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FORM 20-F

Globant S.A. - GLOB

Filed: March 29, 2019 (period: December 31, 2018)

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

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

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

OR

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

Date of event requiring this shell company report

For the transition period from _____ to _____.

Commission file number: 001-36535

GLOBANT S.A.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

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L-1855, Luxembourg

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(Address of principal executive offices)

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

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

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

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

None

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

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 36,103,814 common shares of which 138,152 are treasury shares held by us.

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

Yes No

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
 Yes No

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

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

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

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

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

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

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

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

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

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

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

- If we are unable to maintain current resource utilization rates and productivity levels, our revenues, profit margins and results of operations may be adversely affected;
- If we are unable to manage attrition and attract and retain highly-skilled IT professionals, 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 operation may be adversely affected;
- If we do not continue to innovate and remain at the forefront of emerging technologies and related market trends, we may lose clients and not remain competitive, which could cause our results of operations to suffer;
- If any of our largest clients terminates, decreases the scope of, or fails to renew its business relationship or short-term contract with us, our revenues, business and results of operations may be adversely affected;
- Worsening general economic conditions in the United States, Europe or globally could materially adversely affect our revenues, margins, results of operations and financial condition;
- Uncertainty concerning the current economic, political and social environment in Latin America may have an adverse impact on capital flows or other relevant variables and could adversely affect our business, financial condition and results of operations; and

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

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

CURRENCY PRESENTATION AND DEFINITIONS

In this annual report, all references to "U.S. dollars" and "\$" are to the lawful currency of the United States, all references to "Argentine pesos" are to the lawful currency of the Republic of Argentina, all references to "Colombian pesos" are to the lawful currency of the Republic of Colombia, all references to "Uruguayan pesos" are to the lawful currency of the Republic of Uruguay, all references to "Mexican pesos" are to the lawful currency of Mexico, all references to "Rupees" or "Indian rupees" are to the lawful currency of the Republic of India, all references to "Reals" or "Brazilian Real" are to the lawful currency of Brazil, all references to "Peruvian Sol" are to the lawful currency of Peru, 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.

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

- "IT" refers to information technology;
- "ISO" means the International Organization for Standardization, which develops and publishes international standards in a variety of technologies and in the IT services sector;
- "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 annual without the TM and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this annual report are the property of their respective owners.

PRESENTATION OF FINANCIAL INFORMATION

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

PRESENTATION OF INDUSTRY AND MARKET DATA

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

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

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected consolidated financial and other data of Globant S.A. should be read in conjunction with, and are qualified by reference to, "Operating and Financial Review and Prospects" and our audited consolidated financial statements and notes thereto included elsewhere in this annual report. The selected consolidated financial data as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 have been derived from the audited consolidated financial statements of Globant S.A. included elsewhere in this annual report and should be read in conjunction with those audited consolidated financial statements and notes thereto. The selected consolidated financial data as of and for the year ended December 31, 2016 set forth below have been derived from our consolidated financial statements as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 filed with the SEC on April 13, 2018 in our annual report for the year ended December 31, 2017 and which are not included in this annual report. The selected consolidated financial data as of December 31, 2015 and 2014 set forth below have been derived from our consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 filed with the SEC on April 29, 2016 in our annual report for the year ended December 31, 2015 and which are not included in this annual report.

Year ended December 31,

	2018	2017	2016	2015	2014
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(in thousands, except for percentages and per share data)

Consolidated Statements of profit or loss and other comprehensive income:

Revenues ⁽¹⁾	\$ 522,310	\$ 413,439	\$ 322,856	\$ 253,796	\$ 199,605
Cost of revenues ⁽²⁾	(318,554)	(263,171)	(191,395)	(160,292)	(121,693)
Gross profit	203,756	150,268	131,461	93,504	77,912
Selling, general and administrative expenses ⁽³⁾	(133,187)	(110,813)	(80,961)	(71,389)	(57,158)
Net impairment losses on financial assets ⁽⁴⁾	(3,469)	(1,581)	(928)	1,615	1,375
Other operating expense, net ⁽⁵⁾	(306)	(4,708)	—	—	—
Profit from operations	66,794	33,166	49,572	23,730	22,129
Gain on transactions with bonds ⁽⁶⁾	—	—	—	19,102	12,629
Finance income	11,418	7,956	16,215	27,555	10,269
Finance expense	(16,968)	(11,036)	(19,227)	(20,952)	(11,213)
Finance (expense) income, net ⁽⁷⁾	(5,550)	(3,080)	(3,012)	6,603	(944)
Other income and expenses, net ⁽⁸⁾	6,220	8,458	3,629	605	380
Profit before income tax	67,464	38,544	50,189	50,040	34,194
Income tax ⁽⁹⁾	(15,868)	(8,081)	(14,327)	(18,420)	(8,931)
Net income for the year	51,596	30,463	35,862	31,620	25,263
Earnings per share					
Basic	1.45	0.87	1.04	0.93	0.81
Diluted	1.41	0.84	1.01	0.90	0.79
Weighted average number of outstanding shares (in thousands)					
Basic	35,746	34,919	34,402	33,960	30,926
Diluted	36,685	36,094	35,413	35,013	31,867

- (1) Includes transactions with related parties of \$5,937, \$5,590, \$6,462, \$6,655 and \$7,681 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively.
- (2) Includes depreciation and amortization expense of \$4,022, \$4,339, \$4,281, \$4,441 and \$3,813 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively. Also includes share based compensation for \$4,248, \$5,666, \$917, \$735 and \$35 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively.
- (3) Includes depreciation and amortization expense of \$16,521, \$11,789, \$6,637, \$4,860 and \$4,221 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively. Also includes share based compensation of \$8,665, \$8,798, \$2,703, \$1,647 and \$582 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively.
- (4) Includes impairments of tax credits of \$48 and \$1,586 for the years ended December 31, 2018 and 2017, respectively, and recoveries related to reversals of allowances for impairments of tax credits of \$1,820 and \$1,505 for the years ended December 31, 2015 and 2014, respectively. Also includes a loss of \$3,421, \$928, \$205 and \$130 on impairment of trade receivables for the years ended December 31, 2018, 2016, 2015 and 2014, respectively, and a gain related to the reversal of an allowance for impairment of \$5 for the year ended December 31, 2017.
- (5) Includes an impairment of intangibles assets of \$306 and \$4,708 for the years ended December 31, 2018 and 2017.
- (6) Includes gains on transactions with bonds of \$19,102 and \$12,629 acquired with funds from capitalizations and proceeds received by our Argentine subsidiaries as payments from exports for the years ended December 31, 2015 and 2014, respectively. For additional information about gain on transactions with bonds during the year ended December 31, 2015 and 2014, see note Item 3.A. of our annual report for the year ended December 31, 2015.
- (7) Includes foreign exchange losses, net, of \$7,437, \$2,729, \$8,620, \$10,136 and \$2,946 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively.

- (8) Includes gains of \$6,700, \$6,735 and \$418, for the years ended December 31, 2018, 2017 and 2016, respectively, on the remeasurement of the contingent consideration of Clarice Technologies Private Ltd. (now called Globant India Private Ltd. or "Clarice"), We Are London Limited ("WAE UK"), We Are Experience, Inc. ("WAE U.S." and together with WAE UK, "WAE"), L4 Mobile, LLC ("L4"), Ratio Cypress, LLC ("Ratio) and PointSource, LLC ("PointSource"), explained in note 28.9.1 to our audited consolidated financial statements, and gains of \$1,611, \$1,727 and \$2,981 related to the remeasurement at fair value of the call and put option over our non-controlling interest in Dynaflo S.A. ("Dynaflo") explained in note 28.9.2 to our audited consolidated financial statements, and the derecognition of the call option over non-controlling interest of \$455 explained in note 24.3 to our audited consolidated financial statements. Includes the loss of \$1,038 for the year ended December 31, 2018 related to the settlement agreed with WAE former owners (note 28.9.1 to our audited consolidated financial statements). In 2016 includes a gain of \$225 related to the bargain business combination of Difier S.A. explained in note 24.5 to our audited consolidated financial statements. In 2018 includes the impairment of the investment in Colloquia of \$800 explained in note 10.2 to our audited consolidated financial statements. Includes a gain related to the valuation at fair value of our 22.7% share interest held in Dynaflo of \$625 for the year ended December 31, 2015. Includes a gain related to the bargain business combination of Bluestar Energy Holdings, Inc. (now called Globant Peru S.A.C. or "Bluestar Peru") of \$472 for the year ended December 31, 2014.
- (9) Includes deferred tax gains of \$7,456, \$5,972, \$730 and \$1,102 for the years ended December 31, 2018, 2017, 2016 and 2015, respectively, and a deferred tax charge of \$370 for the year ended December 31, 2014.

