two-thirds majority of the votes validly cast on such resolution. If the quorum of 50% is not reached at this meeting, a second general meeting may be convened, in which no quorum is required, and may approve the resolution at a majority of two-third of votes validly cast.

Formalities. Any resolutions to amend the articles of association or to approve a merger, de-merger, change of nationality, dissolution or change of nationality must be taken before a Luxembourg notary and such amendments must be published in accordance with Luxembourg law.

Merger and Division

A merger by absorption whereby one Luxembourg company, after its dissolution without liquidation, transfers to another company all of its assets and liabilities in exchange for the issuance of common shares in the acquiring company to the shareholders of the company being acquired, or a merger effected by transfer of assets to a newly incorporated company, must, in principle, be approved at a general meeting of shareholders by an extraordinary resolution of the Luxembourg company, and the general meeting of shareholders must be held before a Luxembourg notary. Further conditions and formalities under Luxembourg law are to be complied with in this respect.

Liquidation

In the event of our liquidation, dissolution or winding-up, the assets remaining after allowing for the payment of all liabilities will be paid out to the shareholders pro rata according to their respective shareholdings. Generally, the decisions to liquidate, dissolve or wind-up require the passing of an extraordinary resolution at a general meeting of our shareholders, and such meeting must be held before a Luxembourg notary.

Mandatory Bid, Squeeze-Out and Sell-Out Rights

Mandatory Bid. In accordance with the provisions of article 8 of our articles of association any person (the "Bidder") wishing to acquire by any means (including, but not limited to, the conversion of any financial instrument convertible into common shares), directly or indirectly, common shares of our Company (which, when aggregated with his/her/its existing common share holdings, together with any shares held by a person controlling the Bidder, controlled by the Bidder and/or under common control with the Bidder, represent at least thirty-three point thirty-three percent (33.33%) of the share capital of the Company (the "Threshold"), shall have the obligation to propose an unconditional takeover bid to acquire the entirety of the then-outstanding common shares together with any financial instrument convertible into common shares (the "Takeover Bid").

The consideration for each common share and financial instrument convertible into common shares payable to each holder thereof shall be the same, shall be payable in cash only, and shall not be lower than the highest of the following prices:

(a) the highest price per common shares and financial instrument convertible into common shares paid by the Bidder, or on behalf thereof, in relation to any acquisition of common shares and the financial instruments convertible into common shares within the twelve months period immediately preceding the takeover notice, adjusted as a consequence of any division of shares, stock dividend, subdivision or reclassification affecting or related to common shares and/or the financial instruments convertible into common shares; or

(b) the highest closing sale price, during the sixty-day period immediately preceding the takeover notice, of a common share of our Company as quoted by the New York Stock Exchange, in each case as adjusted as a consequence of any division of shares, stock dividend, subdivision or reclassification affecting or related to common shares and financial instrument convertible into common shares.

Squeeze-out right and sell out right. As a result of our common shares having been listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange ("LuxSE") until July 31, 2019, we remain subject to the provisions of the Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "Luxembourg Mandatory Squeeze-Out and Sell-Out Law"), which shall continue to be applicable to the Company until July 31, 2024; provided that, no new listing on a regulated market (within the meaning of Directive 2014/65/EU) will occur until the aforementioned date. The Luxembourg Mandatory Squeeze-Out and Sell-Out Law provides that, subject to the conditions set forth therein being met, if any individual or legal entity, acting alone or in concert with another, holds a number of shares or other voting securities representing at least

95% of our voting share capital and 95% of our voting rights: (i) such holder may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "Mandatory Squeeze-Out"); and (ii) the holders of the remaining shares or securities may require such holder to purchase those remaining shares or other voting securities (the "Mandatory Sell-Out"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out are subject to further conditions and must be carried out under the supervision of the Commission de Surveillance du Secteur Financier (the "CSSF").

No Appraisal Rights

Neither Luxembourg law nor our articles of association provide for any appraisal rights of dissenting shareholders.

Distributions

Subject to Luxembourg law, if and when a dividend is declared by the general meeting of shareholders or an interim dividend is declared by our board of directors, each common share is entitled to participate equally in such distribution of funds legally available for such purposes. Pursuant to our articles of association, our board of directors may pay interim dividends, subject to Luxembourg law.

Declared and unpaid distributions held by us for the account of the shareholders shall not bear interest. Under Luxembourg law, claims for unpaid distributions will lapse in our favor five years after the date such distribution became due and payable.

Any amount payable with respect to dividends and other distributions declared and payable may be freely transferred out of Luxembourg, except that any specific transfer may be prohibited or limited by anti-money laundering regulations, freezing orders or similar restrictive measures.

Annual Accounts

Under Luxembourg law, our board of directors must prepare annual accounts and consolidated accounts. Except for certain cases as provided for by Luxembourg law, our board of directors must also annually prepare management reports on the annual accounts and consolidated accounts. The annual accounts, the consolidated accounts, management reports and auditor's reports must be available for inspection by shareholders at our registered office and on our website for an uninterrupted period beginning at least eight calendar days prior to the date of the annual ordinary general meeting of shareholders.

The annual accounts and consolidated accounts are audited by an approved statutory auditor (*réviseur d'entreprises agréé*).

The annual accounts and the consolidated accounts, will be filed with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés* of Luxembourg) and disseminated as regulated information.

Information Rights

Luxembourg law gives shareholders limited rights to inspect certain corporate records prior to the date of the annual ordinary general meeting of shareholders, including the annual accounts with the list of directors and auditors, the consolidated accounts, the notes to the annual accounts and the consolidated accounts, a list of shareholders whose common shares are not fully paid up, the management reports, the auditor's report and, in case of amendments to the articles of association, the text of the proposed amendments and the draft of the resulting consolidated articles of association.

In addition, any registered shareholder is entitled to receive, upon request, a copy of the annual accounts, the consolidated accounts, the auditor's reports and the management reports free of charge prior to the date of the annual ordinary general meeting of shareholders.

Board of Directors

Globant S.A. is managed by our board of directors which is vested with the broadest powers to take any actions necessary or useful to fulfill our corporate purpose with the exception of actions reserved by law or our articles of association to the general meeting of shareholders. Our articles of association provide that our board of directors must consist of at least seven members and no more than fifteen members. Our board of directors meets as often as company interests require.

A majority of the members of our board of directors present or represented at a board meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of our board members present or represented. In the case of a tie, the chairman of our board shall have the deciding vote. Our board of directors may also make decisions by means of resolutions in writing signed by all directors.

Directors are elected by the general meeting of shareholders, and appointed for a period of up to four years; provided, however, that directors are elected on a staggered basis, with one-third of the directors being elected each year; and provided, further, that such term may be exceeded by a period up to the annual general meeting held following the fourth anniversary of the appointment, and each director will hold office until his or her successor is elected. The general shareholders' meeting may remove one or more directors at any time, without cause and without prior notice by a resolution passed by simple majority vote. If our board of directors has a vacancy, such vacancy may be filled on a temporary basis by a person designated by the remaining members of our board of directors until the next general meeting of shareholders, which will resolve on a permanent appointment. Any director shall be eligible for re-election indefinitely.

Within the limits provided for by applicable law and our articles of association, our board of directors may delegate to one or more directors or to any one or more persons, who need not be shareholders, acting alone or jointly, the daily management of Globant S.A. and the authority to represent us in connection with such daily management. Our board of directors may also grant special powers to any person(s) acting alone or jointly with others as agent of Globant S.A.

Our board of directors may establish one or more committees, including without limitation, an audit committee, a nominating and corporate governance committee, and a compensation committee, and for which it shall, if one or more of such committees are set up, appoint the members, determine the purpose, powers and authorities as well as the procedures and such other rules as may be applicable thereto. Our board of directors has established an audit committee as well as a compensation committee, and a nominating and corporate governance committee.

No contract or other transaction between us and any other company or firm shall be affected or invalidated by the fact that any one or more of our directors or officers is interested in, or is a director, associate, officer, agent, adviser or employee of such other company or firm. Any director or officer who serves as a director, officer or employee or otherwise of any company or firm with which we shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm only, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

Any director who has, directly or indirectly, a conflicting interest in a transaction submitted for approval to our board of directors that conflicts with our interest, must inform our board of directors thereof and to cause a record of his statement to be included in the minutes of the meeting. Such director may not take part in these deliberations and may not vote on the relevant transaction. At the next general meeting, before any resolution is put to a vote, a special report shall be made on any transactions in which any of the directors may have had an interest that conflicts with our interest.

No shareholding qualification for directors is required.

Any director and other officer, past and present, is entitled to indemnification from us to the fullest extent permitted by law against liability and all expenses reasonably incurred or paid by such director in connection with any claim, action, suit or proceeding in which he or she is involved as a party or otherwise by virtue of his being or having been a director. We may purchase and maintain insurance for any director or other officer against any such liability.

No indemnification shall be provided against any liability to our directors or executive officers by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties of a director or officer. No indemnification will be provided with respect to any matter as to which the director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, nor will indemnification be provided in the event of a settlement (unless approved by a court or our board of directors).

Registrars and Registers for Our Common Shares

All of our common shares are in registered form only.

We keep a register of common shares at our registered office in Luxembourg. This register is available for inspection by any shareholder. In addition, we may appoint registrars in different jurisdictions who will each maintain a separate register for the registered common shares entered therein. It is possible for our shareholders to elect the entry of their common shares in one of these registers and the transfer thereof at any time from one register to any other, including to the register kept at our registered office. However, our board of directors may restrict such transfers for common shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein.

Our articles of association provide that the ownership of registered common shares is established by inscription in the relevant register. We may consider the person in whose name the registered common shares are registered in the relevant register as the owner of such registered common shares.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is American Stock Transfer & Trust Company, LLC, with an address at 6201 15th Avenue Brooklyn, New York, NY 11219.

Our common shares are listed on the NYSE under the symbol "GLOB".

CHANGE IN CERTIFYING ACCOUNTANT.

On March 9, 2020, our audit committee dismissed Deloitte & Co. S.A. as the Company’s independent registered public accounting firm and recommended that the Company’s shareholders vote in favor of a proposal at the annual general meeting of shareholders of the Company to appoint PricewaterhouseCoopers, Société coopérative (“PwC”) as the Company’s independent registered public accounting firm for the financial year ending December 31, 2020. On April 3, 2020, our shareholders approved the appointment of PwC as our independent registered public accounting firm.

FINANCIAL STATEMENTS

GLOBANT S.A.
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Globant S.A.

Consolidated Financial Statements for the year ended December 31, 2020

Audit report

To the Shareholders of
Globant S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Globant S.A. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

Other Matter

The consolidated financial statements of Globant S.A. and its subsidiaries for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 25 February 2020.

Other information

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

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

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

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

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

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

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

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 23 February 2021

Electronically signed by:
Julien Melotte

Julien Melotte

GLOBANT S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31, 2020	2019(*)	2018(*)
Revenues	**5**	814,139	659,325	522,310
Cost of revenues	**6.1**	(509,812)	(405,164)	(318,554)
Gross profit		**304,327**	**254,161**	**203,756**
Selling, general and administrative expenses	**6.2**	(217,222)	(172,478)	(133,187)
Net impairment losses on financial assets		(3,080)	(228)	(3,469)
Other operating expense, net		(83)	(720)	(306)
Profit from operations		**83,942**	**80,735**	**66,794**
Finance income	**7**	1,920	958	407
Finance expense	**7**	(10,430)	(6,653)	(1,541)
Other financial results, net	**7**	3,601	(5,894)	(4,416)
Financial results, net		**(4,909)**	**(11,589)**	**(5,550)**
Share of results of investment in associates	**11.2**	(622)	(224)	—
Other income and expenses, net	**28.9**	(1,887)	110	6,220
Profit before income tax		**76,524**	**69,032**	**67,464**
Income tax	**8.1**	(22,307)	(15,017)	(15,868)
Net income for the year		**54,217**	**54,015**	**51,596**
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		(398)	(400)	(871)
- Net change in fair value on financial assets measured at FVOCI		—	(373)	(12)
- Gains and losses on cash flow hedges		281	**352**	—
Total comprehensive income for the year		**54,100**	**53,594**	**50,713**
Net income attributable to:				
Owners of the Company		54,217	54,015	51,677
Non-controlling interest		—	—	(81)
Net income for the year		**54,217**	**54,015**	**51,596**
Total comprehensive income for the year attributable to:				
Owners of the Company		54,100	53,594	50,794
Non-controlling interest		—	—	(81)
Total comprehensive income for the year		**54,100**	**53,594**	**50,713**

(*) As of December 31, 2019 and 2018, some changes in the presentation of the financial results were included (see note 2.2.1).

GLOBANT S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(in thousands of U.S. dollars, except per share amounts)

	Notes	For the year ended December 31, 2020	2019	2018
Earnings per share				
Basic	**9**	1.41	1.48	1.45
Diluted	**9**	1.37	1.43	1.41
Weighted average of outstanding shares (in thousands)				
Basic	**9**	38,515	36,586	35,746
Diluted	**9**	39,717	37,674	36,685

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019
(in thousands of U.S. dollars)

	Notes	As of December 31, 2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	**10**	278,939	62,721
Investments	**11.1**	19,284	19,780
Trade receivables	**12**	196,020	156,676
Other assets	**16**	8,146	13,439
Other receivables	**13**	31,633	19,308
Other financial assets	**17**	1,577	4,527
Total current assets		535,599	276,451
Non-current assets			
Trade receivables	**12**	5,644	—
Investments	**11.1**	615	418
Other assets	**16**	6,954	7,796
Other receivables	**13**	9,629	8,810
Deferred tax assets	**8.2**	41,507	26,868
Investment in associates	**11.2**	3,154	3,776
Other financial assets	**17**	15,147	1,683
Property and equipment	**14**	101,027	87,533
Intangible assets	**15**	86,721	27,110
Right-of-use asset	**27**	90,010	58,781
Goodwill	**25.18**	392,760	188,538
Total non-current assets		753,168	411,313
TOTAL ASSETS		**1,288,767**	**687,764**
LIABILITIES			
Current liabilities			
Trade payables	**18**	35,266	31,487
Payroll and social security taxes payable	**19**	111,881	72,252
Borrowings	**20**	907	1,198
Other financial liabilities	**17**	19,822	8,937
Lease liabilities	**27**	15,358	19,439
Tax liabilities	**21**	11,804	7,898
Income tax payable		10,511	4,612
Other liabilities		81	368
Total current liabilities		205,630	146,191
Non-current liabilities			
Trade payables	**18**	5,240	5,500
Borrowings	**20**	25,061	50,188
Other financial liabilities	**17**	74,376	1,617
Lease liabilities	**27**	72,240	41,924
Deferred tax liabilities	**8.2**	13,698	1,028
Provisions for contingencies	**22**	12,583	2,602
Total non-current liabilities		203,198	102,859
TOTAL LIABILITIES		**408,828**	**249,050**
Capital and reserves			
Issued capital		47,861	44,356
Additional paid-in capital		541,157	157,537
Other reserves		(2,674)	(2,557)
Retained earnings		293,595	239,378
Total equity		879,939	438,714
TOTAL EQUITY AND LIABILITIES		**1,288,767**	**687,764**