Reconciliation of Non-IFRS Financial Data

Overview

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

The reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are shown in the tables below. We use these non-IFRS measures as key measures in the evaluation of our performance and our consolidated financial results. We believe these non-IFRS measures 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.

Adjusted Profit from Operations

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

Adjusted Diluted EPS and Adjusted Net Income

We utilize non-IFRS measures of adjusted diluted EPS and adjusted net income for strategic decision making, forecasting future results and evaluating current performance. Adjusted diluted EPS and adjusted net income are most directly comparable to the IFRS measures of EPS and net income, respectively. Our non-IFRS measures of adjusted diluted EPS and adjusted net income exclude the impact of certain items, such as acquisition-related charges, impairment of assets, net of recoveries, share-based compensation expense, 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") (see note 22 to our consolidated financial statements) and expense related to the U.S. settlement agreement.

Year ended December 31,

	2018	2017	2016	2015	2014
Reconciliation of adjusted gross profit					
Gross profit	\$ 203,756	\$ 150,268	\$ 131,461	\$ 93,504	\$ 77,912
Adjustments					
Depreciation and amortization expense	4,022	4,339	4,281	4,441	3,813
Share-based compensation expense	4,248	5,666	917	735	35
Adjusted gross profit	\$ 212,026	\$ 160,273	\$ 136,659	\$ 98,680	\$ 81,760
Reconciliation of adjusted selling, general and administrative expenses					
Selling, general and administrative expenses	\$ (133,187)	\$ (110,813)	\$ (80,961)	\$ (71,389)	\$ (57,158)
Adjustments					
Acquisition-related charges, net ⁽¹⁾	3,516	1,131	556	337	—
Depreciation and amortization expense	16,521	11,789	6,637	4,860	4,221
Share-based compensation expense	8,665	8,798	2,703	1,647	582
Adjusted selling, general and administrative expenses	\$ (104,485)	\$ (89,095)	\$ (71,065)	\$ (64,545)	\$ (52,355)
Reconciliation of adjusted profit from operations					
Profit from operations	\$ 66,794	\$ 33,166	\$ 49,572	\$ 23,730	\$ 22,129
Adjustments					
Acquisition-related charges, net ⁽¹⁾	4,273	7,523	1,478	337	—
Impairment of assets, net of recoveries ⁽²⁾	354	1,586	—	(1,820)	(1,505)
Share-based compensation expense	12,913	14,464	3,620	2,382	617
Adjusted profit from operations	\$ 84,334	\$ 56,739	\$ 54,670	\$ 24,629	\$ 21,241
Reconciliation of adjusted net income for the year					
Net income for the year	\$ 51,596	\$ 30,463	\$ 35,862	\$ 31,620	\$ 25,263
Adjustments					
Acquisition-related charges, net ⁽¹⁾	(2,177)	(447)	(1,556)	337	—
Share-based compensation expense	12,913	14,464	3,620	2,382	617
Impairment of assets, net of recoveries ⁽²⁾	1,154	1,586	—	(1,820)	(1,505)
Expenses related to secondary share offering ⁽³⁾	251	—	—	—	—
U.S. settlement agreement, net	—	—	845	—	—
Adjusted net income for the year	\$ 63,737	\$ 46,066	\$ 38,771	\$ 32,519	\$ 24,375
Calculation of adjusted diluted EPS					
Adjusted net income	63,737	46,066	38,771	32,519	24,375
Diluted shares	36,685	36,094	35,413	35,013	31,867
Adjusted diluted EPS	1.74	1.28	1.09	0.93	0.76
Other data:					
Adjusted gross profit	212,026	160,273	136,659	98,680	81,760
Adjusted gross profit margin percentage	40.6%	38.8%	42.3%	38.9%	41.0%
Adjusted selling, general and administrative expenses	(104,485)	(89,095)	(71,065)	(64,545)	(52,355)
Adjusted selling, general and administrative expenses margin percentage	20.0%	21.5%	22.0%	25.4%	26.2%
Adjusted profit from operations	84,334	56,739	54,670	24,629	21,241
Adjusted profit from operations margin percentage	16.1%	13.7%	16.9%	9.7%	10.6%
Adjusted net income for the year	63,737	46,066	38,771	32,519	24,375
Adjusted net income margin percentage for the year	12.2%	11.1%	12.0%	12.8%	12.2%

(1) Acquisition-related charges, net, include, when applicable, amortization of purchased intangible assets included in the depreciation and amortization expense line on our consolidated statements of operations, 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.

Consolidated Statements of Financial Position Data

	As of December 31,				
	2018	2017	2016	2015	2014
Consolidated statements of financial position data:					
Cash and cash equivalents	\$ 77,606	\$ 52,525	\$ 50,532	\$ 36,720	\$ 34,195
Investments (current and non-current)	9,162	8,147	9,355	25,660	27,984
Trade receivables	110,898	80,078	54,170	45,952	40,056
Other receivables (current and non-current)	49,538	46,093	46,334	38,692	15,169
Deferred tax assets	16,916	13,186	7,691	7,983	4,881
Investment in associates	4,000	1,550	800	300	750
Other financial assets (current and non-current)	895	1,428	1,219	2,121	—
Property and equipment	51,460	43,879	35,676	25,720	19,213
Intangible assets	11,778	11,365	13,791	7,209	6,105
Goodwill	104,846	98,926	65,180	32,532	12,772
Total assets	437,099	357,177	284,748	222,889	161,125
Trade payables	17,578	11,640	5,603	4,436	5,673
Payroll and social security taxes payable	58,535	40,472	30,328	25,551	20,967
Borrowings (current and non-current)	—	6,011	217	548	1,285
Other financial liabilities (current and non-current)	12,765	29,238	31,826	21,285	1,308
Tax liabilities	7,399	5,253	6,249	10,225	3,446
Other liabilities and provisions	2,906	1,199	1,965	659	967
Total liabilities	99,183	93,813	76,188	62,704	33,646
Total equity and non-controlling interest	337,916	263,364	208,560	160,185	127,479
Total equity, non-controlling interest and liabilities	437,099	357,177	284,748	222,889	161,125

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

Risk Factors

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

Risks Related to Our Business and Industry

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

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

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

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

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.

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

The total attrition rate among our Globers was 18.2%, 18.0% and 19.3% for the years ended December 31, 2018, 2017 and 2016, respectively. If our attrition rate were to increase, our operating efficiency and productivity may decrease. We compete for talented individuals not only with other companies in our industry but also with companies in other industries, such as software services, engineering services and financial services companies, among others, and there is a limited pool of individuals who have the skills and training needed to help us grow our company. High attrition rates of qualified personnel could have an adverse effect on our ability to expand our business, as well as cause us to incur greater personnel expenses and training costs.

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

If 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.

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

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

In addition to our time-and-materials contracts, we undertake engagements on a fixed-price basis. Revenues from our fixed-price contracts represented approximately 17.4%, 8.9% and 7.9% of total revenues for the years ended December 31, 2018, 2017 and 2016, respectively. Our pricing in a fixed-price contract depends on our assumptions and forecasts about the costs we will incur to complete the related project, which are based on limited data and could turn out to be inaccurate. Any failure by us to accurately estimate the resources and time required to complete a fixed-price contract on time and on budget or any unexpected increase in the cost of our Globers assigned to the related project, office space or materials could expose us to risks associated with cost overruns and could have an adverse effect on our business, results of operations and financial condition. In addition, any unexpected changes in economic conditions that affect any of the foregoing assumptions and predictions could render contracts that would have been favorable to us when signed unfavorable.

If we are unable to achieve anticipated growth, our revenues, results of operations, business and prospects may be adversely affected.

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

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

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

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

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

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

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

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

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

We generate a significant portion of our revenues from our ten largest clients. During the years ended December 31, 2018, 2017 and 2016, our largest customers based on revenues, Walt Disney Parks and Resorts Online in 2018 and 2017, and Southwest Airlines Co. in 2016, accounted for 11.3%, 10.2% and 9.7% of our revenues, respectively. During the years ended December 31, 2018, 2017 and 2016, our ten largest clients accounted for 44.0%, 41.9% and 46.5% of our revenues, respectively.

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

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

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

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

Worsening general economic conditions in the United States, Europe or globally could materially adversely affect our revenues, margins, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

A substantial portion of our clients are concentrated in the following industries: media and entertainment; banks, financial services and insurance; travel and hospitality; and, technology and telecommunications which industries, in the aggregate, constituted 77.4%, 78.3% and 75.0% of our total revenues for the years ended December 31, 2018, 2017 and 2016, respectively. Our business growth largely depends on continued demand for our services from clients in these industries and other industries that we may target in the future, as well as on trends in these industries to purchase technology services or to move such services in-house.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our business is heavily dependent on the security of our IT networks and those of our clients. We often have access to or are required to collect and store confidential client and customer data. Internal or external attacks on our IT networks or those of our clients could disrupt the normal operations of our engagements and impede our ability to provide critical services to our clients, thereby subjecting us to liability under our contracts. Additionally, our business involves the use, storage and transmission of confidential information and data about our employees, our vendors and our clients. While we take measures to protect the security of, and unauthorized access to, our systems, as well as the privacy of confidential information and data, our security controls over our systems, or the security controls over the systems of our clients with which we operate and rely upon, as well as any other security practices we follow, may not prevent the improper access to or the unauthorized disclosure of confidential information, including any personally identifiable or proprietary information. Many of our client contracts do not limit our potential liability for breaches of confidentiality. If any person, including any of our Globers or former Globers, penetrates our network security or misappropriates data or code that belongs to us, our clients, or our clients' customers, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws.

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

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

We have a presence in many countries and plan to continue expanding our international operations, which may subject us to increased business and economic risks that could affect our financial results.

Since we provide services to clients throughout the world, we are subject to numerous, and sometimes conflicting legal requirements. Compliance with complex international and U.S. laws and regulations that apply to our international operations increases our cost of doing business. These numerous and sometimes conflicting laws and regulations include, among others, import/export controls, content requirements, trade restrictions, tariffs, taxation, anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, whistle blowing, internal control and disclosure rules, data protection and privacy requirements. Our failure to comply with these regulations in the conduct of our business could result in fines, penalties, criminal sanctions against us or our officers, disgorgement of profits, prohibitions on doing business and adverse impact on our brand and reputation. In addition, our failure to comply with these regulations in the context of our obligations to our clients could also result in liability for monetary damages, unfavorable publicity and allegations by our clients that we have not performed our contractual obligations. Due to the varying degree of development of the legal systems of the countries in which we operate, local laws might be insufficient to defend us and preserve our rights.

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

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

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

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

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

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

Our success largely depends on our ability to use and develop our technology, tools, code, methodologies and services without infringing the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. In such cases, litigation may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish our proprietary rights. However, given that litigation could be costly an time consuming and could divert the attention of management and key personnel from our business operations, we may elect to settle these claims from time to time.

We typically indemnify clients who purchase our services and solutions against potential infringement of intellectual property rights, which subjects us to the risk of indemnification claims. These claims may require us to initiate or defend protracted and costly litigation on behalf of our clients, regardless of the merits of these claims and are often not subject to liability limits or exclusion of consequential, indirect or punitive damages. If any of these claims succeed, we may be forced to pay damages on behalf of our clients, redesign or cease offering our allegedly infringing services or solutions, or obtain licenses for the intellectual property such services or solutions allegedly infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, our clients may stop using our services or solutions.

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

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

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

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

Unlike our time-and-materials contracts, for which revenue is recognized as services are provided, our fixed-priced contracts require the use of certain accounting estimates. We utilize the input and output methods, depending on the nature of the project and the agreement with the customer, to account for these contracts. Under the input method, as labor costs represent the primary cost component under such contracts, we estimate each of our fixed-price contract's total labor cost to date as a proportion of its total expected labor cost. Under the output method, we recognize revenue on the basis of direct measurements of the value of the services transferred to date relative to the remaining services promised under the contract. We monitor these factors and continuously revise and refine our estimates during the term of our fixed-price contracts.

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

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

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

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

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

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

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

The Software Promotion Law remains in effect until December 31, 2019. In March 2019, a draft bill was introduced for its treatment by the Argentine Congress consisting of a promotional Knowledge Economy regime. The regime contains tax benefits similar to the ones provided by the Software Promotion Law and is addressed to software companies, as well as other companies involved in biotechnology, audiovisual production, exportable professional services, robotic automation, aerospace and satellite industry, among others. The bill has not yet been passed.

Our subsidiary in Uruguay, Sistemas Globales Uruguay S.A., which is situated in a tax-free zone, benefits from a 0% income tax rate and an exemption from value-added tax. Additionally, our software development services are exempt from income tax in Uruguay. The exemption applies to software development services as long as they are exported and utilized abroad.

In India, under the Special Economic Zones Act of 2005, the services provided by export-oriented companies within Special Economic Zones (each, an "SEZ") are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the company commenced the provision of services, and 50% of such profits or gains for the five years thereafter. Some locations of our Indian subsidiary are located in a SEZ and have completed the SEZ registration process. Consequently, we started receiving the tax benefit on August 2, 2018.

In Belarus, a Hi-Tech Park (the "HTP") was established in Minsk in 2005 to promote the IT industry. The HTP has a special legal and fiscal regime in effect until 2042.

For further discussion of the Argentine, Uruguay, India and Belarus tax benefits, see "Business Overview — Our Delivery Model — Government Support and Incentives". If these tax incentives in Argentina, Uruguay, India and Belarus are changed, terminated, not extended or made unavailable, or comparable new tax incentives are not introduced, we expect that our effective income tax rate and/or our operating expenses would increase significantly, which could materially adversely affect our financial condition and results of operations. See "Operating and Financial Review and Prospects — Operating Results — Certain Income Statement Line Items — Income Tax Expense".

On December 22, 2017, the United States enacted legislation referred to as the Tax Cuts and Jobs Act ("2017 Tax Act"), which instituted fundamental changes to the taxation of multinational corporations. As of the date of this annual report, certain provisions of the 2017 Tax Act do not currently apply to us, including those designed to (i) tax global intangible low-tax income ("GILTI"); (ii) establish a deduction for foreign derived intangible income ("FDII"); (iii) eliminate the intercompany payment deduction under Base Erosion Anti-Abuse Tax provision ("BEAT"); and (iv) establish new limitations on certain executive compensation. One or more of these provisions may apply to us in the future and any additional taxation may have an adverse impact on our results of operations and cash flows.

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

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

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

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

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

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

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

We have expanded, and may continue to expand, our operations through strategically targeted acquisitions focused on deepening our relationships with key clients, extending our technological capacities including services over platforms, broadening our service offering and expanding the geographic footprint of our delivery centers, including beyond Latin America. We completed two acquisitions in 2008, one in 2011, two in 2012, one in 2013, one in 2014, two in 2015, three in 2016, two in 2017 and one in 2018. Financing of any future acquisition could require the incurrence of indebtedness, the issuance of equity or a combination of both. There can be no assurance that we will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses without substantial expense, delays or other operational or financial risks and problems. Furthermore, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or legal liabilities and amortization of acquired intangible assets. In addition, any client satisfaction or performance problems within an acquired business could have a material adverse impact on our company's corporate reputation and brand. We cannot assure you that any acquired businesses would achieve anticipated revenues and earnings. Any failure to manage our acquisition strategy successfully could have a material adverse effect on our business, results of operations and financial condition.

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

On July 3, 2014, our board of directors and shareholders approved and adopted the 2014 Equity Incentive Plan, which was amended by our board of directors 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 up to 5,666,667 on February 13, 2019.

From the adoption of the plan until the date of this annual report we have granted to members of our senior management and certain other employees 30,000 stock awards, options to purchase 2,277,434 common shares and 770,849 restricted stock units, net of any cancelled and/or forfeited awards. Most of the options and restricted stock units were granted with a vesting period of four years, 25% of each grant becoming exercisable on each anniversary of the grant date. The remaining options and restricted stock units were granted with a vesting period agreed with those employees. Share-based compensation expense for awards of equity instruments is determined based on the fair value of the awards at the grant date. Each of our employee share options is exercisable for one of our common shares, and each of our restricted stock units is settled, automatically upon its vesting, with one of our common shares. No amounts are paid or payable by the recipient on receipt of an option or restricted stock unit. Neither the options nor the restricted stock units carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiration (ten years after the grant date).

For the years ended December 31, 2018, 2017 and 2016, we recorded \$12.9, \$14.5 and \$3.6 million, respectively, of share-based compensation expense related to the grant of options and restricted stock units.

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

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

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

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

In November 2018, Globant LLC, our U.S. subsidiary (the "Borrower") entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with the financial institutions listed therein, as lenders, and HSBC Bank USA, N.A., as administrative agent, issuing bank and swingline lender. The A&R Credit Agreement amends and restates the Credit Agreement dated as of August 3, 2017, which provided for a secured revolving credit facility under which the Borrower could borrow up to \$40.0 million in advances. Under the A&R Credit Agreement, the Borrower may borrow (i) up to \$50.0 million in a single borrowing on or prior to May 1, 2019 under a delayed-draw term loan facility and (ii) up to \$150.0 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 \$100.0 million. The maturity date of each of the facilities is October 31, 2023, and interest on the loans extended thereunder shall accrue at a rate per annum equal to LIBOR plus 1.75%. The Borrower's obligations under the A&R Credit Agreement are guaranteed by us and our subsidiary, Globant España S.A., and are secured by substantially all of the Borrower's now owned and after-acquired assets. The A&R Credit Agreement also contains certain customary negative and affirmative covenants. Compliance with these covenants may limit our flexibility in operating our business and our ability to take actions that might be advantageous to us and our shareholders.