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(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	Non-controlling interests	Total
Balance at January 1, 2018	35,226,764	42,271	86,728	135,658	(1,226)	(27)	263,404	(40)	263,364
Issuance of shares under share-based compensation plan (see note 29.1)	674,901	810	8,275	—	—	—	9,085	—	9,085
Issuance of shares under subscription agreement (see note 29.1)	63,997	77	3,140	—	—	—	3,217	—	3,217
Share-based compensation plan (see note 24)	—	—	11,537	—	—	—	11,537	—	11,537
Other comprehensive income (loss) for the year	—	—	—	—	(871)	(12)	(883)	—	(883)
Acquisition of non-controlling interest (see note 25.2)	—	—	(121)	—	—	—	(121)	121	—
Net income for the year	—	—	—	51,677	—	—	51,677	(81)	51,596
Balance at December 31, 2018	**35,965,662**	**43,158**	**109,559**	**187,335**	**(2,097)**	**(39)**	**337,916**	**—**	**337,916**

	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
Adjustment on initial application of IFRS 16	—	—	—	(1,972)	—	—	(1,972)
Issuance of shares under share-based compensation plan (see note 29.1)	899,100	1,079	21,475	—	—	—	22,554
Issuance of shares under subscription agreement (see note 29.1)	98,857	119	7,651	—	—	—	7,770
Share-based compensation plan (see note 24)	—	—	18,852	—	—	—	18,852
Other comprehensive income (loss) for the year	—	—	—	—	(400)	(21)	(421)
Net income for the year	—	—	—	54,015	—	—	54,015
Balance at December 31, 2019	**36,963,619**	**44,356**	**157,537**	**239,378**	**(2,497)**	**(60)**	**438,714**

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(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	Total
Balance at January 1, 2020	36,963,619	44,356	157,537	239,378	(2,497)	(60)	438,714
Issuance of shares under share-based compensation plan (see note 29.1)	394,319	473	18,357	—	—	—	18,830
Issuance of shares under subscription agreement (see note 29.1)	226,850	272	46,026	—	—	—	46,298
Common shares issued pursuant to the June 2020 public offering (see note 29.2)	2,300,000	2,760	298,120	—	—	—	300,880
Share-based compensation plan (see note 24)	—	—	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**

(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 33 are an integral part of these consolidated financial statements

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(in thousands of U.S. dollars)

	For the year ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities			
Net income for the year	54,217	54,015	51,596
Adjustments to reconcile net income for the year to net cash flows from operating activities:			
Share-based compensation expense	22,423	15,357	10,551
Current income tax (note 8.1)	27,834	19,327	23,324
Deferred income tax (note 8.1)	(5,527)	(4,310)	(7,456)
Depreciation of property and equipment (note 14)	16,037	14,542	11,230
Depreciation of right-of-use assets (note 27)	17,638	14,584	—
Amortization of intangible assets (note 15)	14,805	9,713	9,313
Impairment of intangible assets (note 15)	83	720	306
Leases discount	(512)	—	—
Net impairment losses on financial assets	3,080	228	3,469
Impairment of investments in associates (note 11.2)	—	—	800
Gain from sale of financial instrument (3.12.9.2)	(800)	—	—
Allowance for claims and lawsuits (note 22)	1,598	—	2,070
Loss (gain) on remeasurement of contingent consideration (note 28.9.1)	2,431	85	(6,700)
Gain on transactions with bonds (note 3.18)	(9,580)	(1,569)	—
controlling interest and on derecognition of the call option (note 28.9.2)	—	—	(1,156)
Accrued interest	6,955	4,151	270
Interest received	1,872	734	401
Net gain arising on financial assets measured at FVPL	3,423	(1,285)	(2,763)
Net gain arising on financial assets measured at FVOCI	287	(58)	(258)
Net gain arising on financial assets measured at amortised cost (note 7)	(395)	(99)	—
Exchange differences	3,631	8,291	6,989
Share of results of investment in associates	622	224	—
Payments related to forward and future contracts	(3,104)	(991)	—
Proceeds related to forward and future contracts	3,039	1,017	—
Payments of remeasured earn-outs related to acquisition of business	(5,218)	—	—
Gain arising from lease disposals	(180)	—	—
Changes in working capital:			
Net increase in trade receivables	(33,926)	(38,945)	(36,356)
Net increase in other receivables	(10,887)	(8,432)	(10,559)
Net decrease (increase) in other assets	6,135	(9,967)	—
Net (decrease) increase in trade payables	(2,770)	7,235	2,479
Net increase in payroll and social security taxes payable	11,488	8,766	21,885
Net increase in tax liabilities	363	2,079	939
Utilization of provision for contingencies (note 22)	(615)	(194)	(222)
Income tax paid	(24,575)	(17,055)	(12,955)
Proceeds received from reimbursement of income tax	—	1,572	—
Net cash provided by operating activities	**99,872**	**79,735**	**67,197**
Cash flows from investing activities			
Acquisition of property and equipment [2]	(29,294)	(20,375)	(19,171)
Proceeds from disposals of property and equipment and intangibles	951	102	149
Acquisition of intangible assets [3]	(24,168)	(11,617)	(9,711)
Acquisition of investment in sovereign bonds	(16,700)	(6,000)	—
Proceeds from investment in sovereign bonds	26,280	7,569	—
Payments related to forward and future contracts	(7,673)	(4,842)	(853)
Proceeds related to forward and future contracts	4,839	4,165	3,235
Acquisition of investments measured at FVTPL	(436,660)	(143,763)	(99,482)
Proceeds from investments measured at FVTPL	443,005	129,910	103,083
Acquisition of investments measured at FVOCI	(2,994)	(11,684)	(39,435)
Proceeds from investments measured at FVOCI	3,316	15,618	35,340
Proceeds from investments measured at amortised cost	625	—	—
Acquisition of investments measured at amortised cost	(615)	—	(527)
Guarantee payments	—	(1,038)	(345)
Payments to acquire equity instruments	(9,167)	—	—
Payments to acquire investments in associates	—	—	(3,250)
Acquisition of investment in convertible notes (note 3.12.9.1 and 3.12.9.3)	(701)	(3,350)	—
Acquisition of business, net of cash (note 25) [1]	(69,060)	(97,298)	(4,137)
Payments of earn-outs related to acquisition of business	(5,999)	(8,981)	(11,013)
Net cash used in investing activities	**(124,015)**	**(151,584)**	**(46,117)**

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(in thousands of U.S. dollars)

	For the year ended December 31,		
	2020	**2019**	**2018**
Cash flows from financing activities			
Proceeds from the issuance of common shares pursuant to June 2020 Public Offering, net of costs	300,880	—	—
Proceeds from the issuance of shares under the share-based compensation plan (note 29.1)	5,825	15,822	7,040
Cash paid from the settlements of the derivative financial instruments used to hedge interest rate risk	(127)	—	—
Proceeds from subscription agreements (note 29.1)	1,203	7,770	3,217
Proceeds from borrowings (note 20)	155,108	90,523	—
Repayment of borrowings (note 20)	(194,332)	(40,806)	(6,004)
Payments of principal portion of lease liabilities (note 27)	(23,237)	(15,358)	—
Payments of lease liabilities interest (note 27)	(1,904)	(475)	—
Interest paid (note 20)	(1,870)	(764)	(159)
Net cash provided by financing activities	**241,546**	**56,712**	**4,094**
Increase (decrease) in cash and cash equivalents	217,403	(15,137)	25,174
Cash and cash equivalents at beginning of the year	62,721	77,606	52,525
Effect of exchange rate changes on cash and cash equivalents	(1,185)	252	(93)
Cash and cash equivalents at end of the year	278,939	62,721	77,606

(1) Cash paid for assets acquired and liabilities assumed in the acquisition of subsidiaries (note 25):

Supplemental information			
Cash paid	84,643	103,978	4,328
Less: cash and cash equivalents acquired	(15,583)	(6,678)	(191)
Total consideration paid net of cash and cash equivalents acquired	**69,060**	**97,300**	**4,137**

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. Non-cash transaction.

(2) In 2020, 2019 and 2018, there were 1,515, 2,179 and 4,316 of acquisition of property and equipment financed with trade payables, respectively. In 2020, 2019 and 2018, the Company paid 2,179, 4,316 and 1,264 related to property and equipment acquired in 2019, 2018 and 2017, respectively. In 2019 and 2018 there were 1,862 and 3,301 of advances paid, there were no advances paid in 2020. Finally, 2019 excludes 30,661 of advances reclassified from other receivables which was a non-cash transaction.

(3) In 2020 and 2018 there were 285 and 217 of acquisition of intangibles financed with trade payables, respectively, in 2019 there were no acquisition of intangibles financed with trade payables. In 2019 and 2018, the Company paid 217 and 344 related to intangibles acquired in 2018 and 2017, respectively.

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements

NOTE 1 – COMPANY OVERVIEW AND BASIS OF PRESENTATION

Globant S.A. is a company organized in the Grand Duchy of Luxembourg, primarily engaged in creating software products that emotionally connect our clients with millions of consumers, while also providing world-class opportunities for talent around the world (hereinafter the "Company" or "Globant" or "Globant Group"). The Company specializes in providing innovative software solutions services by leveraging emerging technologies and trends.

The Company's principal operating subsidiaries and countries of incorporation as of December 31, 2020 were the following: Sistemas UK Limited and We are London Limited in the United Kingdom, Globant, LLC and Globant IT Services Corp in the United States of America (the "U.S." or the "United Sates"); Sistemas Globales S.A., IAFH Global S.A., Dynaflows S.A., Avanxo S.A, BSF S.A and Decision Support S.A. in Argentina; Sistemas Colombia S.A.S., Avanxo Colombia and Belatrix Colombia SAS in Colombia; Global Systems Outsourcing S. de R.L. de C.V., Avanxo Servicios S.A. de C.V. and Grupo ASSA México Soluciones Informáticas S.A. de C.V. in Mexico; Sistemas Globales Uruguay S.A. and Difier S.A. in Uruguay; Globant Brasil Consultoria Ltda., Orizonta Consutoria de Negocios e Tecnología Ltda., Global Digital Business Solutions em Tecnologia Ltda. and Serviços Digitais em Tecnologia da Informação Ltda. in Brazil; Sistemas Globales Chile Asesorías Limitada in Chile; Globant Peru S.A.C., Avanxo Peru and Belatrix Peru SAC in Peru; Globant India Private Limited in India; Globant Bel LLC in Belarus; Small Footprint S.R.L. in Romania; Software Product Creation S.L. and BlueCap Management Consulting SL in Spain; Globant France S.A.S in France; Software Product Creation S.L. - Dubai Branch in the United Arab Emirates; and Globant Canada Corp. in Canada.

The Company provides services from development and delivery centers located in United States (San Francisco, New York, Seattle, Raleigh and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo and Sao Jose Dos Campos), Peru (Lima), Chile (Santiago), México (Guadalajara and México City), India (Pune and Bangalore), Spain (Madrid), Belarus (Minsk), Romania (Cluj) and United Kingdom (London). The Company also has client management centers in United States (San Francisco, New York, Winston-Salem and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires), France (Paris), Chile (Santiago), Mexico (Mexico city) and the United Kingdom (London). 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 U.S.

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

NOTE 2 – BASIS OF PREPARATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union ("EU"). These consolidated financial statements are presented in thousands of United States dollars ("U.S. dollars") and have been prepared under the historical cost convention except as otherwise stated in the accounting policies in the Note 3.

2.1 – Application of new and revised International Financial Reporting Standards

- **Adoption of new and revised standards**

The Company has adopted all of the new and revised standards and interpretations issued by the IASB and endorsed by EU that are relevant to its operations and that are mandatorily effective at December 31, 2020. 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, 2020:

Amendments to References to the Conceptual Framework in IFRS Standards	
Amendments to IFRS 3	*Definition of a Business*
Amendment to IAS 1 and IAS 8	*Definition of Material*
Amendment to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IFRS 16	*Covid-19-Reated Rent Concessions*[1]

[1]Effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

Apart from the two following statements, those standards did not have any material impact on the Company's accounting policies and did not require retrospective adjustments.

As of December 31, 2020, the Company adopted 'Amendment to IFRS 16 Covid-19-Related Rent Conecessions' where the Company recognized discounts for 512 in the consolidated statement of comprehensive income for the application of the practical expedient to the office space contracts.

As of December 31, 2020, the Company's loans and interest rate swap 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 1	*Classification of Liabilities as Current or Non-Current* [1]
Amendment to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendment to IAS 16	*Property, Plant and Equipment - Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts - Cost of fulfilling a Contract*[2]
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	*Annual improvements to IFRS 2018-2020*[2]
Amendments to IFRS 9, IAS 9, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform - Phase 2*[3]

[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 January 1, 2022. Earlier application is permitted.
[3]Effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted.

- On January 23, 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

  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.

  This amendment have not been endorsed by the EU yet.

- On May 14, 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' to update an outdated reference in IFRS 3 without significantly changing its requirements.

  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, 2022. Earlier application is permitted. The Company has not opted for early application.

This amendment have not been endorsed by the EU yet.

- On May 14, 2020 the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. 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, 2022. Earlier application is permitted. The Company has not opted for early application.

  This amendment have not been endorsed by the EU yet.

- On May 14, 2020 the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. 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, 2022. Earlier application is permitted. The Company has not opted for early application.

  This amendment have not been endorsed by the EU yet.

- On May 14, 2020 the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project

  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. These amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The Company has not opted for early application.

  This amendment have not been endorsed by the EU yet.

- On August 27, 2020 the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

  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, 2021. Earlier application is permitted. The Company has not opted for early application.

  This amendment has been endorsed by the EU since January 13, 2021.

2.2 – Reclassifications to Prior Period Financial Statements

Certain amounts in the prior periods have been reclassified to conform to the current year presentation. Both, the original and new presentation are in accordance with International Financial Reporting Standards (IFRS).

2.2.1 Changes in the accounting policy of presentation on the Consolidated Statements of Comprehensive Income

The Company has made a change in the presentation of the finance income and finance expense, with the objective of presenting within the finance expense line item only those expenses related to finance costs. Other financial losses and financial results, arising from remeasurement of financial assets, have been presented within other financial results, net in the Consolidated Statement of Comprehensive Income. Exchange difference gain and loss presented separately as Finance Income and Finance expense, respectively, in previous consolidated financial statements, have been included net in Other Financial Results, net. Gain on transaction with bonds has been presented within other financial results, net. In previous consolidated financial statements it was presented in an individual line in the Consolidated Statement of Comprehensive Income. The figures

being presented within other financial results, net, were previously segregated as finance income and finance expenses. The change has been applied retrospectively for consistency and comparability purposes and as required by IAS 8 for accounting policy changes. Such changes have been included to conform to the current year presentation.

	For the year ended December 31, 2019		
	As previously reported	**Reclassification**	**As reclassified(*)**
Gain on transaction with bonds	1,569	(1,569)	—
Finance income	13,643	(12,685)	958
Finance expense	(26,801)	20,148	(6,653)
Other financial results, net	—	(5,894)	(5,894)
Finance expense, net / Financial results, net	**(11,589)**	**—**	**(11,589)**

	For the year ended December 31, 2018		
	As previously reported	**Reclassification**	**As reclassified(*)**
Gain on transaction with bonds	—	—	—
Finance income	11,418	(11,011)	407
Finance expense	(16,968)	15,427	(1,541)
Other financial results, net	—	(4,416)	(4,416)
Finance expense, net / Financial results, net	**(5,550)**	**—**	**(5,550)**

(*) The breakdown of these line items from the statement of comprehensive income are included in note 7.

2.3 – 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.