As of December 31, 2018 and as of the date of this annual report, no amounts were outstanding under this facility.

Indebtedness under our credit facility bears interest based on LIBOR, which may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences.

The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness may be adversely affected or we may need to renegotiate the terms of our credit agreement to replace LIBOR with the new standard that is established, if any, or to otherwise agree with the trustees or agents under such facilities or instruments on a new means of calculating interest.

Risks Related to Operating in Latin America.

Our two largest operations are based in Argentina and Colombia, and we have subsidiaries in other countries of Latin America, such as Chile, Uruguay, Peru, Mexico and Brazil. There are significant risks to operating in those countries that should be carefully considered before making an investment decision.

Latin America

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

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

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

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

- changes in government policies or regulations, including such factors as exchange rates and exchange control policies;
- inflation rates;
- interest rates;
- tariff and inflation control policies;
- price control policies;
- liquidity of domestic capital and lending markets;
- electricity rationing;

- tax policies, royalty and tax increases and retroactive tax claims; and
- other political, diplomatic, social and economic developments in or affecting the countries where we operate.

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

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

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

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

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

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

The increasing level of inflation in Argentina has generated pressure for further depreciation of the Argentine peso. After several years of relatively moderate variations in the nominal exchange, the Argentine peso depreciated against the U.S. dollar by 31.2% in 2014, 52.1% in 2015, 21.9% in 2016, 18.4% in 2017 and 102.2% in 2018, based on the official exchange rates published by the Argentine Central Bank. Due to several factors, including but not limited to the raising of the interest rate by the U.S. Federal Reserve, the inability of the Argentine government to perform structural changes and reduce the fiscal deficit, the Argentine government's increasing need for international financing, the increase of the Argentine government's inflation goals for 2018, a historical drought that affected the crops production (main export of Argentina), and the Turkish crisis, during 2018 the Argentine Peso suffered depreciation of 102.2%. This sharp depreciation again fostered inflation and created strong volatility in the U.S. dollar exchange rate that gave rise to concerns about further depreciations of the Argentine peso, the control of the inflation levels, and the potential for a new financial crisis.

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

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

A significant appreciation of the Argentine peso against the U.S. dollar could also adversely affect the Argentine economy as well as our business. Our results of operations are sensitive to changes in the Argentine peso/U.S. dollar exchange rate because a significant portion of our operations are conducted in Argentina where our costs are incurred, for the most-part, in Argentine pesos. In the short term, a significant appreciation of the Argentine peso against the U.S. dollar would adversely affect exports and the desire of foreign companies to purchase services from Argentina. Our business is dependent to a certain extent on maintaining our labor and other costs competitive with those of companies located in other regions around the world from which technology and IT services may be purchased by clients in the United States and Europe. We periodically evaluate the need for hedging strategies with our board of directors, including the use of such instruments to mitigate the effect of foreign exchange rate fluctuations. During the years ended December 31, 2018 and 2017, our Argentine operating subsidiaries, Sistemas Globales S.A. and IAFH Global S.A., entered into foreign exchange contracts for the purpose of hedging the risk of exposure to fluctuations in the Argentine peso against the U.S. dollar. If we do not hedge such exposure or we do not do so effectively, an appreciation of the Argentine peso against the U.S. dollar may raise our costs, which would increase the prices of our services to our customers, which, in turn, could adversely affect our business, financial condition and results of operations.

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

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

Argentina

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

During recent years, the Argentine government has frequently intervened in the Argentine economy, including through the implementation of expropriation policies or nationalizations.

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

There are other examples of government intervention. In December 2012 and August 2013, the Argentine Congress established new regulations relating to domestic capital markets. Such regulations generally provided for increased intervention in the capital markets by the government, authorizing, for example, the Argentine Securities Commission (*Comisión Nacional de Valores* or "CNV") to appoint observers with the ability to veto the decisions of the board of directors of companies admitted to the public offering regime in Argentina under certain circumstances and suspend the board of directors for a period of up to 180 days. On May 9, 2018, however, the Argentine Congress passed the Productive Financing Law No. 27,440, which reformed, among others, the Capital Markets Law No. 26,831 abrogating this power granted to the CNV and generally modernizing the entire regulatory framework applicable to the Argentine capital market, by incorporating current international practices to contribute to its development.

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

The continuity of the Macri administration and of the current economic and political environment of Argentina is uncertain.

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

- *Foreign Exchange Reforms.* The current Argentine administration eliminated all foreign exchange restrictions, including certain currency controls, which were imposed by the previous administration. However, due to the foreign exchange crisis, soaring inflation and plummeting economic activity during the first half of 2018, on November 8, 2018 the Argentine Central Bank issued Communication "A" 6595, imposing on financial entities a minimum cash requirement equal to 23% up to 29 days; 17% between 30 and 59 days; 11% between 60 and 89 days; 5% between 90 and 179 days; 2% between 180 and 365 days; and 0% for more than 365 days on obligations with international financial facilities. However, Communication "A" 6595 was repealed on January 1, 2019. In addition, effective as of October 1, 2018 until the end of 2018, the Argentine Central Bank defined foreign exchange intervention and non-intervention zones for the U.S. dollar exchange rate at 34 Argentine pesos per U.S. dollar in the lower bound and 44 Argentine pesos per U.S. dollar in the upper bound. Such rates are adjusted daily; provided that beyond the upper bound, the Argentine Central Bank may sell foreign currency for a daily amount of up to US\$50 million, and beyond the lower bound, the Argentine Central Bank may increase the monetary base backed with the increase of the federal reserves. As of the date of this annual report, the non-intervention zones were fixed at 39.989 Argentine pesos per U.S. dollar in the lower bound and 50.456 Argentine pesos per U.S. dollar in the upper bound. See "Item 4.B — Business overview — Regulatory Overview — Foreign Exchange Controls — Argentina".
- *Foreign Trade Reforms.* The current Argentine administration eliminated or reduced export duties on several agricultural products and eliminated export duties on most industrial and mining products. With respect to payments for imports of goods and services, the Macri administration announced the elimination of limitations on access to the Foreign Exchange Market for existing debts incurred in connection with imports of goods and services as of April 22, 2016. On January 2, 2017, the federal government enacted a further reduction of the export duties rate set for soybean and soybean products, setting a monthly 0.5% cut on the export duties rate beginning on January 2018 until December 2019. In regards to export duties, on December 4, 2018, the Argentine administration imposed duties on the exportation of services (and not only goods) and allowed the Executive Power to impose export duties of up to 30% until December 31, 2020, with a maximum rate of 12% for services and goods that were not subject to export duties before September 2, 2018. On January 2, 2019, a new export duty was applied on exports of services at a rate of 12% with a maximum limit of 4 Argentine pesos per U.S. dollar of the amount arising from the invoice or equivalent document.

- *Financial Policy.* The current Argentine administration has settled the majority of outstanding claims with holdout creditors and has issued sovereign bonds in the international capital markets. Although the size of the claims involved has decreased significantly, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions. See "—Argentina's ability to obtain financing from international markets may be limited, which may in turn impair its ability to implement reforms and public policies and foster economic growth and could impact the ability of Argentine companies to obtain financing outside of Argentina."
- *Fiscal policy.* The current Argentine administration took steps to anchor fiscal accounts, reduce the primary fiscal deficit, eliminate subsidies, reorganize certain expenditures and generate increased revenue through a tax amnesty program. The fiscal deficit for 2017 was approximately 3.9% of GDP, 0.3% lower than expected. Likewise, the fiscal deficit for 2018 was approximately 2.4% of GDP, 0.3% lower than expected. Reducing fiscal deficit is one of the most important objectives for the administration in the coming years. Due to the foreign exchange crisis in the second half of 2018, the Argentine government implemented a series of measures aimed at reducing the fiscal deficit for the following years, including the suspension of public infrastructure works, the depreciation of the Argentine peso, the re-imposition of export duties, the request of a stand-by loan agreement with the International Monetary Fund ("IMF") and the elimination of the Supportive Federal Fund (by which the Federal Government distributed 30% of the proceeds of the export duties on soybean and soybean products to the provinces and municipalities), among other measures. The Argentine government targets a primary fiscal deficit of 0% of the GDP for 2019 and a primary fiscal surplus of 1% of the GDP for 2020.
- *Correction of monetary imbalances.* The Argentine administration has adopted an inflation targeting regime in parallel with the floating exchange rate regime and set inflation targets for the years 2016, 2017, 2018 and 2019. The Argentine Central Bank has increased stabilization efforts to reduce excess monetary imbalances and raised peso interest rates to offset inflationary pressure. However, the goals for 2016, 2017 and 2018 have not been met, despite the increase on the inflation target ranges for 2018 (from between 8% and 12%, to 27%) and 2019 (from between 3.5% and 6.5%, to 17%) announced by the Argentine Central Bank in June, 2018. The inflation for 2017 rose to 24.8%, and for 2018, fostered by a depreciation of 102.2% of the Argentine peso to the U.S. dollar, rose to 47.6%. The official estimation of inflation for 2019 is 29%, while private sources predict an inflation of 35% for the same period. Since October 1, 2018, in addition to the creation of the foreign exchange intervention and non-intervention zones, the Argentine Central Bank adopted a policy of zero currency issuance. Therefore, the Argentine Central Bank recalculated the inflation targets for 2019 and 2020 to 27.8% and 19.6%, respectively.
- *Corporate Criminal Liability Law (Ley de Responsabilidad Penal Empresaria).* On November 8, 2017, the Argentine Congress passed Law No. 27,401 which provides for the criminal liability of corporate entities upon their execution of certain dishonest activities, directly or indirectly, with their intervention or on their behalf, interest or benefit. Companies found liable for committing crimes under the terms of this law may be subject to various sanctions, including, among others, fines ranging from two to five times the "undue" benefit that was obtained or that could have been obtained through the actions incurred in breach of this regulation. Additionally, Companies found liable may forfeit assets obtained through the illegal actions. The law became effective on March 1, 2018.
- *Amendment to Labor Risks Law.* On February 15, 2017, the Argentine Congress passed Law 27,348, which amends and complements Labor Risks Law No. 24,557 (the "Labor Risks Law"), and aims to reduce litigation arising from accidents at work. Under the new regime, prior to filing a lawsuit resulting from work-related accidents, affected workers must go through jurisdictional medical commissions, in order to assess the impact of any accident and to assign benefits provided for under the Labor Risks Law.
- *Social Security Reform Law.* On December 28, 2017, the Argentine Congress passed Argentine Law No. 27,426, which provides for modifications to the method of calculating social security benefits. In most cases, minimum benefits will equal 82% of the minimum wage. The law also grants employees the option to maintain their employment status until the age of 70, though employees may choose to retire earlier. Male employees may retire at 65 and female employees may retire at 60.

- *Labor Reform Draft Bill.* The Labor Draft Bill (File No. 1381/2018), which provides a regime of regularization of unregistered employment, is currently being discussed in two commissions of the Senate: (i) Labor and Social Security, and (ii) Budget and Finance. This Labor Draft Bill establishes an opportunity to register employment relationships in the private sector and to rectify the actual remuneration or hiring date of the employment, with the exception of those related to domestic service, and is currently pending review by both chambers. The draft bill aims to improve competitiveness and efficiency of various sectors, increase employment, attract investment and reduce labor costs.
- *Tax Regime.* On December 29, 2017, the Argentine Congress passed Law No. 27,430. The law provides for a series of tax and social security reforms intended to eliminate certain existing complexities and inefficiencies of the Argentine tax regime, reduce tax evasion, increase the coverage of income tax as applied to individuals and encourage investment while sustaining the Argentine administration's medium- and long-term efforts aimed at restoring fiscal balance. The reforms introduced with this law are part of the agenda of the Argentine administration to improve the competitiveness of the Argentine economy (including the reduction of the fiscal deficit), to increase employment and diminish poverty on a sustainable basis. Decree No. 279/2018, published in the Official Gazette on April 7, 2018, regulated the income tax treatment applicable to non-Argentine residents, who receive income or obtain capital gains arising from the investment in financial assets in Argentina. The reform did not substantially modify the tax treatment set forth in Law No. 26,893 of gains recognized by nonresidents on the sale of shares, quotas or other equity participations in Argentine companies as well as "other securities" of Argentine residents. However, it shifted the tax liability from nonresident purchasers to nonresident sellers. Beginning January 1, 2018, when a nonresident seller sells shares or quotas in an Argentine company to a nonresident buyer, the seller must pay Argentine income tax on the capital gains through its legal representative in Argentina. In April 2018, the General Resolution No. 4,227 of the AFIP established the payment mechanism for the Argentine income tax on capital gains. Furthermore, Decree No. 813/2018, published in the Official Gazette on September 11, 2018, introduced several amendments to Regulatory Decree No. 692/1998, which regulates the Argentine Value Added Tax Law. The main amendments were made in relation to: (i) substitute taxpayers for the payment of the Value Added Tax corresponding to individuals or entities domiciled or resident abroad who render services within Argentina subject to the tax; (ii) digital services provided by individuals or entities domiciled or resident abroad when the effective use or exploitation of such services is carried out in Argentina; (iii) the mechanism for the refund of tax credits generated in the purchase, construction, manufacture, processing or importation of capital assets; and (iv) the mechanism for the recovery of accumulated tax balance by public service companies. Decree No. 1170, published in the Official Gazette on December 27, 2018, amended the regulatory decree of the Income Tax Law in accordance with the amendments introduced by Law No. 27,430. In addition, pursuant to the amendment to the personal assets tax law approved by Law No. 27,480, enacted on December 5, 2018, the minimum taxable amount for fiscal year 2019 is Argentine pesos 2 million. For taxpayers domiciled in Argentina, the tax rate would still be 0.25% if the aggregate amount of declared assets is between Argentine pesos 2 million and Argentine peso 5 million, but it would increase to 0.5% of the excess of Argentine pesos 5 million if the declared assets are of between Argentine pesos 5 and Argentine pesos 20 million, and to 0.75% of the excess of Argentine pesos 20 million if the value of declared assets is higher than Argentine pesos 20 million. For individuals and entities not domiciled in Argentina, the tax rate would be maintained at 0.25%, irrespective of the value of the taxable assets.
- *Capital Markets Reform.* On May 9, 2018, the Argentine Congress passed the Productive Financing Law No. 27,440, which reformed, among others, the Capital Markets Law No. 26,831, generally modernizing the entire regulatory framework applicable to the Argentine capital market by incorporating current international practices to contribute to its development. The CNV has also issued several regulations in line with such reform.
- *Antitrust Law.* On May 24, 2018, the Argentine Congress passed Law No. 27,442, which introduces several changes to the former Antitrust Law No. 25,156, as follows: (i) it envisages the creation of a National Competition Authority, as opposed to having a "dual" authority i.e. Antitrust Commission and Secretary of Trade; (ii) in terms of merger control, it increases the volume of business' threshold and provides for the adoption of a suspensory regime, by means of which the parties to a reportable transaction will not be able to close it until they receive authorization from the authority; and (iii) in terms of anticompetitive conducts, it increases the fines for sanctions substantially and presumes that there are certain conducts that are deemed to be absolutely restrictive to competition and, therefore, illegal per se (i.e. "hard core cartels"). The suspensory regime shall enter into force one year from the effective creation of the National Competition Authority and, in the meantime, the current non-suspensory regime continues to apply. This entity has not been created yet.

Some of the measures proposed by the current Argentine administration have generated political and social opposition. In addition, political parties opposed to the government retained a majority of the seats in the Argentine Congress, which may in turn prevent the government from adopting such measures as proposed.

Moreover, Argentine presidential, congressional, municipal and state government elections will be held in October, 2019. We can offer no assurances or predictions on the continuity of the Macri administration or that the policies that may be implemented by the Argentine government in office will not adversely affect our business, results of operations or financial condition.

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

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

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

According to data published by the INDEC, the CPI increased 21.7% in 2014 and 11.9% as of October 2015 (for the first nine months of year 2015). In November 2015, the INDEC suspended the publication of the CPI. According to the publicly available information based on data from the Province of San Luis, the CPI grew by 31.6% in 2015 and 31.4% in 2016. According to the publicly available information based on data from the City of Buenos Aires, the CPI grew by 29.6% in 2015 and 41.0% in 2016. After implementing certain methodological reforms and adjusting certain macroeconomic statistics based on these reforms, in June 2016 the INDEC resumed its publication of the CPI. According to the INDEC, Argentina's rate of inflation between May and December 2016 was 16.9%, in the year 2017 was 24.8% and in the year 2018 was 47.6% based on the CPI. The official estimation of CPI increase for 2019 is 29%, while private sources predict a CPI increase of 35% for the same period.