Company	Country of incorporation	Main Activity	Percentage ownership As of December 31, 2020	2019	2018
Sistemas 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 %
Global Systems Outsourcing S. de R.L. de C.V.	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. (1)	Argentina	Software development and consultancy	100.00 %	100.00 %	100.00 %
We Are London Limited	United Kingdom	Service design consultancy	100.00 %	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 %
Small Footprint S.R.L.	Romania	Software development and consultancy	100.00 %	100.00 %	100.00 %
Globant Ventures S.A.S. (2)	Argentina	Holding and investment activities	100.00 %	100.00 %	100.00 %
Software Product Creation SL Dubai Branch (3)	United Arab Emirates	Software development and consultancy	100.00 %	100.00 %	-

Avanxo Servicios Informáticos España S.L [(4)]	Spain	Holding and investment activities	100.00 %	100.00 %	-
Avanxo México Sociedad Anónima Promotora de inversión de Capital Variable [(4)]	Mexico	Cloud consulting and implementation services	100.00 %	100.00 %	-
Avanxo Servicios S.A. de C.V. [(4)]	Mexico	Cloud consulting and implementation services	100.00 %	100.00 %	-
Avanxo Brasil Tecnología da Informacao LTDA [(4)]	Brasil	Cloud consulting and implementation services	100.00 %	100.00 %	-
Orizonta Consutoria De Negocios E Tecnologia LTDA [(4)]	Brasil	Cloud consulting and implementation services	100.00 %	100.00 %	-
Avanxo S.A. [(4)]	Argentina	Cloud consulting and implementation services	100.00 %	100.00 %	-
Avanxo - Sucursal del Perú [(4)]	Perú	Cloud consulting and implementation services	100.00 %	100.00 %	-
Avanxo Colombia [(4)]	Colombia	Cloud consulting and implementation services	100.00 %	100.00 %	-
Belatrix Global Corporation S.A. [(5)]	Spain	Holding and investment activities	100.00 %	100.00 %	-
BSF S.A. [(5)]	Argentina	Agile product development services	100.00 %	100.00 %	-
Belatrix Peru SAC [(5)]	Peru	Agile product development services	100.00 %	100.00 %	-
Belatrix Colombia SAS [(5)]	Colombia	Agile product development services	100.00 %	100.00 %	-
Globant IT Service Corp [(6)]	United States of America	Agile product development services	100.00 %	100.00 %	-
Grupo Assa Worldwide S.A [(7)]	Spain	Holding and IT consultancy services	100.00 %	-	-
Grupo ASSA Corp. [(7)]	United States of America	Business an IT consultancy services	100.00 %	-	-
GASA México Consultoria y Servicios S.A de C.V [(7)]	Mexico	Business an IT consultancy services	100.00 %	-	-
Grupo Assa México Soluciones Informáticas S.A de C.V [(7)]	Mexico	Business an IT consultancy services	100.00 %	-	-
Grupo Assa Colombia S.A.S [(7)]	Colombia	Business an IT consultancy services	100.00 %	-	-
CTN Consultoria Tecnologia e Negocios LTDA [(7)]	Brazil	Business an IT consultancy services	100.00 %	-	-
IBS Integrated Business Solutions Consultoria LTDA [(7)]	Brazil	Business an IT consultancy services	100.00 %	-	-
Global Digital Business Solutions em Tecnologia LTDA [(7)]	Brazil	Business an IT consultancy services	100.00 %	-	-
Servicios Digitais em tecnologia de informacao LTDA [(7)]	Brazil	Business an IT consultancy services	100.00 %	-	-
Grupo Assa Chile [(7)]	Chile	Business an IT consultancy services	100.00 %	-	-
Decision Support S.A [(7)]	Argentina	Business an IT consultancy services	100.00 %	-	-
Banking Solutions S.A [(7)]	Argentina	Business an IT consultancy services	100.00 %	-	-
Brazilian Technology Partners S.A [(7)]	Argentina	Holding and investment activities	100.00 %	-	-

Globant Colombia S.A.S [8]	Colombia	Software development and consultancy	100.00 %	-	-
Globant Germany GmbH [9]	Germany	Software development and consultancy	100.00 %	-	-
Xappia SpA [10]	Chile	Cloud consulting and implementation services	100.00 %	-	-
Xappia S.R.L.[10]	Argentina	Cloud consulting and implementation services	100.00 %	-	-
Giant Monkey Robot SpA [11]	Chile	Live game operations, in-game economy, and mobile game development	100.00 %	-	-
Giant Monkey Robot Inc. [11]	United States of America	Live game operations, in-game economy, and mobile game development	100.00 %	-	-
BlueCap Management Consulting SL [12]	Spain	Business and financial consultancy services	100.00 %	-	-

(1) On October 26, 2018, the sellers exercised the put option on the non-controlling interest of Dynaflows (see note 25.2).
(2) Globant Ventures S.A.S was registered on January 17, 2019.
(3) Software Product Creation SL Dubai Branch is dormant since February 27, 2020.
(4) Avanxo (Bermuda) Limited changed its name to Avanxo Servicios Informáticos España S.L due to its redomiciliation to Spain 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 25.8).
(5) 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 25.9).
(6) Belatrix Services Corp changed its name to Globant IT Services Corp. on April 21, 2020.
(7) 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 25.11).
(8) Globant Colombia S.A.S was incorporated on September 8, 2020.
(9) Globant Germany GmbH was incorporated on September 9, 2020.
(10) Xappia SpA and Xappia SRL were acquired on October 21, 2020 (see note 25.12).
(11) Giant Monkey Robot, SpA and Giant Monkey Robot, Inc were acquired on November 9, 2020 (see note 25.13).
(12) BlueCap Management Consulting SLU was acquired on December 18, 2020 (see note 25.14).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively*;* and

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date.

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

consideration transferred, the amount of any non-controlling interests in the acquired business and the fair value of the acquirer's previously held equity interest in the acquired business (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquired business identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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, 2020, 2019 and 2018.

3.3 – Revenue recognition

The Company generates revenue primarily from the provision of software development, testing, infrastructure management, application maintenance, outsourcing services, consultancy and Services over Platforms (SoP). SoP is a new concept for the services industry that aims to deliver digital journeys in more rapid manner providing specific platforms as a starting point and then customizing them to the specific need of the customers. Revenue is measured at the fair value of the consideration received or receivable.

The Company’s services are performed under both time-and-material and fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognized as a 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

During 2018, the Company applied IAS 17 for leases recognition, where leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases which transferred to the Company substantially all the risks and benefits incidental to ownership of the leased item, were capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in finance costs in the consolidated statement of comprehensive income. A leased asset was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Company would obtain ownership by the end of the lease term, the asset should be depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments were recognized as an expense on a straight-line basis over the lease term, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed. Contingent rentals arising under operating leases were recognized as an expense in the period in which they were incurred.

In the event that lease incentives were received to enter into operating leases, such incentives were recognized as a liability. The aggregate benefit of incentives was recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

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:

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, 2020 and 2019, such adjustments amounted to 491 and 126 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.
- Avanxo Mexico S.A.P.I de C.V.: the functional currency is the Mexican Peso.
- Orizonta Consultoria De Negocios E Tecnologia LTDA: the functional currency is the Brazilian Real.
- Avanxo S.A.: the functional currency is the Argentine Peso.
- Avanxo Colombia: the functional currency is the Colombian Peso.
- BlueCap Management Consulting SL: 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.

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, the 3-year cumulative rate of inflation for consumer prices and wholesale prices in Argentina reached a level of about 123% and 119%, respectively. On that basis, Argentina was considered an hyperinflationary economy since July 1, 2018. As of December 31, 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. and Avanxo S.A as explained above.

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 balance sheet dates. The current income tax charge is calculated on the basis of the tax laws in force in the countries in which the consolidated entities operate.

For the fiscal years 2020 and 2019, 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 2019 and FY 2020 (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 were registered in 2008 and Belatrix Global Corporation S.A. is registered since 2013. Under the ETVE regime, dividends distributed from its foreign subsidiaries as well as any gain resulting from disposal are tax free. In order to be entitled to the tax exemption, among other requirements, the main activity of 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 and 2019 the Uruguayan subsidiary distributed dividends for a total amount of 22,300 and 11,000 to Globant España S.A, respectively. Additionally, as of December 31, 2019, BSF S.A distributed dividends for a total amount of 310 to Belatrix Global Corporation S.A. If this tax exemption would not apply, the applicable tax rate should be. 25%. The Company´s Spanish subsidiaries Software Product Creation S.L., Avanxo Servicios Informaticos S.L. and Bluecap Management Consulting S.L are subject to a 25% corporate income tax rate.

Argentine companies are subject to a 30% corporate income tax rate. In May 2008, IAFH Global S.A. and Sistemas Globales S.A. were notified by the Argentine Government through the Ministry of Economy and Public Finance that they had been included within the promotional regime for the software industry established under Law No. 25,922 (the "Software Promotion Regime"). BSF S.A is benefited by the promotional regime as well. The incorporation was notified on April 2008. Decision Support S.A was included in the regime on November 2017.

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

The Software Promotion Law was valid until December 31, 2019.

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.

For registration at the National Registry of Beneficiaries, the beneficiaries of the Software Promotion Law must have expressed their willingness to continue in the regime for the Promotion of the Economy of Knowledge, through the presentation of the respective application before the entry into force of the Knowledge based Economy Law. Once the formalities established for this purpose have been fulfilled, the applicants will be incorporated in the registry, considering the date of registration January 1, 2020. To that end the beneficiaries must be in good standing with their obligations regarding the Software Promotion Law.

Sistemas Globales S.A. and IAFH S.A. filed their applications for registration in the National Registry of Beneficiaries on November 12, 2019, BSF S.A. did so on December 3, 2019 and Decision Support on December 11, 2019. The registrations were treated as provisional. However, for this entities the regime is fully applicable from January 1st, 2020.

In order to remain in the National Registry, the beneficiaries must prove every two years that they meet certain requirements, such as, they are in compliance with their tax, labor, union and social security; they maintain and / or increase their payroll compared to that declared at the time of the presentation of the application for registration (this requirement may be controlled annually); they continue to comply with the requirements related to the promoted activities. Additionally, they must increase the amount of exports and/or research and development expenses and/or training investment in the percentages established by the enforcement authority. However, such proportional increase requirement was suspended for the first biannual renewal due to the emergency caused by the outbreak of COVID-19.

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. The original law established a reduced rate of 15%. The benefit is applicable for the fiscal year starting after the date of registration.
- 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. Beneficiaries that carry out exports are authorized to use the credit against income tax liabilities in the percentage of exports reported at the time of registration. The credit will be increased to 80% to newly-onboarded employees that are: (a) women, (b) transsexual and transgender persons, (c) professionals with graduate studies in engineering, exact or natural sciences, (d) individuals with disabilities, (e) individuals who reside in unfavorable areas and/or provinces with lower relative development, (f) individuals who, before being employed, were beneficiaries of welfare programs, among other groups of interest to be added by the enforcement authority.

The Knowledge based Economy Law is regulated by Decree No. 1034/2020 published on December 21, 2020 and Resolution No. 4/2021 that was issued by the enforcement authority -the Ministry of Productive Development- on January 14, 2021.

According to the Decree and the Resolution, the beneficiaries of the former Software Promotion Regime will enjoy the benefits of the Knowledge Economy Law retroactively since January 1st, 2020.

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

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

Even though the combined effective rate for shareholders on distributed income (corporate income tax rates plus dividend withholding rates on the after tax profit) will be close to the prior 35% rate, this change is aimed at promoting the reinvestment of profits. Additionally, the Law repeals the “equalization tax” (i.e., 35% withholding applicable to dividends distributed in excess of the accumulated taxable income) for income accrued from January 1, 2018.

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 starting 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.

The Social Solidarity Law also introduced amendments to the income tax, personal assets tax, excise tax on certain goods, tax on debits and credits in local bank accounts and social security rules. It also establishes a new tax on certain purchases of foreign currency, a new tax debt settlement plan for certain taxpayers, and establish new rates on export of goods and services.

The Company's Argentine subsidiaries, Globers Travel, Dynaflows, Globant Ventures SAS, Avanxo S.A., Banking Solutions S.A, Brazilian Partners S.A. and Xappia S.R.L are subject to a corporate income tax rate of 30% as they are not in 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 December 31, 2020, 2019 and 2018 were 29,818, 21,224 and 11,095, 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 32%. 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.

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 provide 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%.

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 on 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 the Decree N° 8 that extends the duration of the HTP’s tax incentives and the special legal regime until January 1, 2049. The Company will be benefited by the exemption as long as the regime is valid.

3.7.1.2 – Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets including tax loss carry forwards are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the entities are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other

comprehensive income or directly in equity respectively. The Company has not recorded any current or deferred income tax in other comprehensive income or equity in any each of the years presented, except for deferred income tax arising from the share-based compensation plan, for the deferred income tax arising from hedge instruments and for the translation of deferred tax assets and liabilities arising from subsidiaries with functional currencies other than U.S. dollar.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Under IFRS, deferred income tax assets (liabilities) are classified as non-current assets (liabilities).

3.7.1.3 – Uncertain tax treatments

The Company determines the accounting for tax position when there is uncertainty over income tax treatments as follows. First, the Company determine whether uncertain tax positions are assessed separately or as a group; and then, the Company assess 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 determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the Company reflect 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, 2020, and 2019, 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 3,543 and 1,768, related to assessments for the fiscal years 2014 to 2020 and 2014 to 2019, respectively. No formal claim has been made for fiscal years within the statute of limitation by Tax authorities in any of the mentioned matters, however those years are still subject to audit and claims may be asserted in the future.

3.8 – Property and equipment

Fixed assets are valued at acquisition cost, net of the related accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Lands and properties under construction are carried at cost, less any recognized impairment loss. Properties under construction are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Land is not depreciated.

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

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 and non-compete agreements. The accounting policies for the recognition and measurement of these intangible assets are described below.

3.9.1 – Intangible assets acquired separately

Intangible assets with finite useful life that are acquired separately (licenses) are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the intangible assets estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

3.9.2 – Intangible assets acquired in a business combination

Intangible assets acquired in a business combination (trademarks, customer relationships, customer contracts and non-compete agreements) are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses if any, on the same basis as intangible assets acquired separately.

3.9.3 – Internally-generated intangible assets

Intangible assets arising from development are recognized if, and only if, all the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the ability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated assets is the sum of expenditure incurred (including employee costs and an appropriate proportion of overheads) from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Capitalized intangible assets are amortized from the point at which the asset is ready for use. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Costs associated with maintaining software programs are recognized as an expense as incurred.

3.9.4 – Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized. As of December 31, 2020 and 2019, the Company has derecognized intangible assets for an amount of 507 and 24, 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, 2019 and 2018 the Company recorded an impairment loss of 83, 720 and 306, respectively, related to internally-generated intangible assets.

3.11 – Provisions for contingencies

The Company has existing or potential claims, lawsuits and other proceedings. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, and the advice of the Company's legal advisers.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The amount of the recognized receivable does not exceed the amount of the provision recorded.

3.12 – Financial assets

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

3.12.1 – Amortized cost and effective interest method

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

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

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.12.2 – Financial assets measured at FVOCI

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

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

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

3.12.3 – Financial assets measured at FVPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other financial results, net' line.

3.12.4 - Derivative financial instruments

The Company enters into foreign exchange forward contracts and swaps. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset. The impact of the futures and forward contracts on the Company's financial position is disclosed in note 28. A derivative is presented as a non–current asset or a non–current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

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

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

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

Movements in the hedging reserve in equity are detailed in note 29.3.

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 – Other Financial Assets

Call option over non-controlling interest in subsidiary

On October 22, 2015, the Company was granted with a call option to acquire the remaining 33.27% interest in Dynaflows S.A, which can be exercised from October 22, 2020 till October 21, 2021. At the same moment, the Company has also agreed on a put option with the non-controlling shareholders which gives them the right to sell its remaining 33.27% interest on October 22, 2018 or October 22, 2020. During the year ended December 31, 2018, the sellers exercised the put option, as explained in note 25.2, and the Company derecognized the call option.

3.12.7 – Impairment of financial assets

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

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

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

Definition of default

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

Credit-impaired financial assets

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

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

Write-off policy

Financial assets' carrying amounts are reduced through the use of an allowance account on a case-by-case basis. When a financial asset is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

Measurement and recognition of expected credit losses

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

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

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

3.12.8 – Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

As of December 31, 2020 and 2019, the Company entered in one factoring agreement, each year, arranged both with Banco Santander; pursuant to which Globant, LLC transferred receivables for a total amount of 1,292 and 3,510, respectively; as of December 31, 2020 the Company also incurred in a collection in advance benefit that some clients offer with JP Morgan and Deutsche Bank for a total amount of 3,843. The Company considers that it has substantially transferred the risks and rewards intrinsic to these receivables to the bank and therefore they were derecognized.

3.12.9 – 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.

3.12.9.1 Convertible note - 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 and 2019, the fair value of the loan agreement amounted to 130 and 115, respectively, and is disclosed as other financial assets current. The Company expects to collect the convertible note in a foreseeable future and hence it has concluded that the convertible note is recoverable (see note 32.2).

3.12.9.2 Convertible note - 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. As of December 31, 2019, the fair value of the loan agreement amounted to 1,841, and is disclosed as other financial assets current. 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.

3.12.9.3 Convertible notes - Globant Ventures

During the year ended December 31, 2020, Globant Venture SAS entered into 2 note purchase agreements with Drixit Technologies Inc and Woolabs S.A, additional to the 4 note purchase agreements acquired previously on 2019 with Interactive Mobile Media S.A. (CamonApp), AvanCargo Corp., TheEye S.A.S. and Robin (the "startups"), pursuant to which Globant Ventures provides financing facility for a total amount of 1,036. Interest on the entire outstanding principal balance is computed at annual rates ranging from 5% to 12% .Globant Venture SAS has the right to convert any portion of the outstanding principal into equity interest of the startups. As of December 31, 2020 and 2019, the fair value of the loan agreement amounted to 306 and 300 disclosed as other financial assets non-current, respectively, and 730 disclosed as other financial assets current as of December 31, 2020.

3.13 – Financial liabilities and equity instruments

3.13.1 – Classification as debt or equity

Debt and equity instruments issued by the Company and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.13.2 – Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.13.3 – Financial liabilities

Financial liabilities, including trade payables, other liabilities and borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.13.4 – Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.14 – Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short-term highly liquid investments (original maturity of less than 90 days). In the consolidated statements of financial position, bank overdrafts are included in borrowings within current liabilities.

Cash and cash equivalents as shown in the statement of cash flows only includes cash and bank balances and time deposits as disclosed in note 10.

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 24.

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, 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, 2020 and 2019 was higher than its quoted price in the U.S. market (in U.S dollars) converted at the official exchange rate prevailing in Argentina, which is the rate used to convert these transactions in foreign currency into the Company's Argentine subsidiaries' functional currency, thus, as a result, the Company recognized a gain when remeasuring the fair value of the bonds in Argentine pesos into U.S. dollars at the official exchange rate prevailing in Argentina.

During the year ended December 31, 2020 and 2019, the Company recorded a gain amounting to 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).

As of December 31,2018 the Company did not engaged in the above described transaction.

NOTE 4 – CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The critical accounting estimates concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are the following:

1. Income taxes

   Determining the consolidated provision for income tax expenses, deferred income tax assets and liabilities requires judgment. The provision for income taxes is calculated over the net income of the company and is inclusive of federal, local and state taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences in each of the jurisdictions where the Company operates of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be reversed. Changes to enacted tax rates would result in either increases or decreases in the provision for income taxes in the period of changes.

   The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. This assessment requires judgments, estimates and assumptions by management. In evaluating the Company's ability to utilize its deferred tax assets, the Company considers all available positive and negative evidence, including the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are recoverable. The Company's judgments regarding future taxable income are based on expectations of market conditions and other facts and circumstances. Any adverse change to the underlying facts or the Company's estimates and assumptions could require that the Company reduces the carrying amount of its net deferred tax assets.

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

2. Impairment of trade receivables

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

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

As of December 31, 2020, 2019 and 2018, the Company recorded a recovery for an amount of 107 and an impairment for an amount of, 275 and 3,421, respectively, 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, 2020 the Company has recognized and additional impact related to the COVID-19 pandemic, see note 31.

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 28.8.

4. Provision for contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

5. Purchase price allocation

The acquisition method of accounting is use 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 28.8 28.8.

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, 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 26, the Company operates in a single operating and reportable segment.

	For the year ended December 31,		
By Industry vertical	**2020**	**2019**	**2018**
Banks, Financial Services and Insurance	193,364	143,788	114,439
Media and Entertainment	187,071	156,292	133,093
Consumer, Retail & Manufacturing	105,876	85,698	54,087
Professional Services	103,133	73,282	52,318
Technology & Telecommunications	96,643	88,183	67,310
Travel & Hospitality	67,634	92,773	89,212
Health Care	53,781	—	—
Other Verticals	6,637	19,309	11,851
TOTAL	**814,139**	**659,325**	**522,310**

	For the year ended December 31,		
By Currency(*)	**2020**	**2019**	**2018**
United States dollar (USD)	699,769	563,747	447,314
European euro (EUR)	35,454	28,237	30,087
Pound sterling (GBP)	1,331	3,012	6,550
Argentine peso (ARS)	33,594	26,948	20,651
Mexican peso (MXN)	21,624	19,939	11,711
Colombian peso (COP)	7,791	6,831	4,068
Brazilian real (BRL)	10,795	8,030	46
Others	3,781	2,581	1,883
TOTAL	**814,139**	**659,325**	**522,310**

(*) Billing currency.

	For the year ended December 31,		
By Contract Type	**2020**	**2019**	**2018**
Time and material contracts	698,943	544,131	431,295
Fixed-price contracts	107,033	106,386	90,980
Subscription resales	8,156	8,525	—
Others	7	283	35
TOTAL	**814,139**	**659,325**	**522,310**

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

6.1 - Cost of revenues

	For the year ended December 31,		
	2020	**2019**	**2018**
Salaries, employee benefits and social security taxes	(476,480)	(366,594)	(293,171)
Shared-based compensation expense	(4,109)	(4,976)	(4,248)
Depreciation and amortization expense	(9,759)	(7,350)	(4,022)
Travel and housing	(6,881)	(17,115)	(6,623)
Office expenses	(3,050)	(2,583)	(2,082)
Professional services	(6,599)	(4,440)	(5,248)
Promotional and marketing expenses	(498)	(252)	(1,575)
Recruiting, training and other employee expenses	(2,436)	(1,854)	(1,382)
Taxes	—	—	(203)
TOTAL	**(509,812)**	**(405,164)**	**(318,554)**

6.2 - Selling, general and administrative expenses

	For the year ended December 31,		
	2020	**2019**	**2018**
Salaries, employee benefits and social security taxes	(86,563)	(69,056)	(47,805)
Share-based compensation expense	(20,519)	(14,912)	(8,665)
Rental expenses (1)	(5,762)	(5,260)	(17,185)
Office expenses	(13,515)	(10,733)	(11,602)
Professional services	(23,693)	(13,167)	(13,754)
Travel and housing	(3,878)	(7,259)	(6,259)
Taxes	(16,665)	(16,201)	(6,126)
Depreciation and amortization expense	(21,083)	(16,905)	(16,521)
Depreciation expense of right-of-use assets	(17,638)	(14,584)	—
Recruiting, training and other employee expenses	(4,389)	(2,299)	(1,507)
Promotional and marketing expenses	(3,517)	(2,102)	(3,763)
TOTAL	**(217,222)**	**(172,478)**	**(133,187)**

(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.

6.3 - Fees paid to the auditor

The following table provides information on the aggregate fees billed by the independent auditor, classified by type of service rendered for the periods indicated, in thousands of dollars:

	2020	2019
	($ in thousands)	
Audit Fees [1]	1,216	1,264
Audit Related Fees [2]	230	—
Tax Services Fees [3]	—	—
All Other Fees [4]	—	—
Total	**1,446**	**1,264**

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

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

(3) “Tax Services Fees” includes fees billed for professional services rendered by the principal accountant for tax compliance, advice and planning.

(4) “All Other Fees” includes fees billed for products and services provided by the principal accountant, other than Audit Fees, Audit-Related Fees and Tax Fees.

NOTE 7 – FINANCE INCOME / EXPENSE/ OTHER FINANCIAL RESULTS

	For the year ended December 31,		
	2020	2019(*)	2018(*)
Finance income			
Interest gain	1,920	958	407
Total	**1,920**	**958**	**407**
Finance expense			
Interest expense on borrowings	(2,426)	(1,226)	(152)
Interest expense on lease liabilities	(4,944)	(3,464)	—
Other interest	(1,505)	(419)	(525)
Other	(1,555)	(1,544)	(864)
Total	**(10,430)**	**(6,653)**	**(1,541)**
Other financial results, net			
Net (loss) gain arising from financial assets measured at fair value through PL	(3,423)	1,207	2,763
Net gain (loss) arising from financial assets measured at fair value through OCI	(16)	72	258
Gain (loss) arising from financial assets measured at amortized cost	395	99	—
Foreign exchange gain (loss), net	(2,935)	(8,841)	(7,437)
Gain on transaction with bonds	9,580	1,569	—
Total	**3,601**	**(5,894)**	**(4,416)**

(*) As of December 31, 2019 and 2018, some changes in the presentation of the financial result were included (see note 2.2.1).

NOTE 8 – INCOME TAXES

8.1 – INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	For the year ended December 31,		
	2020	**2019**	**2018**
Tax expense:			
Current tax expense	(27,834)	(19,327)	(23,324)
Deferred tax gain	5,527	4,310	7,456
TOTAL INCOME TAX EXPENSE	**(22,307)**	**(15,017)**	**(15,868)**

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 U.S.

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

	For the year ended December 31,		
	2020	**2019**	**2018**
Profit before income tax	76,524	69,032	67,464
Tax calculated at the tax rate in each country	(13,253)	(12,714)	(15,887)
Argentine Software Promotion Regime (note 3.7.1.1)	637	3,256	6,844
Non-deductible expenses	1,180	925	1,130
Tax loss carry forward not recognized	(3,686)	(2,402)	(1,462)
Exchange difference	(1,781)	(4,365)	(8,777)
Effect of foreign exchange difference in tax base	(5,404)	—	—
Other	—	283	2,284
INCOME TAX EXPENSE RECOGNIZED IN PROFIT AND LOSS	**(22,307)**	**(15,017)**	**(15,868)**

8.2 – DEFERRED TAX ASSETS AND LIABILITIES

	As of December 31,	
	2020	**2019**
Share-based compensation plan	19,466	11,587
Provision for vacation and bonus	10,370	6,533
Intercompany trade payables	10,247	3,553
Property, equipment and intangibles	(5,699)	1,163
Goodwill	(2,799)	(1,752)
Allowance for doubtful accounts	727	928
Contingencies	992	714
Inflation adjustment	3,080	1,186
Others	2,160	917
Loss carryforward (1)	2,963	2,039
TOTAL DEFERRED TAX ASSETS	**41,507**	**26,868**

	As of December 31,	
	2020	**2019**
Other Assets	(1,122)	(1,028)
Property, equipment and intangibles	(12,576)	—
TOTAL DEFERRED TAX LIABILITIES	**(13,698)**	**(1,028)**

(1) As of December 31, 2020 and 2019 , the detail of the loss carryforward is as follows:

	2020		2019	
Company	**Loss carryforward**	**Expiration date**	**Loss carryforward**	**Expiration date**
Globant S.A.	201	does not expire	—	—
Dynaflows S.A.	2	2022	—	—
Dynaflows S.A.	33	2023	138	2024
Dynaflows S.A.	88	2024	53	2023
Dynaflows S.A.	33	2025	4	2022
IAFH Global S.A	426	2024	594	2024
IAFH Global S.A	586	2025	—	—
Globant Brasil Consultoría Ltda. (2)	540	does not expire	767	does not expire
We Are London Limited	56	does not expire	163	does not expire
Difier S.A	—	—	3	does not expire
Sistemas Globales S.A.	—	—	25	2023
Avanxo S.A.	4	2022	129	2024
Avanxo S.A.	4	2023	—	—
Avanxo S.A.	32	2024	—	—
Avanxo S.A.	23	2025	—	—
BSF S.A.	—	—	140	2024
Avanxo - Sucursal del Perú	—	—	20	2022
Globant France S.A.S.	—	—	3	does not expire
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	—	—
	2,963		**2,039**	

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

As of December 31, 2020 and 2019, no deferred tax liability has been recognized on investments in subsidiaries. The Company has concluded it has the ability and intention to control the timing of any distribution from its subsidiaries and it is probable that will be no reversal in the foreseeable future in a way that would result in a charge to taxable profit.

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

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.

2019	Opening balance	Recognised in profit or loss (*)	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions/ disposals	Additions from business combinations	Closing balance
Deferred tax assets/(liabilities) in relation to:							
Share-based compensation plan	4,731	718	—	9,864	(3,726)	—	11,587
Provision for vacation and bonus	6,624	(275)	—	—	—	184	6,533
Intercompany trade payables	2,207	1,346	—	—	—	—	3,553
Property and equipment	716	447	—	—	—	—	1,163
Goodwill	(1,005)	(747)	—	—	—	—	(1,752)
Allowance for doubtful accounts	967	(39)	—	—	—	—	928
Contingencies	546	168	—	—	—	—	714
Inflation adjustments	—	1,186	—	—	—	—	1,186
Other assets	—	(389)	—	—	—	(639)	(1,028)
Others	269	648	—	—	—	—	917
Subtotal	15,055	3,063	—	9,864	(3,726)	(455)	23,801
Loss carryforward	1,861	876	(698)	—	—	—	2,039
TOTAL	**16,916**	**3,939**	**(698)**	**9,864**	**(3,726)**	**(455)**	**25,840**

(*) Includes foreign exchange loss of 905.

NOTE 9 – 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,		
	2020	2019	2018
Net income for the year attributable to owners of the Company	54,217	54,015	51,677
Weighted average number of shares (in thousands) for the purpose of basic earnings per share	38,515	36,586	35,746
Weighted average number of shares (in thousands) for the purpose of diluted earnings per share	39,717	37,674	36,685
BASIC EARNINGS PER SHARE	**$1.41**	**$1.48**	**$1.45**
DILUTED EARNINGS PER SHARE	**$1.37**	**$1.43**	**$1.41**

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,		
	2020	2019	2018
Shares not-deemed to be issued in respect of employee options	19,098	4,470	205,940

NOTE 10 – CASH AND CASH EQUIVALENTS

	As of December 31,	
	2020	2019
Cash and bank balances	278,722	62,426
Time deposits	217	295
TOTAL	**278,939**	**62,721**

NOTE 11 – INVESTMENTS

11.1 – Investments

	As of December 31,	
Current	2020	2019
Mutual funds (1)	19,284	19,384
Bills issued by the Treasury of the Argentine Republic ("LETEs") (2)	—	396
TOTAL	**19,284**	**19,780**

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

	As of December 31,	
Non current	2020	2019
Contribution to funds [3]	615	—
Contribution to risk funds [4]	—	418
TOTAL	**615**	**418**

[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, 2020, the Company has payed 615.