Recent factors, including but not limited to the raising of the interest rate by the U.S. Federal Reserve, the inability of the Argentine government to perform structural changes and reduce the fiscal deficit, the Argentine government's increasing need for international financing, the increase of the Argentine government's inflation goals for 2018, a historical drought that affected crop production (main export of Argentina), and the Turkish crisis, provoked a sharp depreciation of 102.2% of the Argentine Peso during 2018. This sharp depreciation has fostered inflation in 2018 and created strong volatility in the U.S. dollar exchange rate that gave rise to concerns about further depreciation of the Argentine peso, the control of the inflation levels, and the possibility of a new financial crisis. Uncertainty surrounding future inflation rates may have an adverse impact for Argentina in the long-term credit market. In order to control the foreign exchange crisis the Argentine government adopted a series of measures, including the execution of a financing agreement with the IMF for US\$57.1 billion, and the Argentine Central Bank defined foreign exchange intervention and non-intervention zones for the U.S. dollar exchange rate and increased the pesos interest rates. As of the date of this annual report, these and other measures adopted by the Argentine government and the Argentine Central Bank caused a deepening recession (the IMF projected a GDP decrease of 2.6% for 2018 and 1.7% for 2019), increasing unemployment and medium and small companies failures, while high inflation and foreign exchange instability continues. In addition, in October 2019, Argentina will hold presidential elections, and there is a large amount of uncertainty and speculation on the re-election of Mauricio Macri or his potential successor that also contributes to the economic instability.

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

The Executive Board of the International Monetary Fund has approved a three-year Stand-By Arrangement for Argentina amounting to US\$57.1 billion, following an agreement on an economic plan to be implemented by the Argentine authorities; however, there can be no assurance that such plan will meet its objectives in supporting the Argentine government's economic priorities, nor are we able to predict what the future consequences will be for the Argentine economy in general or our business in particular.

The Argentine government requested IMF financial support in late May 2018 to help strengthen the Argentine economy in light of the recent financial market turbulence. In early June 2018, Argentina and IMF staff reached an agreement on an economic plan that could be supported by IMF financing in the form of a Stand-By Arrangement for \$50.0 billion, and on June 20, 2018, the IMF's Executive Board approved such plan and the consequent three-year Stand-By Arrangement, and on June 21, 2018, the IMF made the first disbursement of US\$15 billion.

On September 2018 the Argentine government negotiated an extension to the Stand-By Arrangement from \$50.0 billion to \$57.1 billion.

By the end of October 2018, the IMF made the second disbursement of \$5.7 billion and by the end of December made a third disbursement of \$7.6 billion. It is expected that the IMF would make additional disbursements in 2019 for US\$22.8 billion.

The purpose of the Stand-By Arrangement is to support the Argentine government's economic priorities, which include strengthening the Argentine economy and protecting the living standards of the Argentine people.

The Argentine government has stated that it intends to take measures to accelerate the pace at which the federal government's fiscal deficit is reduced. This measure is expected to ultimately lessen the government's financing needs and put public debt on a downward path.

In addition, the Argentine government's economic plan intended to put in place measures to offer opportunity and support to the less well-off members of Argentine society. The authorities have committed to ensuring that spending on social assistance, as a share of gross domestic product, will not decline during the next three years.

As of the date of this annual report, we cannot guarantee that the financing package will be sufficient to enable the Argentine government to achieve the goals of its economic plan, nor are we able to predict what the future consequences will be for the Argentine economy in general or our business in particular.

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

Between 2007 and 2014, the inflation index has been extensively discussed in the Argentine economy. The intervention of the former Argentine government in the INDEC in 2007 and the change in the way the inflation index was measured have resulted in disagreements between the former Argentine government and private consultants as to the actual annual inflation rate. The former Argentine government imposed fines on private consultants reporting inflation rates higher than the INDEC data. As a result, private consultants typically shared their data with Argentine lawmakers who opposed the previous government, who released such data from time to time. This resulted in a decrease in confidence in Argentina's economy.

In February 2014, the INDEC released a new inflation index, known as National Urban Consumer Price Index (*Índice de Precios al Consumidor Nacional Urbano*) that measured the prices of goods across the country and replaces the previous index that only measured inflation in the urban sprawl of the City of Buenos Aires. Pursuant to these calculations, such new consumer price index rose 21.7% in 2014 and 11.9% during the ten-month period ended October 31, 2015. Even though the new methodology brought inflation statistics closer to those estimated by private sources, material differences between recent official inflation data and private estimates remained during 2015.

However, during December 2015 and January 2016, the new administration declared the national statistical system and the INDEC to be in a state of administrative emergency through December 31, 2016. Accordingly, the new head of the INDEC announced the temporary suspension of the publication of official data of prices, poverty, unemployment and GDP until the completion of a full review of INDEC's policies. Shortly thereafter, the new administration released an alternative CPI index based on data from the City of Buenos Aires and the Province of San Luis. The INDEC resumed its publication of the CPI in June 2016, after implementing certain methodological reforms and adjusting certain macroeconomic statistics on the basis of those reforms. As a consequence of these reforms, on November 9, 2016, the IMF lifted its censure on Argentina, noting that Argentina had resumed the publication of data in a manner consistent with its obligations under the Articles of Agreement with the IMF. Still, uncertainty remains as to whether official data and measurement procedures sufficiently reflect inflation in the country, and what effect these reforms will have on the Argentine economy. In March 2018, the Argentine government announced a draft bill to provide INDEC with total autonomy and to transform it into an entity that will facilitate greater statistical independence of the main macroeconomic indicators.

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

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

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

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

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

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

Litigation involving holdout creditors, claims with ICSID and other claims against the Argentine Government, resulted and may result in material judgments against the government, lead to attachments of or injunctions relating to Argentina's assets, or could cause Argentina to default under its other obligations, and such events may prevent Argentina from obtaining favorable terms or interest rates when accessing international capital markets or from accessing international financing at all. Our ability to obtain U.S. dollar-denominated financing has been adversely impacted by these factors. During 2014, 2015, 2016, 2017 and 2018, it became increasingly difficult for Argentine companies to obtain financing in U.S. dollars, and loans in the local currency carried significantly higher interest rates. The termination of the injunctions issued by the United States courts preventing bondholders from receiving their interest payments on the bonds issued pursuant to the 2005 and 2010 exchange offers, and the related subsequent events, have paved the way for the Argentine Government to regain access to the international capital markets. Nonetheless, Argentina's ability to obtain international or multilateral private financing or direct foreign investment may be limited, which may in turn impair its ability to implement reforms and public policies to foster economic growth. In addition, Argentina's ongoing litigation with the remaining holdout creditors as well as ICSID and other claims against the Argentine Government, or any future defaults of its financial obligations, may prevent us from accessing the international capital markets or cause the terms of any such transactions less favorable than those provided to companies in other countries in the region, potentially impacting our financial condition.

In addition, other endogenous and exogenous factors are limiting the access of emerging countries and particularly Argentina to international financing. See "—Our business, results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates (most notably between the U.S. dollar and the Argentine peso)" and "—Our results of operations may be adversely affected by high and possibly increasing inflation in Argentina."

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

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

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

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

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

Since 2001, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of enterprises to retain or obtain foreign currency or make payments or distributions abroad. See *"Information on the Company — Business Overview — Foreign Exchange Controls"*.

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

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

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to increase wages and provide specified benefits to employees, and may do so again in the future. Argentine employers, both in the public and private sectors, have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, employees and labor organizations are demanding significant wage increases. The Argentine government increased the minimum salary to 3,600 Argentine pesos in January 2014, to 4,400 Argentine pesos in September 2014, to 4,716 Argentine pesos in January 2015, to 5,588 Argentine pesos in August 2015, to 6,060 Argentine pesos in January 2016, to 6,810 Argentine pesos in June 2016, to 7,560 Argentine pesos in September 2016, to 8,860 Argentine pesos in July 2017, to 10,700 Argentine pesos in September 2018, and to 11,300 Argentine Pesos in December 2018. The Argentine government confirmed that the minimum salary will be increased to 12,500 Argentine pesos by June 2019. Recently, the INDEC published data regarding the evolution of salaries in the private and public sectors, which reflects approximately 26.7% and 25.26% salary increase in the private and public sectors, respectively, for the period from January 2017 through December 2017, and approximately 28.7% salary increase in both private and public sectors, from the period from January 2018 to November 2018.

Due to high levels of inflation and full employment in the high tech industry, we expect to raise salaries in line with the market. During the year ended December 31, 2018, labor unions agreed with employers' associations on annual salary increases between 30% and 40%. In addition, on November 12, 2018, the Argentine government issued a decree imposing the payment of an extraordinary non-remuneratory bonus of Argentine pesos 5,000 to all workers in the private sector, payable in two installments in December 2018 and February 2019. If future salary increases in the Argentine peso exceed the pace of the devaluation of the Argentine peso, such salary increases could have a material and adverse effect on our expenses and business, results of operations and financial condition and, thus, on the trading prices for our common shares.

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

During the years ended December 31, 2018 and 2017, our Argentine operating subsidiary IAFH Global S.A. recognized an aggregate of \$3.8 million in value-added tax credits. These tax credits may be monetized by way of cash reimbursement from AFIP. Obtaining this cash reimbursement requires submission of a written request to AFIP, which is subject to its approval. In the event that AFIP delays its approval of the request for reimbursement of these value-added tax credits, our ability to monetize the value of those credits would be delayed, which could adversely affect our cash flows.