[4] On December 27, 2018, the Company signed an agreement pursuant to which the Company made a contribution to the risk fund of a Mutual Guarantee Company. Such contribution accrues an interest which is collectible on a quarterly basis. On December 27, 2020 94.6% of the contribution was rescued and the remaining is expected to be collected during 2021. As of December 31. 2019, the Company has recorded 418, as a non current investment, measured at amortized cost.

11.2 – Investments in associates

Collokia investment

As of December 31, 2020 and 2019, the Company has 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.

As of December 31, 2018, indicators that the investment in Collokia may not be recovered arose and the Company performed an impairment test. As a consequence, an impairment loss of 800 was recognized and is included in Other income and expenses, net.

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.

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, 2020 and 2019 the Company share on the profit or loss of the investment in Acamica amounted to a loss of 622 and 224, respectively.

NOTE 12 – TRADE RECEIVABLES

	As of December 31,	
	2020	**2019**
Current		
Accounts receivable [1]	181,658	146,382
Unbilled revenue	20,117	13,970
Subtotal	201,775	160,352
Less: Allowance for doubtful accounts	(5,755)	(3,676)
TOTAL	**196,020**	**156,676**
Non-current		
Accounts receivable [1]	5,644	—
TOTAL	**5,644**	**—**

(1) As of December 31, 2020 there were no amounts due from related parties, as of December 31, 2019 there were 91 due from related parties (see note 23.1).

Allowance for doubtful accounts

The following tables detail the risk profile of trade receivables based on the Company's provision matrix as of December 31, 2020 and 2019.

December 31, 2020	Trade receivables - days past due						
	< 30	**31 - 60**	**61 - 90**	**91-120**	**121-180**	**> 180**	**Total**
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**

December 31, 2019	Trade receivables - days past due						
	< 30	**31 - 60**	**61 - 90**	**91-120**	**121-180**	**>180**	**Total**
Expected credit loss rate	0.80%	2.00%	3.50%	7.80%	20.30%	79.50%	
Estimated total gross carrying amount at default	21,165	8,852	3,091	829	410	3,867	38,214
Lifetime ECL	**169**	**177**	**108**	**65**	**83**	**3,074**	**3,676**

The movements in the allowance are calculated based on lifetime expected credit loss model for 2020 and 2019.

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,		
	2020	**2019**	**2018**
Balance at beginning of year	(3,676)	(3,957)	(609)
Recoveries (Additions), net (note 4.2)	107	(275)	(3,421)
Additions related to Travel and Hospitality clients (note 31)	(3,194)	—	—
Write-off of receivables	980	556	73
Translation	28	—	—
Balance at end of year	**(5,755)**	**(3,676)**	**(3,957)**

The average credit period on sales is 76 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 31.

NOTE 13 – OTHER RECEIVABLES

	As of December 31,	
	2020	**2019**
Other receivables		
Current		
Tax credit - VAT	4,358	2,592
Tax credit - Software Promotion Regime (note 3.7.1.1)	493	4,504
Income tax credits	7,053	4,534
Tax credit - Knowledge Law (note 3.7.1.1)	7,230	—
Other tax credits	674	577
Advances to suppliers	2,142	1,666
Prepaid expenses	6,625	4,268
Loans granted to employees	77	211
Other	2,981	956
TOTAL	**31,633**	**19,308**

	As of December 31,	
	2020	**2019**
Non-current		
Tax credit - VAT	392	1,004
Income tax credits	3,037	1,516
Tax credit - Knowledge Law (note 3.7.1.1)	1,784	—
Other tax credits	145	209
Guarantee deposits	3,091	2,683
Advance to suppliers	—	3,579
Loans granted to employees	101	152
Prepaid expenses	1,348	45
Subtotal	9,898	9,188
Allowance for impairment of tax credits	(269)	(378)
TOTAL	**9,629**	**8,810**

As of December 31, 2020, 2019 and 2018, the Company recorded a recovery for an amount of 7, 47 and an impairment of tax credit for 48, 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,		
	2020	**2019**	**2018**
Balance at beginning of year	378	675	1,300
(Recovery) additions	(7)	(47)	48
Foreign exchange	(102)	(250)	(673)
Balance at end of year	**269**	**378**	**675**

NOTE 14 – PROPERTY AND EQUIPMENT

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

Property and equipment as of December 31, 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 25.16)	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	50,332	10,084	51,568	79	13,907	2,354	49,803	178,127
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	32,647	6,651	36,601	17	1,184	—	—	77,100
Carrying amount	**17,685**	**3,433**	**14,967**	**62**	**12,723**	**2,354**	**49,803**	**101,027**

Property and equipment as of December 31, 2019 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	30,053	7,142	41,904	37	13,401	2,354	4,365	99,256
Additions related to business combinations (note 25.16)	878	727	1,585	71	420	—	—	3,681
Additions	8,397	570	1,055	—	—	—	37,015	47,037
Transfers	48	1,369	5,787	—	—	—	(7,204)	—
Disposals	(268)	(42)	—	—	—	—	(5)	(315)
Translation	(169)	(167)	26	—	—	—	—	(310)
Values at end of year	38,939	9,599	50,357	108	13,821	2,354	34,171	149,349
Depreciation								
Accumulated at beginning of year	18,873	4,296	23,997	21	609	—	—	47,796
Additions	6,759	1,225	6,283	7	268	—	—	14,542
Disposals	(191)	(46)	—	—	—	—	—	(237)
Translation	(164)	(131)	10	—	—	—	—	(285)
Accumulated at end of year	25,277	5,344	30,290	28	877	—	—	61,816
Carrying amount	**13,662**	**4,255**	**20,067**	**80**	**12,944**	**2,354**	**34,171**	**87,533**

NOTE 15 – INTANGIBLE ASSETS

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

If any impairment indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. The discount rate use is the appropriate weighted average cost of capital.

During the year, the Company considered the recoverability of its internally generated intangible asset which are included in the consolidated financial statements as of December 31, 2020 and 2019 with a carrying amount of 18,537 and 9,388, respectively.

The Company has recognized an impairment of 83, 720 and 306 as of December 31, 2020, 2019 and 2018, respectively. 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, 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 25.16)	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	72,538	74,792	834	148,164
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	47,360	13,459	624	61,443
Carrying amount	**25,178**	**61,333**	**210**	**86,721**

Intangible assets as of December 31, 2019 included the following:

	Licenses and internal developments	Customer relationships and contracts	Non-compete agreements	Total
Useful life (years)	5	1 - 4	3	
Cost				
Values at beginning of year	36,957	10,896	586	48,439
Additions related to business combinations (note 25.16)	—	14,389	—	14,389
Additions from separate acquisitions	4,188	—	—	4,188
Additions from internal development	7,212	—	—	7,212
Disposals	(26)	—	—	(26)
Translation	(13)	—	—	(13)
Values at end of year	48,318	25,285	586	74,189
Amortization and impairment				
Accumulated at beginning of year	26,179	9,896	586	36,661
Additions	8,589	1,124	—	9,713
Impairment loss recognized in profit or loss	720	—	—	720
Disposals	(2)	—	—	(2)
Translation	(13)	—	—	(13)
Accumulated at end of year	35,473	11,020	586	47,079
Carrying amount	**12,845**	**14,265**	**—**	**27,110**

NOTE 16 – 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, 2020 and 2019 is as follows:

	As of December 31,	
	2020	**2019**
Other assets		
Current		
Unbilled Subscriptions	8,146	13,439
Non-current		
Unbilled Subscriptions	6,954	7,796

NOTE 17 – OTHER FINANCIAL ASSETS AND LIABILITIES

	As of December 31,	
	2020	**2019**
Other financial assets		
Current		
Convertible notes	860	3,236
Foreign exchange forward contracts	492	1,291
Guarantee deposits	190	—
Others	35	—
TOTAL	**1,577**	**4,527**
Non-current		
Convertible notes	306	300
Equity instruments	10,478	—
Guarantee deposits	4,363	1,383
TOTAL	**15,147**	**1,683**
Other financial liabilities		
Current		
Other financial liabilities related to business combinations (note 25)	19,729	8,937
Foreign exchange forward contracts	93	—
TOTAL	**19,822**	**8,937**
Non-current		
Other financial liabilities related to business combinations (note 25)	73,639	1,617
Interest rate SWAP	737	—
TOTAL	**74,376**	**1,617**

Singularity investment

On July 8, 2019 ("issuance date"), Globant España S.A. and Singularity Education Group, agreed into a note purchase agreement whereby Globant España S.A. provides financing facility for 1,250. Interest on the entire outstanding principal balance is computed at an annual rate of 5%. Singularity Education Group shall repay the loan in full within 1 year from the effective date. Globant España S.A has the right to convert any portion of the outstanding principal into Conversion Shares of Singularity Education Group. As of December 31, 2019, the fair value of the loan agreement amounted to 1,280 and is disclosed as other financial assets current.

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

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 and is disclosed as other financial asset non-current. As of December 31, 2020 the Company has a 15% equity interest on Digital House.

NOTE 18 – TRADE PAYABLES

	As of December 31,	
	2020	**2019**
Current		
Suppliers	16,928	10,623
Expenses accrual	18,338	20,864
TOTAL	**35,266**	**31,487**

	As of December 31,	
	2020	**2019**
Non current		
Expenses accrual	5,240	5,500
TOTAL	**5,240**	**5,500**

NOTE 19 – PAYROLL AND SOCIAL SECURITY TAXES PAYABLE

	As of December 31,	
	2020	**2019**
Salaries	12,018	8,376
Social security tax	22,140	13,564
Provision for vacation, bonus and others	77,015	49,909
Directors fees	139	281
Other	569	122
TOTAL	**111,881**	**72,252**

NOTE 20 – BORROWINGS

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

	As of December 31,	
	2020	**2019**
HSBC Bank and Citibank - Syndicated loan (United States)	25,028	50,363
Banco Santander (Colombia)	—	549
Banco Supervielle (Argentina)	188	309
Banco ICBC (Argentina)	752	96
Others	—	69
TOTAL	**25,968**	**51,386**

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

	As of December 31,	
	2020	**2019**
Current borrowings		
Bank loans	907	1,198
Non-current borrowings		
Bank loans	**25,061**	**50,188**
TOTAL	**25,968**	**51,386**

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

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

Movements in borrowings are analyzed as follows:

	As of December 31,		
	2020	2019	2018
Balance at the beginning of year	51,386	—	6,011
Borrowings related to business combination (note 25.16) [1] [4]	13,969	1,290	—
Proceeds from new borrowings [2] [5]	155,108	90,523	—
Payment of borrowings [3] [5]	(196,202)	(41,570)	(6,163)
Accrued interest [4]	2,299	1,226	152
Foreign exchange [4]	(592)	(83)	—
TOTAL	**25,968**	51,386	—

[1]) Corresponds to borrowings mainly with Corrum, Banco Macro, HSBC, ICBC, Banco Provincia, BBVA, Aurum Fundo de Investimentos and Itau, with maturity date between October 9, 2020 and July 30, 2021. These borrowings do not have covenants.

[2] On March 23, March 24 and April 1, 2020, Globant, LLC borrowed 64,000, 11,000 and 75,000, respectively, under the A&R Credit Agreement, described above, this loan will mature on February 5, 2025. On August 11, 2020 Decision Support S.A., borrowed 500 from Banco Macro, this loan matured on October 9, 2020.

[3] During the year ended December 31, 2020, the main payments were 523 paid on March 26, 2020 by Avanxo Colombia related to the principal amount of the borrowing with Banco Santander and 126,927 paid by Globant, LLC related to the principal amount and interest of the A&R Credit Agreement. During August and September, 2020, the Company proceed to pay 12,636 of the borrowings related to Grupo Assa acquisition. On October 31, 2020 and December 31,2020 Globant LLC paid 20,188 and 30,080, respectively, related to the A&R Credit Agreement.

[4] Non-cash transactions.

[5] Cash transactions.

NOTE 21 – TAX LIABILITIES

	As of December 31,	
	2020	2019
Periodic payment plan	107	17
Software Promotion Law - Annual and monthly rates	—	366
VAT payable	4,599	2,558
Wage withholding taxes	2,721	1,266
Sales taxes payable	189	1,576
Other	4,188	2,115
TOTAL	**11,804**	**7,898**

NOTE 22 – PROVISIONS FOR CONTINGENCIES

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,	
	2020	**2019**
Reserve for labor claims	53	91
Reserve for commercial claims	2,400	1,000
Reserve for regulatory claims	10,130	1,511
TOTAL	**12,583**	**2,602**

Roll forward is as follows:

	As of December 31,		
Reserve for labor claims	**2020**	**2019**	**2018**
Balance at beginning of year	91	678	49
Additions	72	907	926
Recovery	(50)	(1,247)	—
Utilization of provision for contingencies	—	(99)	(222)
Foreign exchange	(60)	(148)	(75)
Balance at end of year	**53**	**91**	**678**

	As of December 31,		
Reserve for regulatory claims	**2020**	**2019**	**2018**
Balance at beginning of year	1,511	2,184	1,130
Additions	176	219	1,144
Additions related to business combinations (note 25)(2)	9,124	—	—
Recovery	—	(879)	—
Utilization of provision for contingencies (1)	(615)	(95)	—
Foreign exchange	(66)	82	(90)
Balance at end of year	**10,130**	**1,511**	**2,184**

	As of December 31,		
Reserve for commercial claims	**2020**	**2019**	**2018**
Balance at beginning of year	1,000	—	—
Additions (3)	1,400	1,000	—
Balance at end of year	**2,400**	**1,000**	**—**

(1) As of December 31, 2020, the examination by the Unidad de Gestión Pensional y Parafiscales ("UGPP") regarding social contribution payments made by the Company's Colombian subsidiary for the year 2016 has been terminated after UGPP's determination, pursuant to which an amount of approximately $0.7 million attributable to the reimbursement of social contribution payments plus penalties and interests has been paid by the Company's Colombian subsidiary to the UGPP.

Also, certain of the Company's non-U.S. subsidiaries are currently under examination by the U.S. Internal Revenue Service ("IRS") regarding payroll and employment taxes primarily in connection with services performed by employees of the Company's 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

$1.4 million plus penalties and interest for employment taxes for those years. The Company's subsidiaries filed protests of these proposed assessments with the IRS on July 16, 2018 and as of December 31, 2020, the Company has not received an answer, even though the IRS advised that they would propose a resolution in the first or second quarter of 2021.

(2) 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, 2020, some of these administrative proceedings are still ongoing while others have derived in judicial proceedings. 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.

(3) 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 Globant S.A. and Globant LLC filed motions to dismiss, CCG amended its complaint asserting eleven causes of action against Globant, LLC and/or Globant S.A., including: (1) fraudulent inducement of contract; (2) fraud; (3) fraudulent concealment; (4) negligent misrepresentation; (5) breach of contract and breach of express warranty; (6) violation of Florida's Deceptive and Unfair Trade Practices Act; (7) professional negligence; (8) declaratory judgment; (9) unjust enrichment (10) civil conspiracy; and (11) aiding and abetting. The complaint names Globant S.A. as a defendant with respect to only the following of action (counts 2-4, 6-7, and 9-11). Both Globant, LLC and Globant S.A. have filed separate motions to dismiss the amended complaint for failure to state a claim. CCG has opposed these filings. The court has not yet ruled on the motions to dismiss.

NOTE 23 – RELATED PARTIES BALANCES AND TRANSACTIONS

23.1 – Related parties

The Company provides software and consultancy services to certain WPP subsidiaries and other related parties. WPP was a shareholder of the Company with significant influence, until it sold its shares of the Company on June 20, 2018. The Company also provides software services to Morgan Stanley, which holds a share over 5% on the Company as of December 31, 2019. As of December 31, 2020, Morgan Stanley didn't hold over 5% on the Company. Outstanding receivable balances as of December 31, 2020 and 2019 are as follows:

	As of December 31,	
	2020	**2019**
Morgan Stanley Investment Management Inc.	—	91
Total	**—**	**91**

During the year ended December 31, 2020, the Company did not recognized revenues from operations with related parties. During the year ended December 31, 2019 and 2018, the Company recognized revenues for 1,419 and 5,937, respectively, as follows:

	For the year ended December 31,		
	2020	**2019**	**2018**
Grey Global Group Inc.(1)(*)	—	—	472
Group M Worldwide Inc.(1)(*)	—	—	102
JWT(1)(*)	—	—	204
Kantar Group(1)(*)	—	—	216
Kantar Retail(1)(*)	—	—	39
Ogilvy & Mather Brasil Comunication(1)(*)	—	—	82
JP Morgan Chase & Co.(2)(*)	—	—	1,784
JP Morgan Chase S.A.(2)(*)	—	—	48
JP Morgan Services Argentina S.R.L.(2)(*)	—	—	1,503
TNS(1)(*)	—	—	8
Morgan Stanley Investment Management Inc.(*)	—	1,257	964
Mercado Libre S.R.L.(*)	—	162	515
Total	**—**	**1,419**	**5,937**

(1) Subsidiaries part of WPP group.
(2) Subsidiaries part of JP Morgan Chase group.
(*) WPP and JP Morgan subsidiaries were no longer considered related parties as of December 31, 2019. Morgan Stanley and Mercado Libre S.R.L were no longer considered a related party as of December 31, 2020. As of those dates disclosure of revenues as related parties from these customers is not required.

23.2 – Compensation of key management personnel

The remuneration of directors and other members of key management personnel during each of the three years are as follows:

	For the year ended December 31,		
	2020	**2019**	**2018**
Salaries and bonuses	6,643	6,914	5,140
Total	**6,643**	**6,914**	**5,140**

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

During 2018, the Company granted 115,000 and 6,000 share options at a strike price of $46.00 and $50.92, respectively.
During 2018, the Company granted 93,000, 10,000 and 4,054 restricted stock units at a grant price of $46.00, $50.92 and $45.50, respectively.
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.

NOTE 24 – EMPLOYEE BENEFITS

24.1 – Share-based compensation plan

Share-based compensation expense for awards of equity instruments to employees and non-employee directors is determined based on the grant-date fair value of the awards. Fair value is calculated using Black & Scholes model.

In June 2012, the Company decided to replace its Stock Appreciation Rights ("SAR") program with a new share-based compensation program. The 2012 share-based compensation agreement was signed by the employees on June 30, 2012, considering the actual grant dates of the SARs to employees.

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

All options vested on the date of modification of the plan or all other non-vested options expire within seven years after the effective date or seven years after the period of vesting finalizes.

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

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

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

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

During the years 2020 and 2019, 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, 2020 and 2019:

	As of December 31, 2020		As of December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at the beginning of year	1,051,602	31.82	1,786,467	27.96
Options granted during the year	—	—	4,000	52.10
Forfeited during the year	(18,687)	40.57	(21,625)	31.77
Exercised during the year	(175,272)	33.24	(717,240)	22.06
Balance at end of year	**857,643**	**31.57**	**1,051,602**	**31.82**

The following shows the evolution of the RSUs for the years ended at December 31, 2020 and 2019:

	As of December 31, 2020		As of December 31, 2019	
	Number of RSU	Weighted average grant price	Number of RSU	Weighted average grant price
Balance at the beginning of year	624,896	64.05	535,838	44.70
RSU granted during the year	309,384	147.22	309,539	85.80
Forfeited during the year	(50,888)	98.18	(38,621)	47.69
Issued during the year	(219,047)	59.37	(181,860)	37.00
Balance at end of year	**664,345**	**101.25**	**624,896**	**64.05**

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, 2020 ($) (*)
2017	from 36.30 to 42.00	2,125	86	1,224
2018	from 46.00 to 55.07	185,234	8,704	4,463
2019	from 52.10 to 103.75	201,982	17,657	9,134
2020	from 104.25 to 189.53	252,329	37,053	7,571
Subtotal		**641,670**	**63,500**	**22,392**
Non employees RSU				
2020	from 130.99 to 189.53	22,675	4,028	203
Subtotal		**22,675**	**4,028**	**203**
Total		**664,345**	**67,528**	**22,595**

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

Grant date	Exercise price ($)	Number of stock options	Number of stock options vested as of December 31, 2020	Fair value at grant date ($)	Fair value vested ($)	Expense as of December 31, 2020 (*)
2014	10.00	104,000	104,000	346	—	—
2015	from 28.31 to 34.20	176,416	176,416	1,231	—	—
2016	from 29.01 to 32.36	366,727	366,227	2,871	1,378	1,092
2017	from 36.30 to 38.16	17,500	13,750	155	123	111
2018	from 44.97 to 55.07	163,000	65,000	3,295	1,042	762
2019	52.10	3,000	—	67	22	27
Subtotal		**830,643**	**725,393**	**7,965**	**2,565**	**1,992**
Non employees stock options						
2016	39.37	27,000	27,000	248	62	41
Subtotal		**27,000**	**27,000**	**248**	**62**	**41**
Total		**857,643**	**752,393**	**8,213**	**2,627**	**2,033**

(*) Includes social security taxes.

Deferred income tax asset arising from the recognition of the share-based compensation plan amounted to 19,466 and 11,587 for the years ended December 31, 2020 and 2019, respectively.

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

	As of December 31, 2020		As of December 31, 2019	
	Number of options exercised	**Exercise price**	**Number of options exercised**	**Exercise price**
Granted in 2012	—	6.77	22,170	6.77
Granted in 2012	—	0.95	1,103	0.95
Granted in 2012	—	2.48	1,304	2.48
Granted in 2012	—	3.38	13,223	3.38
Granted in 2012	—	10.00	22,170	10.00
Granted in 2012	—	12.22	47,169	12.22
Granted in 2014	3,826	10.00	173,211	10.00
Granted in 2015	37,706	28.31	163,834	28.31
Granted in 2015	—	34.20	8,000	34.20
Granted in 2015	1,001	29.34	12,097	29.34
Granted in 2015	—	22.77	30,000	22.77
Granted in 2016	34,146	29.01	105,020	29.01
Granted in 2016	47,343	32.36	98,939	32.36
Granted in 2017	20,000	38.16	—	38.16
Granted in 2017	7,500	36.30	—	36.30
Granted in 2018	5,000	44.97	5,000	44.97
Granted in 2018	13,750	46.00	10,000	46.00
Granted in 2018	1,500	50.92	1,500	50.92
Granted in 2018	2,500	55.07	2,500	55.07
Granted in 2019	1,000	52.10	—	52.10
Balance at end of the year	**175,272**		**717,240**	

The average market price of the share amounted to 150.29 and 88.51 for years 2020 and 2019, respectively.

The following tables summarizes the RSU vested during the years 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Number of RSUs vested	Grant price	Number of RSUs vested	Grant price
Granted in 2017	500	36.30	500	36.30
Granted in 2017	45,242	37.00	45,283	37.00
Granted in 2017	1,625	42.00	2,250	42.00
Granted in 2018	91,658	46.00	100,206	46.00
Granted in 2018	1,000	55.07	1,000	55.07
Granted in 2018	—	57.39	436	57.39
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	—	69.77	27,185	69.77
Granted in 2019	600	52.10	—	52.10
Granted in 2018	—	56.87	1,500	56.87
Granted in 2019	69,392	87.44	—	87.44
Granted in 2019	1,000	94.93	—	94.93
Granted in 2019	750	103.75	—	103.75
Granted in 2020	3,125	137.57	—	137.57
Granted in 2020	655	152.49	—	152.49
Balance at end of the year	**219,047**		**181,860**	

24.3 - 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	Granted in 2018 for 2014 plan
Stock price	52.10	46.45
Expected option life	6 years	6 years
Volatility	40%	40%
Risk-free interest rate	3.10%	3.00%

There were no granted stock options as of December 31, 2020.

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. For 2012 Equity Incentive Plan, as the Company's shares were not publicly traded the fair value was determined using the market approach technique based on the value per share of private placements. The Company had gone in the past through a series of private placements in which new shares have been issued. The Company understood that the price paid for those new shares was a fair value of those shares at the time of the placement. In January 2012, Globant España S.A. had a capital contribution from a new shareholder, which included cash plus share options granted to the new shareholder, therefore, the Company considered that amount to reflect the fair value of their shares. The fair value of the shares related to this private placement resulted from the following formula: cash minus fair value of share options granted to new shareholder divided by number of newly issued shares. The fair value of the share options granted to the new shareholder was determined using the same variables and methodologies as the share options granted to the employees. After the reorganization in December 2012, shares of Globant S.A (Luxembourg) were sold by existing shareholders in a private placement to WPP Plc. The fair value of the shares related to this private placement results from the total amount paid by WPP Plc. to the existing shareholders.

Expected volatility: Since January 1, 2018 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. Before 2018, as the Company did not have sufficient trading history for the purpose of valuing the share options, the expected volatility of their shares was estimated by using the average historic price volatility of the NASDAQ 100 Telecommunication Index.

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

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

Dividend yield: 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.

NOTE 25 – BUSINESS COMBINATIONS

25.1 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.

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.

As of December 31, 2019 included 1,580 as Other financial liabilities current. As of December 31, 2020 the consideration was fully settled.

25.2 Acquisition of Dynaflows

On October 22, 2015, the Company acquired from Alfonso Amat, Wayra Argentina S.A., BDCINE S.R.L., Laura A. Muchnik, Facundo Bertranou, Mora Amat and Fabio Palioff (jointly "the Sellers) 9,014 shares, which represents 38.5% of the capital stock of Dynaflows S.A. Before this acquisition, the Company had 22.7% of the capital stock of Dynaflows and classified it as investment in associates. Through this transaction, the Company gained the control of Dynaflows S.A.

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to ARS 13,316 (1,402) and 414, payable in two installments.

On April 22, 2016, the Company made a capital contribution of 868 (ARS 8,250) to Dynaflows by issuing 9,190 shares.

After both agreements and considering the previous equity interest held by the Company of 22.7%, the Company held the 66.73% of participation in Dynaflows.

Minority interest purchase agreement

On October 22, 2015, the Company entered into a Shareholders Agreement (the "Minority Interest SHA") with Alfonso Amat and Mora Amat (the "non-controlling shareholders") to agree on a put option over the 33.27% of the remaining interest of Dynaflows effective on the third or fifth anniversary from the date of acquisition, pursuant to which the non-controlling shareholders shall have the right (the "Put Option") to sell and the Company shall purchase all, but not less than all the shareholder's non-controlling interest.

On October 26, 2018, the non-controlling shareholders exercised such option and the Company paid a total amount of 1,186 based on the EBITDA and Revenue of Dynaflows for the twelve months ended on September, 2018. Given that the exercise of the option occurred earlier than expected, a gain of 1,611 was recognized as of December 31, 2018 and disclosed as Other income and expenses, net.

As of December 31, 2017, the Company has recognized as non-current other financial liabilities the written put option for an amount of 2,797, equal to the present value of the amount that could be required to be paid to the counterparty discounted at an interest rate of 3.5%. Changes in the measurement of the gross obligation were recognized in profit or loss.

Pursuant to the shareholder's agreement, the Company also agreed on a call option over non-controlling interest effective after the fifth anniversary from the closing date till the sixth anniversary from the closing date pursuant to which the Company shall have the right to purchase and the non-controlling interest shareholders shall sell all but not less than all the shareholder's non-controlling interest then owned by the non-controlling shareholders.

During the year ended December 31, 2018, the call option was derecognized and a loss of 455 was recognized as Other income and expenses, net.

As of December 31, 2019 the consideration was fully settled

25.3 Acquisition of WAE

On May 23, 2016 (closing date), Globant España S.A. acquired 100% of shares of We Are London Limited (WAE UK), a company organized and existing under the laws of England and Wales and 100% of shares of We Are Experience, Inc. a corporation organized and existing under the Laws of the State of New York, United States (WAE US) (jointly WAE UK and WAE US are WAE). WAE is a service design consultancy, specialized in three distinct but complementary service offerings - Research, Strategy and Creative. Total headcount of WAE was 40 employees with operations in United States and United Kingdom. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of WAE.

The aggregate purchase price under the Stock Purchase Agreement (SPA) amounted to 19,851, of which 12,131 relates to WAE UK and 7,720 relates to WAE US.

During the year ended December 31, 2018, the Company recognized a loss arising from the settlement agreement that amounted to 1,038 and is disclosed as Other income, net. In July, 2018, the Company paid a total amount of 1,867.

Acquisition-related charges amounting to 515 have been excluded from the consideration transferred and have been recognized as an expense in profit or loss as of December 31, 2019, within the Professional services line item.

As of December 31, 2019, the consideration was fully settled.

25.4 Acquisition of L4

On November 14, 2016 ("closing date"), Globant, LLC acquired 100% of shares of L4 Mobile, LLC ("L4"), a limited liability company organized and existing under the laws of the State of Washington, United States. L4 offers the digital product consulting, design, development and quality assurance services necessary to build and manage robust digital products. Total headcount of L4 was 90 employees with operations in United States. The purpose of the acquisition is related to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of L4.

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 20,388, including certain earn out payments.
On January 30, 2018, the Company signed an amendment to the SPA.

As of December 31, 2018, 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 1,848 and is disclosed as Other income and expense, net as of December 31, 2018.

As of December 31, 2019, the fair value of the contingent consideration was fully settled.

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

25.5 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 our 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. As of December 31,2019 includes 903 as Other financial liabilities current.

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

25.6 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. As of December 31, 2019, included 1,086 as Other financial liabilities current.

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

25.7 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:

1. 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.

As of December 31, 2019, the consideration was fully settled.

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

25.8 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 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.

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 Avanxo´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 29.1).

The fair value of the consideration transferred for Avanxo 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, 2020 and 2019 included 1,145 and 1,147 as Other financial liabilities current, respectively, and as of December 31, 2019 included 1,102 as Other financial liabilities non-current.

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

25.9 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 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.

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. As of December 31, 2019 included 4,221 as Other financial liabilities current.

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

25.10 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 and 515 as of December 31, 2020 and 2019, respectively. The primarily reason for the purchase is to expand to SAP software consulting and innovation services.

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, 2020 and 2019 included 397 and 515 as Other financial liabilities non-current, respectively, and as of December 31, 2020 included 138 as Other financial liabilities current.

25.11 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.

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	(a)
Total consideration	**54,695**	

(a) 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 25.19).

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

25.12 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 ("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 Servicios 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.

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, pursuant the guidance in paragraph B66 of IFRS 3, the Company has included preliminary amounts in the below 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 contingent consideration 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 preliminary 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	(a)
Installment payment	3,402	
Total consideration	**11,257**	

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

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

25.13 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.

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.

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, pursuant the guidance in paragraph B66 of IFRS 3, 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 preliminary 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, 2020 included 2,467 as Other financial liabilities current and 1,924 as Other financial liabilities non-current.