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

During the years ended December 31, 2015 and 2014, our Argentine subsidiaries, through cash received from capital contributions, acquired Argentine sovereign bonds, including BODEN and Bonos Argentinos ("BONAR"), in the U.S. market denominated in U.S. dollars.

After acquiring these bonds and after holding them for a certain period of time, our Argentine subsidiaries sold those bonds in the Argentine market. The fair value of these bonds in the Argentine market (in Argentine pesos) during the years ended December 31, 2015 and 2014 was higher than its quoted price in the U.S. market (in U.S. dollars) converted at the official exchange rate prevailing in Argentina, which is the rate used to convert these transactions in foreign currency into our Argentine subsidiaries' functional currency, thus, as a result, we recognized a gain when remeasuring the fair value of the bonds in Argentine pesos into U.S. dollars at the official exchange rate prevailing in Argentina.

During the years ended December 31, 2018, 2017 and 2016, we did not engage in the above described transactions. Although, as of the date of this annual report, we are not obliged to settle proceeds received from capitalizations abroad through the FX Market, if in the future we decide to make additional capital contributions to our Argentine subsidiaries and acquire bonds, we cannot assure you that the quoted price of the BODEN and/or BONAR in Argentine pesos in the Argentine markets will be higher than the quoted price in the U.S. debt markets in U.S. dollars converted at the official exchange rate prevailing in Argentina or that the Argentine government will not require Argentine companies to repatriate such proceeds through the FX Market, or make any other legislative, judicial, or administrative changes or interpretations, any of which could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

Although the current Argentine administration has lifted the foreign exchange restrictions, the imposition of future exchange controls could impair or prevent the conversion of anticipated dividends, distributions, or the proceeds from any sale of equity holdings in Argentina, as the case may be, from Argentine pesos into U.S. dollars and the remittance of the U.S. dollars abroad. These restrictions and controls could interfere with the ability of our Argentine subsidiaries to make distributions in U.S. dollars to us and thus our ability to pay dividends in the future. The domestic revenues of our Argentine subsidiaries (excluding intercompany revenues to other Globant subsidiaries, which are eliminated in consolidation) were \$23.8 million in 2018, \$13.3 million in 2017 and \$10.2 million in 2016, representing 4.6%, 3.2% and 3.2% of our annual consolidated revenues, respectively.

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

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

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

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

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

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

The imposition of duties on export services could adversely affect our results of operations.

On December 4, 2018, Argentina approved the budget bill for year 2019 through Law 27,467, which amended the Customs Code to allow for duties to be applied to the exportation of services (and not only goods). In addition, the executive branch was allowed to impose export duties of up to 30% until December 31, 2020. However, in case of services and goods that were not subject to export duties before September 2, 2018, the maximum rate is 12%. On January 2, 2019, the executive branch issued Decree No. 1201/2018, which established an export duty on exportation of services at a rate of 12% with a maximum limit of Argentine pesos (ARS) 4 per each U.S. dollar of the amount arising from the invoice or equivalent document.

A service is considered "exported" when it is rendered in Argentina but it is effectively used or exploited off shore. Such utilization or exploitation is effective upon the first utilization or act of disposal of the service by the recipient even when, if appropriate, the latter intends such service for consumption.

If an increase of the current rates for exportation duties was approved or additional duties were imposed on the exportation of services, the results of our operations could be adversely affected.

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

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

Argentine companies are required to pay the personal assets tax corresponding to Argentine resident individuals, foreign individuals and foreign entities for holding equity interests in such companies as of December 31 of each year. The applicable tax rate is 0.25% and the tax is levied on the equity stated in the latest financial statements. Although the new double taxation treaty with Spain does not include an exemption on such tax, Law No. 27,260, which was enacted by the Argentine government on July 21, 2016, introduced benefits for compliant taxpayers that include an exemption from the personal assets tax until December 31, 2018.

On December 29, 2017, the Argentine government enacted Law No. 27,430, which reduced the corporate income tax rate to 30% for fiscal years beginning on or after January 1, 2018 and 25% for fiscal years beginning on or after January 1, 2020. The distribution of dividends is now subject to a 7% tax rate for the distribution of dividends related to financial results from fiscal years beginning on or after January 1, 2018 and 13% tax rate for the distribution of dividends related to financial results from fiscal years beginning on or after January 1, 2020.

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

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

Colombia

Colombia has experienced several periods of internal security issues that could affect the economy and impact our business, and our results from operations.

Colombia has suffered from periods of criminal violence over the past four decades, primarily due to the activities of guerrilla groups such as the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*) (“FARC”), paramilitary groups and drug cartels and criminal bands known as Bacrim. In regions of the country with limited governmental presence, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers. In response, the Colombian government has implemented various security measures and has strengthened its military and police forces by creating specialized units. In 2012, the Colombian government began peace negotiations with FARC. The peace agreement between the Colombian government and the guerrilla group, which was signed in 2016, was subject to a national referendum but was not approved by a majority of the voters. The parties re-negotiated certain aspects of the original agreement and the new agreement was approved by Congress in 2016.

Pursuant to the peace agreements negotiated between FARC and the Colombian government, FARC occupies five seats in the Colombian Senate and five seats in the Colombian House of Representatives. We cannot predict which policies will be adopted by the Colombian government and whether the policies would have a negative impact on the Colombian economy or our business, financial condition and results of operations.

Despite efforts by the Colombian government, drug-related crime, guerrilla paramilitary activity and criminal bands continue to exist in Colombia, and allegations have surfaced regarding members of the Colombian congress and other government officials having ties to guerilla and paramilitary groups. Although the Colombian government and the National Liberation Army (“ELN”) have been in talks since February 2017 to end a five-decade war, the Colombian government has suspended the negotiations after a series of rebel attacks. On January 17, 2019, a car with explosives burst through the gates at a police academy in Bogotá resulting in 21 people dead and many injured. The Colombian Defense Minister confirmed that the terrorist attack was perpetrated by the ELN. Any possible escalation in the violence associated with this terrorist attack and/or these activities may have a negative impact on the Colombian economy. In addition, given that the peace protocols to be applied in the event of a suspension of peace negotiations were entered into by the prior administration, the current administration has not honored these protocols, on the grounds that these protocols are only binding to the administration that agreed to them. This situation could result in escalated violence by the ELN and may have a negative impact on the credibility of the Colombian government which could in turn have a negative impact on the Colombian economy and may adversely affect our business or results of operations in Colombia.

Any further downgrade in the credit rating of Colombia could adversely affect the Colombian economy.

The outlook of Colombia's credit rating was changed to negative by Standard & Poor's Financial Services LLC ("S&P") and Fitch Ratings ("Fitch") in 2016 and by Moody's Corporation ("Moody's") in February 2018. In December 2017, S&P downgraded the rating of Colombia's long-term foreign currency sovereign credit ratings on Colombia from "BBB" to "BBB-." Additionally, on February 22, 2018 Moody's changed Colombia's rating outlook from stable to negative. Currently, Colombia's long-term debt denominated in foreign currency is rated "Baa2" by Moody's, "BBB-" by S&P and "BBB" by Fitch. Any further downgrade of Colombia's credit rating could adversely affect the Colombian economy and our results of operations. We cannot assure as to whether there will be further deterioration of the Colombian economy particularly due to the fiscal deficit and Colombia's public debt. If the condition of the Colombian economy were to deteriorate, we would likely be adversely affected.

Any additional taxes resulting from changes to tax regulations or the interpretation thereof in could adversely affect our consolidated results.

Colombia underwent tax reforms in 2018, 2016 and 2014. The latest tax reform enacted by the Colombian congress in 2018 introduced substantial changes to the then-existing tax legal framework. As a result, income tax withholding rates resulting from payments made to foreign entities were increased by 5% to a general rate of 20%, except for foreign indebtedness exceeding one year, where the applicable income tax withholding remains at 15%. Dividends paid out of profits that were subject to corporate income tax became subject to a withholding tax of 7.5% (resulting in an increase of 2.5% from the current 5%) and dividends paid out of profits that were not subject to corporate income tax became subject to a withholding tax of 33% for 2019, with a progressive reduction of the tax rate by 1% for each upcoming year, until 2020 (in which year the tax rate is stabilized in 30%) plus the foregoing 7.5%, which applies to the balance after the withholding is applied. The tax reform of 2018 introduced a new equity tax applicable to: (i) Colombian resident individuals (ii) non-resident individuals on their Colombian assets, (iii) non-distributed inheritance of non-residents and (iv) foreign non-resident entities owning assets in Colombia different from shares, account receivables and portfolio investments; whose net equity in Colombia as of January 1, 2019 is COP \$5,000 million or higher. The equity tax would be triggered in January 1, 2019, 2020, and 2021 at rate of 1%.