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

25.14 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;
(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 the date of issuance of thes consolidated financial statements, due to the recent of this acquisition, the accounting for this acquisition is incomplete; hence, pursuant the guidance in paragraph B66 of IFRS 3, 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

The preliminary 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	(a)
Total consideration	**149,544**	

(a) 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.

25.15 Outstanding balances

Outstanding balances of other financial liabilities related to the above mentioned acquisitions as of December 31, 2020 and 2019 are as follows:

GLOBANT S.A.

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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)

	As of December 31, 2020		As of December 31, 2019	
	Other financial liabilities - current	Other financial liabilities - non current	Other financial liabilities - current	Other financial liabilities - non current
Clarice	—	—	1,580	—
Ratio	—	—	903	—
PointSource	—	—	1,086	—
Avanxo	1,145	—	1,147	1,102
Belatrix	—	—	4,221	—
BI Live	138	397	—	515
Grupo ASSA	11,218	13,343	—	—
Xappia	4,761	2,382	—	—
Giant Monkey Robot	2,467	1,924	—	—
Bluecap	—	55,593	—	—
Total	**19,729**	**73,639**	**8,937**	**1,617**

The significant inputs are disclosed in note 28.9.1.

25.16 Purchase Price Allocation

As of December 31, 2020 and 2019, the fair values of the assets acquired, liabilities assumed and goodwill, and the preliminary fair values of the assets acquired and goodwill of Grupo ASSA, Xappia, Giant Monkey Robot and Bluecap determined at the date of acquisition in the business combinations are as follows:

	2020 acquisitions			2019 acquisitions		
	Grupo ASSA	Bluecap	Other acquisitions	Avanxo	Belatrix	BI Live
Current Assets						
Cash and cash equivalents	3,486	9,944	2,153	2,749	3,929	—
Investments	—	6,258	8	948	86	—
Trade receivables	11,228	2,046	2,585	6,931	6,125	56
Other receivables	4,046	3,218	454	3,624	1,119	—
Indemnification asset	2,970	—	—	—	—	—
Other assets	—	—	—	11,015	—	—
Non current assets						
Other receivables	207	—	—	—	206	—
Other financial assets	—	—	—	—	—	—
Property and equipment	838	384	243	500	3,181	—
Intangibles(1)	11,277	34,093	4,931	6,104	8,285	267
Right-of-use asset	513	—	—	—	3,272	—
Deferred tax	1,771	—	37	—	184	—
Goodwill (2)	63,682	126,059	14,731	32,068	50,816	555
Current liabilities						
Trade and other payables	(4,259)	—	(341)	(14,123)	(3,195)	—
Lease liabilities	—	—	—	—	(3,347)	—
Tax liabilities	(8,085)	(6,491)	(897)	(2,649)	(1,138)	—
Payroll and social security	(6,453)	(17,444)	(1,670)	(1,582)	(3,224)	—
Other liabilities	—	—	—	—	(20)	—
Borrowings	(10,390)	—	—	(644)	(646)	—
Non current liabilities						
Deferred tax liabilities	(2,849)	(8,523)	(1,233)	(639)	—	—
Lease liabilities	(584)	—	—	—	—	—
Borrowings	(3,579)	—	—	—	—	—
Contingencies	(9,124)	—	—	—	—	—
Total consideration	54,695	149,544	21,001	44,302	65,633	878

(1) As of December 31, 2020, the preliminary amounts of 42,703 and 7,598 have been allocated to customer relationships and other intangibles, respectively.
(2) As of December 31, 2020 and 2019, 204,472 and 83,439, are not deductible for tax purposes, respectively.

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 Bluecap, GMR, Xappia Grupo Assa, Belatrix, Avanxo and BI Live. 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.

25.17 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, 2020 includes a gain of 4,829 attributable to the business generated by Grupo ASSA. Revenue for the year ended December 31, 2020 includes 28,838 related to the business of that company. Had the business combination of Grupo ASSA been effected at January 1, 2020, the consolidated revenue of the Company would have been 849,948 and the net income for the year ended December 31, 2020 would have been 45,895.

The net income for the year ended December 31, 2020 includes a gain of 1,037 attributable to the business generated by Xappia. Revenue for the year ended December 31, 2020 includes 1,761 related to the business of that company. Had the business combination of Xappia been effected at January 1, 2020, the consolidated revenue of the Company would have been 820,482 and the net income for the year ended December 31, 2020 would have been 55,271.

The net income for the year ended December 31, 2020 includes a gain of 69 attributable to the business generated by Giant Monkey Robot. Revenue for the year ended December 31, 2020 includes 954 related to the business of that company. Had the business combination of Giant Monkey Robot been effected at January 1, 2020, the consolidated revenue of the Company would have been 817,798 and the net income for the year ended December 31, 2020 would have been 54,385.

The net income for the year ended December 31, 2020 includes a gain of 2,017 attributable to the business generated by Bluecap. Revenue for the year ended December 31, 2020 includes 3,351 related to the business of that company. Had the business combination of Bluecap been effected at January 1, 2020, the consolidated revenue of the Company would have been 851,250 and the net income for the year ended December 31, 2020 would have been 63,879.

Had the four business combinations made in 2020, as described above, been performed on January 1, 2020, the consolidated revenue of the Company would have been 897,061 and the net income for the year ended December 31, 2020, would have been 56,779.

25.18 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, 2020 and 2019, are the following: projected cash flows for the following five years, the average growth rate considered was 23.0% and 22.0%, respectively, and the rate used to discount cash flows was 10.10% and 9.50%, respectively. The long-term rate used to extrapolate cash flows beyond the projected period was 3% for both years. 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 2020, 2019 and 2018.

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

	As of December 31,	
	2020	**2019**
Cost		
Balance at beginning of year	188,538	104,846
Additions related to new acquisitions (note 25.16)	204,472	83,706
Translation	17	(14)
Measurement period adjustment	(267)	—
Balance at end of year	**392,760**	**188,538**

25.19 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 2,970. The consideration for this acquisition includes 16,313 (17,000 measured at present value) 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, 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 26 – SEGMENT INFORMATION

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker (“CODM”) in deciding on how to allocate resources and in assessing performance. The Company’s CODM is considered to be the Company’s chief executive officer (“CEO”). The CEO reviews operating profit presented on an entity level basis for purposes of making operating decisions and assessing financial performance. Therefore, the Company has determined that it operates in a single operating and reportable segment.

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

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

	For the year ended December 31,		
	2020	**2019**	**2018**
North America			
United States of America	558,528	483,228	400,029
Canada	15,622	13,125	7,061
Subtotal North America	574,150	496,353	407,090
Europe			
Spain	32,977	26,134	30,298
United Kingdom	17,100	15,672	12,970
Belgium	2,924	—	8
Switzerland	1,785	—	—
France	1,224	267	79
Luxembourg	1,292	937	1,109
Germany	939	437	623
Netherlands	1,461	2,723	1,023
Others	2,078	614	130
Subtotal Europe	61,780	46,784	46,240
Asia			
India	2,670	2,157	1,063
Indonesia	—	1,157	1,686
Japan	5,338	1,062	—
Others	341	277	318
Subtotal Asia	8,349	4,653	3,067
Latin America and others			
Argentina	53,667	32,295	24,241
Colombia	13,302	14,355	5,362
Chile	50,707	29,547	21,246
Mexico	25,928	20,623	11,949
Perú	11,648	6,251	1,718
Brazil	11,976	7,964	238
Panama	737	128	460
Uruguay	144	17	529
Others	1,751	355	170
Subtotal Latin America and others	169,860	111,535	65,913
TOTAL	**814,139**	**659,325**	**522,310**

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

One single customer accounted for 11.0%, 11.2% and 11.3%of revenues for the years ended December 31, 2020, 2019 and 2018.

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,	
	2020	2019
Argentina	104,929	82,978
Spain	396,970	144,761
United States of America	68,767	69,631
Brazil	2,702	1,739
Uruguay	12,971	1,728
Luxembourg	4,226	4,289
Colombia	43,237	34,901
México	20,761	13,724
India	11,350	9,297
Chile	4,877	2,798
Peru	3,986	4,461
Other countries	3,985	1,361
TOTAL	**678,761**	**371,668**

NOTE 27 – 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, 2020 and 2019 were as follow:

Right-of-use assets	Office spaces	Office equipments	Computers	Total
January 1, 2020	**51,625**	**6,642**	514	**58,781**
Additions	41,341	3,388	4,743	49,472
Additions from business combinations (note 25.16)	513	—	—	513
Disposals	(672)	—	(43)	(715)
Depreciation (note 6)	(16,030)	(544)	(1,064)	(17,638)
Foreign currency 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 25.16)	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 31)	(512)
December 31, 2020	**87,598**

Right-of-use assets	Office spaces	Office equipments	Computers	Total
January 1, 2019	**46,567**	—	—	**46,567**
Additions	16,778	6,642	170	23,590
Additions from business combinations (note 25.16)	2,863	—	409	3,272
Depreciation (note 6)	(14,519)	—	(65)	(14,584)
Translation	(64)	—	—	(64)
December 31, 2019	**51,625**	**6,642**	**514**	**58,781**

Lease liabilities

January 1, 2019	46,887
Additions	23,590
Additions from business combinations (note 25.16)	3,347
Foreign exchange difference	(92)
Interest expense	3,464
Payments	(15,833)
December 31, 2019	**61,363**

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

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

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, 2020 and 2019 is as follows:

	As of December 31,	
Lease liabilities	**2020**	**2019**
Current	15,358	19,439
Non-current	72,240	41,924
TOTAL	**87,598**	**61,363**

The maturity analysis of lease liabilities is presented in note 28.5.

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

NOTE 28 – FINANCIAL INSTRUMENTS

28.1 - Categories of financial instruments

	As of December 31, 2020		
	FVTPL	**FVTOCI**	**Amortised cost**
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 investment	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

	As of December 31, 2019		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets			
Cash and cash equivalents	—	—	62,721
Investments			
Mutual funds	19,384	—	—
LETEs	—	396	—
Contribution to risk funds	—	—	418
Trade receivables	—	—	156,676
Other assets	—	—	21,235
Other receivables	—	—	4,002
Other financial assets			
Convertible notes	3,536	—	—
Foreign exchange forward contracts	1,220	71	—
Guarantee payments related to the future lease of a property under construction	—	—	1,383
Financial liabilities			
Trade payables	—	—	36,987
Borrowings	—	—	51,386
Other financial liabilities			
Foreign exchange forward contracts	—	—	—
Other financial liabilities related to business combinations	10,554	—	—
Lease liabilities	—	—	61,363
Other liabilities	—	—	368

28.2 - 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 28.10 and 28.11.

28.3 - 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 2020, 86% of the Company's revenues are denominated in U.S. dollars. Because the majority of its personnel are located in Latin America, the Company incurs the majority of its operating expenses and capital expenditures in non-U.S. dollar currencies, primarily the Argentine peso, Uruguayan peso, Brazilian Real, Mexican peso, Peruvian Sol and Colombian peso; however as of December 31,2020, the operating expenses in Argentine peso have decreased compared to December 31, 2019. Operating expenses are also significantly incurred in Indian Rupee, Great Britain Pound and European Union Euros.

Foreign exchange sensitivity analysis

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

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, 2020 and adjusts their translation at the year-end for changes in U.S. dollars against the relevant foreign currency.

			Gain/(loss)			
Account	**Currency**	**Amount**	**% Increase**	**Amount**	**% Decrease**	**Amount**
Net balances	Argentine pesos	(1,494)	40 %	427	10 %	(166)
	Chilean pesos	11,726	10 %	(1,066)	10 %	1,303
	Colombian pesos	(12,182)	10 %	1,107	10 %	(1,354)
	Indian rupees	(1,435)	10 %	130	10 %	(159)
	Uruguayan pesos	(3,419)	10 %	311	10 %	(380)
	European Union euros	(55,593)	10 %	5,054	10 %	(6,177)
	Total	**(62,397)**		**5,963**		**(6,933)**

As explained in note 28.10, the subsidiaries in Argentina, Chile, Colombia, India 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, 2020, is not material.

Depreciation of the Argentine Peso

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.

During 2019, the Argentine peso experienced a 59.02% devaluation from 37.60 Argentine peso per U.S. dollar to 59.79 Argentine peso per U.S. dollar.

28.4 - 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, 2020 the fixed rate is 1.5% and at variable rates linked to LIBOR. During 2020 the Company 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. In the last quarter of the year the Company chose to discontinue three of the four interest rate swap since the hedged future cash flows were no longer expected to occur. As of December 31, 2020, the Company has recognized a loss of 132 included in the line item "Other comprehensive income", a loss of 127 through results of comprehensive income and a loss of 605 through results of profit and loss .The Company designated one of the 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 hedge.

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

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

Maturity Date	Notional	Floating rate receivable	Fixed rate payable	Fair value liabilities
Hedge instrument				
April 30, 2024	25,000	1month LIBOR	0.355 %	(132)
Fair value as of December 31, 2020				**(132)**
Instruments for which hedge accounting has been discontinued				
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)**

28.5 – Liquidity risk management

The Company's primary sources of liquidity are cash flows from operating activities and borrowings under credit facilities. See note 20.

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

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

	Expected Maturity Date				
	2021	**2022**	**2023**	**Thereafter**	**Total**
Trade payables	35,266	2,400	1,485	1,355	40,506
Borrowings	1,440	589	527	26,054	28,610
Lease liabilities	19,511	20,011	18,214	44,899	102,635
Other financial liabilities(*)	19,493	33,540	20,989	6,461	80,483
TOTAL	**75,710**	**56,540**	**41,215**	**78,769**	**252,234**

(*) The amounts disclosed in the line of other financial liabilities do not include foreign exchange forward contracts, interest rate SWAP and 16,757 related to business combinations payments through subscription agreements.

28.6 - Concentration of credit risk

The Company derives revenues from clients in the U.S. (approximately 68.6%) and clients related from diverse industries. For the years ended December 31, 2020, 2019 and 2018, the Company's top five clients accounted for 30.6%, 26.1% and 32.0% of

its revenues, respectively. One single customer accounted for 11.0%, 11.2% and 11.3% of revenues for the years ended December 31, 2020, 2019 and 2018.. 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 12) .

28.7 - 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, 2020 and 2019, are a reasonable approximation of fair value due to the short time of realization.

	As of December 31, 2020		As of December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets				
Other receivables				
Guarantee deposits	3,091	3,039	2,683	2,571
Other assets	6,954	6,278	7,796	7,140
Non-current liabilities				
Trade payables	5,240	4,735	5,500	5,101
Borrowings	25,061	25,382	50,188	51,070

28.8 - 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.

	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.

	As of December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual funds	—	19,384	—	19,384
LETEs	—	396	—	396
Foreign exchange forward contracts	—	1,291	—	1,291
Convertibles notes	—	111	3,425	3,536
Financial liabilities				
Contingent consideration	—	—	9,252	9,252

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.

28.9 Level 3

28.9.1 Contingent consideration

As explained in note 25.1, the acquisition of Clarice included a contingent consideration agreement which was payable on a deferred basis and which was subject to the occurrence of certain events relating to the acquired company's capacity.

As of December 31, 2019, the nominal value of contingent consideration related to Clarice amounted to 1,316. Such amount was paid on June 22, 2020. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 439 and 1,316 as of December 31, 2019.The fair value of the contingent consideration related to Clarice arrangement of 1,310 as of December 31, 2019, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.5, the acquisition of Ratio, included a contingent consideration agreement which was payable on a deferred basis and which was subject to the occurrence of certain events relating to the acquired company's gross revenue and gross margin.

As of December 31, 2019, the nominal value of contingent consideration related to Ratio amounted to 750. Such amount was paid on February 18, 2020. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 525 and an unlimited maximum amount as of December 31, 2019, given that such payment may be increased proportionally to the targets achievements. The fair value of the contingent consideration arrangement of 903 as of December 31, 2019 was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.6, the acquisition of PointSource, included a contingent consideration agreement which was payable on a deferred basis and which was subject to the occurrence of certain events relating to the acquired company's gross revenue and gross margin.

In May 2018, the Company signed an amendment to the SPA with the former shareholders, pursuant to which a new fixed-payment was established, in replacement of previous payments subject to targets achievements. As a consequence, the Company remeasured the fair value of the liability related to PointSource described above. Gain arising from the change in fair value of the liability amounted to 5,506 as of December 31, 2018. As of December 31, 2019 the fixed payment liability amounted to 1,086, and was included in other financial liabilities. Such amount was paid on February 28, 2020.

As described in note 25.8, 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.

As of December 31, 2020 and 2019, the nominal value of contingent consideration related to Avanxo amounted to 1,159 and 2,318, 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 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 and 2,249, as of December 31, 2020 and 2019, respectively, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.9, 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. 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 25.10, 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 and 2019, the nominal value of contingent consideration related to BI Live amounted to 423 and 559, respectively. 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, and 515 and 3,000 December 31, 2019.The fair value of the contingent consideration arrangement of 535 and 515 as of December 31, 2020 and 2019, respectively, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.11, 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. 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. 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 11,289. 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 11,218 as of December 31, 2020 was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.12, 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, 2020, the nominal value of contingent consideration related to Xappia amounted to 3,980. 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 3,980. 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 3,878 as of December 31, 2020 was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.13, 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, 2020, the nominal value of contingent consideration related to GMR amounted to 4,547. 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 4,547. 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 4,391 as of December 31, 2020 was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 25.14, 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, 2020, the nominal value of contingent consideration related to Bluecap amounted to 24,419. 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 24,419. 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 22,557 as of December 31, 2020 was estimated by discounting to present value using a risk-adjusted discount rate.

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

	For the year ended December 31,		
	2020	**2019**	**2018**
Loss on remeasurement of the contingent consideration of Belatrix	(3,633)	—	—
(Loss) gain on remeasurement of the contingent consideration of PointSource	—	(16)	5,506
Loss on remeasurement of the contingent consideration of Avanxo	—	(4)	—
Loss on remeasurement of the contingent consideration of Clarice	—	(3)	—
Gain on remeasurement of the contingent consideration of L4	—	—	1,848
Loss on remeasurement of the contingent consideration of Ratio	—	(62)	(654)
Gain on remeasurement of the contingent consideration of Grupo Assa	1,202		
TOTAL	**(2,431)**	**(85)**	**6,700**

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, 2020	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to Fair Value
Contingent consideration	43,724	Risk adjusted discount rate	Between 1.78% and 4.35%	An increase in the discount rates by 1% would decrease the fair value by $493 and a decrease in the discount rates by 1% would increase the fair value by $506
Contingent consideration	43,724	Expected revenues	Between 2,547 and 97,797	An increase in the expected revenues by 10% would increase the fair value by 10,589 and a decrease in the expected revenues by 10% would decrease the fair value by 17,183

28.9.2 Put and call option on minority interests

As described in note 25.2, on October 22, 2015, the Company entered into a Shareholders Agreement (the "Minority Interest SHA") with the "non-controlling shareholders" to agree on a put option over the 33.27% of the remaining interest of Dynaflows.

On October 26, 2018, the non-controlling shareholders exercised such option and the Company paid a total amount of 1,186 based on the EBITDA and Revenue of Dynaflows for the twelve months ended on September 30, 2018. As of December 31, 2018 a gain of 1,611 was recognized as Other income, net, given that the exercise of the option occurred earlier than expected.

As of December 31, 2018, the call option was derecognized and a loss of 455 was recognized as Other income, net.

28.9.3. Convertible notes

As described in note 3.12.9, 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.

28.9.4. 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	Contingent consideration
December 31, 2018	—	9,767
Fair value remeasurement (1)	—	85
Acquisition of business (1)	—	6,835
Payments (2)	3,350	(7,695)
Interests (1)	75	260
December 31, 2019	3,425	9,252

	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

(1) Non-cash transactions.
(2) Cash transactions included in investing activities in the Consolidated Statement of Cash Flows.

28.10 Foreign exchange futures and forward contracts

During the years ended December 31, 2020, 2019 and 2018, 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, 2020, 2019 and 2018 the Company recognized a loss of 144, and a gain of 383 and 594, 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, 2020, 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, the Company maintains as of December 31, 2020 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, 2019 the Company did not maintain any collaterals for futures contracts.

During 2020 and 2019, the subsidiaries, Sistemas Globales S.A., IAFH Global S.A., Sistemas Colombia S.A.S., Sistemas Globales Chile Asesorías Ltda., Globant India Pvt. Ltd. and Sistemas Globales Uruguay S.A., 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 Argentine Pesos, Colombian Pesos, Chilean pesos, Uruguayan pesos and Indian rupee, 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, 2020 and 2019, the Company recognized a net loss of 3,783 and a gain of 117, respectively. As of December 31, 2020 and 2019, the foreign exchange forward contracts that were recognized as financial assets and liabilities at fair value through profit or loss were as follows:

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
January 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**
January 27, 2020	Indian Rupee	72.36	71.56	11
January 31, 2020	Chilean Peso	747.68	751.57	5
January 31, 2020	Colombian Peso	3,323.65	3,281.28	39
January 31, 2020	Colombian Peso	3,515.42	3,281.94	356
January 31, 2020	Colombian Peso	3,512.66	3,281.93	422
January 31, 2020	Uruguayan Peso	38.09	37.73	29
February 25, 2020	Indian Rupee	71.45	71.77	7
February 28, 2020	Colombian Peso	3,518.27	3,288.08	351
Fair value as of December 31, 2019				**1,220**

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets / (liabilities)
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.

28.11 Hedge accounting

During 2020 and 2019, the subsidiaries, Sistemas Globales S.A., IAFH Global S.A., Sistemas Colombia SAS, Sistemas Globales Uruguay S.A., Sistemas Globales Chile S.L, Globant India Private Limited and Global System Outsourcing S. de R.L de C.V have entered into foreign exchange forward and future contracts to manage the foreign currency risk associated with the salaries payable in Argentine Pesos, Colombian pesos, Uruguayan Pesos, Chilean Pesos, Indian Rupee and Mexican Pesos. The Company designated those derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

As of December 31, 2020 and 2019, the Company has recognized a net loss of 272 and a net gain of 54, respectively, included in Salaries, employee benefits and social security taxes and a net gain of 165 and 352, 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 the year the Company chose to discontinue three of the four interest rate swap transaction. During the year ended December 31, 2020, the Company has recognized a loss of 132 included in the line item "Other comprehensive income" and a loss of 127

through statement of 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, 2020:

Hedging instruments - Outstanding contracts

Settlement date	Currency from contracts	Foreign currency rate from contracts	Notional foreign currency rate	Fair value assets
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**
January 31, 2020	Argentine Peso	66.45	62.20	71
Fair value as of December 31, 2019				**71**

NOTE 29 — CAPITAL AND RESERVES

29.1 Issuance of common shares

During the year ended December 31, 2020, 175,272 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by some employees. Options were exercised at an average price of 33.24 per share amounting to a total of 5,825.

During the year ended December 31, 2020, 309,384 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company and 219,047 RSU's were vested at an average price of 59.37 per share amounting to a total of 13,005 (non-cash transactions).

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 Avanxo's sellers.

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 Avanxo'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 certain 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 and 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 Avanxo´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.

During the year ended December 31, 2018, 511,668 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 13.76 per share amounting to a total of 7,040.

During the year ended December 31, 2018, 564,995 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company. During 2018, 163,233 RSUs were vested at an average price of 43.13 per share amounting to a total of 7,040 (non-cash transaction). A total amount of 4,995 of such vested RSUs corresponds to a provision for bonus given to employees that was payable in RSUs and was included in the opening balance of additional paid in capital.

On October 16, 2018, the Company issued 16,315 common shares for a total amount of 960 as part of the subscription agreement with Small Footprint's sellers signed on October 15, 2018, pursuant to which the Company agreed to issue to the subscribers and the subscribers agreed to subscribe from the Company a certain amount of shares. For the second tranche due on March 1, 2019, the Company may require the subscribers to apply up to an amount of 25% of the first-earn out payment.

On July 20, 2018, the Company issued 18,692 common shares for a total amount of 982 as part of the subscription agreement with WAE's sellers signed on May, 23, 2016, pursuant to which the Company agreed to issue to the subscribers and the subscribers agreed to subscribe from the Company restricted common stock up to an amount of 30% of the Purchase Price.

On June 12, 2018, the Company issued 9,120 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, explained in note 25.1.

On February 22, 2018, the Company issued 12,265 common shares for a total amount of 541 as part of the subscription agreement stated in the stock purchase agreement signed with Pointsource´s sellers, as part of the business combination explained in note 25.6.

On February 16, 2018, the Company issued 7,605 common shares for an amount of 334 as part of the subscription agreement signed with Ratio´s sellers, as part of the business combination explained in note 25.5.

29.2 Public offerings and agreements

On August 2, 2016, the Company applied to the Luxembourg Stock Exchange for listing on the Official List of the Luxembourg Stock Exchange and for the admission to trading on its regulated market, on August 11, 2016, the Company applied to the Luxembourg Financial Sector Supervisory Authority (Commission de Surveillance du Secteur Financier) (the “CSSF”) in its capacity as competent authority, for the approval of the Company’s prospectus, which was approved in that same date.

On June 20, 2018, the Company and WPP Luxembourg Gamma Three S.à r.l. (the “Selling Shareholder”) entered into an underwriting agreement with Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC relating to the offer and sale of an aggregate of 5,815,259 common shares of the Company, nominal value $1.20 per share, plus, at the option of the Underwriters, an additional 872,289 common shares pursuant to an option, at a public offering price of 52.00 per common share. On June 21, 2018, the Underwriters exercised their option to purchase an additional 872,289 common shares.

On July 31, 2019 the Luxembourg Stock Exchange approved the Company´s voluntarily request to delist the Company´s common shares from the Official List of the Luxembourg Stock Exchange ("Lux SE"), effective July 31, 2019. Following the Lux SE delisting, the Company´s common shares will continue to trade on the New York Stock Exchange (the "NYSE") in the United States under the symbol "GLOB".

In June 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.

As of December 31, 2020, 38,474,608 common shares of the Company's share capital are registered with the SEC and quoted in the New York Stock Exchange.

29.3 Cash flow hedge reserve

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

	Foreign currency risk	
	2020	**2019**
Balance at beginning of the year	352	—
Gain/(loss) arising on changes in fair value of hedging instruments during the period	(948)	298
(Gain)/loss reclassified to profit or loss – hedged item has affected profit or loss	877	54
Balance at end of the year	281	352

NOTE 30 — 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 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, 2020, the legal reserve amounted to 1,110 for the Company´s Argentine subsidiaries, Sistemas Globales S.A, IAFH Global S.A, BSF S.A, Globers S.A, Banking Solutions S.A, Decision Support S.A and Xappia SRL, and as of that date, the legal reserve of Sistemas Globales S.A, IAFH Global S.A and Globers S.A were all fully constituted. Dynaflows S.A, Globant Ventures S.A.S, Avanxo S.A and Brazilian Technology Partners S.A, did not have a legal reserve as of December 31, 2020.

As of December 31, 2020, the legal reserve amounted to 45 for Sistemas Globales Uruguay S.A and Difier S.A, and as of that date both were fully constituted.

According to the Bylaws of Sistemas Colombia S.A.S. and Belatrix Colombia S.AS., 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 equal 50% of its share capital. As of December 31, 2020, there was a legal reserve of 312 that was fully constituted by Sistemas Colombia S.A.S and there was a legal reserve of 25 constituted by Belatrix Colombia S.A.S.Regarding Avanxo Colombia, the Colombian branch of Avanxo Servicios Informáticos España S.L, there is no requirement for the Colombian branch to allocate profits for the creation of a legal reserve and, therefore, as of December 31, 2020, there was no legal reserve constituted**.** Grupo Assa Colombia S.A.S. and Globant Colombia S.A.S, did not have a legal reserve as of December 31, 2020.

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, 2020, the legal reserve was partially constituted and amounted to 9,443 for all Spanish subsidiaries, except for Belatrix Global Corp S.A. which was fully constituted. Grupo Assa Worldwide S.A did not have a legal reserve as of December 31, 2020..

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, 2020.

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, 2020, 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, the Peruvian subsidiaries of the Company must reserve at least 10% of its net income of the year to a legal reserve, until such reserve equals 20% of its respective amount of capital stock. As of December 31, 2020, the legal reserve amounted to 116 for Belatrix Peru S.A.C. which was fully constituted and 95 for Globant Peru S.A.C. that was

partially constituted. Regarding Avanxo Sucursal del Peru, the Peruvian branch of Avanxo Servicios Informáticos España S.L, there is no requirement for the Peruvian branch to allocate profits for the creation of a legal reserve and, therefore, as of December 31, 2020, there was no legal reserve 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, 2020, the legal reserve amounted to 365 for the Company's Mexican subsidiaries Global Systems Outsourcing S. de R.L. de C.V., Avanxo Mexico S.A.P.I de C.V, Avanxo Servicios S.A. de C.V and Grupo Assa Mexico Soluciones Informáticas S.A de C.V, the last being fully constituted. , GASA Mexico Consultoría y Servicios S.A de C.V did not have a legal reserve constituted as of December 31, 2020.

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, 2020, the Indian subsidiary's general reserve amounted to 17 .

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. As of December 31, 2020, there was no legal reserve constituted by the UK subsidiaries.

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

In Chile there is no requirement for the Chilean subsidiaries of the Company to allocate profits for the creation of a legal reserve. As of December 31, 2020, 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, 2020, the legal reserve amounted to 2 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, 2020, there was no such reserve constituted.

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, 2020, 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, 2020, 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, 2020, 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, 2020, there was no legal reserve constituted.

NOTE 31 – 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 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, for the purpose of measuring ECLs and for determining whether significant increase in credit risk had occurred, the Company grouped financial instruments on the basis of shared credit risk characteristics, and, specifically, grouped our trade receivables considering the industry verticals.

Considering that the tourism sector was one of the hardest-hit by the outbreak of COVID-19, with impacts on both travel supply and demand, we 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 32 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events until February 17, 2021, 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".

32.1 Transfer of Membership Units of Collokia LLC

On January 6, 2021, Globant España S.A, one of our Spanish subsidiaries, 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.

32.2 Cancellation of the Convertible Promissory Notes with Collokia LLC

On February 11, 2021, Globant España S.A, one of our Spanish subsidiaries, entered into a Software License Agreement with Collokia LLC in exchange for the cancellation of certain Convertible Promissory Note Purchase Agreement entered into on May 5 and October 7, 2017, between Collokia, LLC as borrower and Globant España S.A., as lender, for an aggregate amount of 120. Pursuant to the Software License Agreement, the parties agreed that Collokia LLC will grant Globant a perpetual, free, worldwide, non-exclusive, non-transferable and non-sublicensable license to use a software developed by Collokia LLC.

NOTE 33 – APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved by the Board of Directors on February 17, 2021.

Martín Migoya
President