We cannot assure you that Colombian tax laws will not change or may be interpreted differently by authorities, and any change could result in the imposition of additional taxes. Additional tax regulations could negatively affect our results of operations and cash flow. In addition, national or local taxing authorities may not interpret tax regulations in the same way that we do. Differing interpretations could result in future tax litigation and associated costs.

The Colombian government and the Colombian central bank exercise significant influence on the Colombian economy, which could have an impact on our business, financial condition and results of operations.

The Colombian government and the Colombian central bank could intervene in Colombia's economy and make changes in monetary, fiscal and regulatory policy, which could result in currency devaluation and the changes in international reserves.

Although the Colombian government has not imposed foreign exchange restrictions since 1990, Colombia's foreign currency markets have historically been extremely regulated. Colombian law permits the Colombian central bank to impose foreign exchange controls to regulate the remittance of dividends and/or foreign investments in the event that the foreign currency reserves of the Colombian central bank fall below a level equal to the value of three months of imports of goods and services into Colombia. An intervention that precludes us from possessing, utilizing or remitting dollars would impair our financial condition and results of operations.

The Colombian government has considerable power to shape the Colombian economy and, consequently, affect the operations and financial performance of businesses. The Colombian government may seek to implement new policies aimed at controlling further fluctuation of the Colombian *peso* against the U.S. dollar and fostering domestic price stability. The president of Colombia has considerable power to determine governmental policies and actions relating to the economy and may adopt policies that are inconsistent with those of the prior government or that negatively affect us.

If the United States imposes sanctions on Colombia in the future, our business may be adversely affected.

Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the United States that Colombia has failed demonstrably to meet its obligations under international counter-narcotic agreements may result in the imposition of economic and trade sanctions on Colombia which could result in adverse economic consequences in Colombia and could further heighten the political and economic risks associated with our operations there.

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

The price of our common shares may be highly volatile.

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

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

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

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

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

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

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

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

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

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

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

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

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

As of March 15, 2019, our directors and executive officers, entities affiliated with them and greater than 5% shareholders, beneficially own an aggregate of approximately 30.37% of our outstanding common shares, of which 1.40% represents common shares subject to options that currently are exercisable or will be exercisable within 60 days of March 15, 2019 as well as common shares issuable upon settlement of restricted stock units that have vested or will vest within 60 days of March 15, 2019. As a result, these shareholders may exercise significant influence over matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions, and may have significant influence over our management and policies. This concentration of influence could be disadvantageous to other shareholders with interests different from those of our officers, directors and principal shareholders. For example, our officers, directors and principal shareholders could delay or prevent an acquisition or merger even if the transaction would benefit other shareholders. In addition, this concentration of share ownership may adversely affect the trading price of our common shares because investors often perceive disadvantages in owning shares in companies with principal shareholders.

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

Compliance with existing, new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance. Changing laws, regulations and standards include those relating to accounting, corporate governance and public disclosure; these include but are not limited to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Sarbanes-Oxley Act of 2002, new SEC regulations and NYSE listing guidelines that result out of the NYSE listing, and Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, together with the related implementing and delegated regulations of the European Commission and guidelines published by the European Securities and Market Authority and the Commission de Surveillance du Secteur Financier, the Luxembourg law of January 11, 2008 on transparency requirements for issuers, as amended, and in particular the annual financial and non-financial reporting rules that apply as a result of our shares being listed and admitted to trading on the regulated market operated by the Lux SE. These laws, regulations and guidelines may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In particular, our efforts to comply with certain sections of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") and the related regulations regarding required assessment of internal controls over financial reporting and our external auditor's audit of that assessment requires the commitment of significant financial and managerial resources. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. We also expect the regulations to increase our legal and financial compliance costs, make it more difficult to attract and retain qualified officers and members of our board of directors, particularly to serve on our audit committee, and make some activities more difficult, time consuming and costly.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

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

Since our inception, we have benefited from strong organic growth and have built a blue chip client base comprised of leading global companies. Over that same period, we have expanded our network of locations from one to 40. In addition, we have garnered several awards and recognition from organizations such as Endeavor, the IDC MarketScape, Global Services, the International Association of Outsourcing Professionals, and Fast Company, and we have been the subject of business-school case studies on entrepreneurship at the Massachusetts Institute of Technology, Harvard University and Stanford University in conjunction with the World Economic Forum.

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

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

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

In 2012, we acquired TerraForum, an innovation consulting and software development firm in Brazil. The acquisition of TerraForum allowed us to expand into Brazil, one of the largest economies in the world.

In August 2013, we acquired 22.75% of Dynaflows S.A. In October 2015, we obtained the control over Dynaflows through acquiring an additional number of shares, and in October 2018, we completed the acquisition of the company by acquiring the remaining minority stake. This acquisition allowed us to broaden our Services over Platforms strategy.

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

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

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

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

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

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

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

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

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

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

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

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

In June 2017, we acquired PointSource, a design and development technology agency, based in Raleigh, North Carolina, and Chicago. The purpose of this acquisition was related to the benefit of expected synergies, revenue growth and expanding our capabilities in the United States. As part of this transaction, we acquired an option to purchase PointSource LLC, a company incorporated in Belarus. In February 2018, after exercising our option, we commenced operations in Belarus.

In June 2018, we closed a secondary offering in the United States of 6,687,548 of our common shares held by WPP Luxembourg Gamma Three S.à.r.l. ("WPP").

In October, 2018, we signed an asset purchase agreement to acquire, the business of Small Footprint Inc., a corporation organized and existing under the laws of North Carolina, United States, including the acquisition of its wholly owned subsidiary in Romania, Small Footprint, LLC. The purpose of this acquisition was to deepen our expansion into Eastern Europe while also improving our onsite capacity in the United States.

During 2018 we launched new Studios to complement our offerings, including one focused on Cybersecurity and another on Over-the-Top, and we also launched StarMeUp OS as a part of our Services-Over-Platform strategy. StarMeUp OS is an operating system made up of smart applications built to help organizations with digital transformation from the inside out.

In February, 2019, we closed the acquisition of Avanxo (Bermuda) Limited ("Avanxo"), a cloud consulting and implementation company headquartered in Bermuda, with operations in Brazil, Mexico, Colombia, Peru, Argentina and the United States. We expect that this acquisition will allow us to continue expanding our cloud implementation solutions and bringing Globant's native digital culture to corporate process optimization. For more information, see "Financial Information — Significant changes".

Corporate Information

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

B. Business overview

Overview

We are a digitally native technology services company where innovation, design and engineering meet scale. We leverage the latest technologies and methodologies in the digital and cognitive space to help organizations transform in every aspect. We create software products that emotionally connect our customers with millions of consumers and employees, and we work with them to improve their efficiency. Our principal operating subsidiary is based in Buenos Aires, Argentina. For the year ended December 31, 2018, 77.9% of our revenues were generated by clients in North America, 12.6% in Latin America, 0.6% in Asia and 8.9% in Europe, including many leading global companies.

Digital and cognitive transformations require completely different approaches than traditional IT projects. It begins with cultural behavioral and organizational change and then delivering the right blend of engineering, design and innovation. We differentiate ourselves from our competitors as follows:

- We are a pure play in the digital and cognitive fields.
- We have global presence with delivery centers in North America, Latin America, Europe and Asia.
- We offer deep knowledge in the latest trends and technologies.

Our Globers are our most valuable asset. As of December 31, 2018, we had 8,384 Globers and 40 locations across 32 cities in Latin America, Asia, Europe and North America, throughout 14 countries, supported by four client management locations in the United States, and one client management location in each of United Kingdom, Colombia, Uruguay, Argentina and Brazil. Our reputation for cutting-edge work for global blue chip clients and our footprint across the world provide us with the ability to attract and retain well-educated and talented professionals. We are culturally similar to our clients and we function in multiple time zones. We believe that these characteristics have helped us build solid relationships with our clients in the United States and Europe and facilitate a high degree of client collaboration.

Our clients include companies such as Google, Electronic Arts, Southwest Airlines Co. and Walt Disney Parks and Resorts Online, each of which was among our top ten clients in the year ended December 31, 2018. 95.5% of our revenues for the year ending December 31, 2018 came from existing clients who used our services in the prior year. We believe our success in building our attractive client base in the most sophisticated and competitive markets for IT services demonstrates the superior value proposition of our offering and the quality of our execution as well as our culture of innovation and entrepreneurial spirit.

Our revenues increased from \$322.9 million for 2016 to \$522.3 million for 2018, representing a Compound Annual Growth Rate ("CAGR") of 27.2% over the two-year period. Our revenues for 2018 increased by 26.3% to \$522.3 million, from \$413.4 million for 2017. Our net income for 2018 was \$51.6 million, compared to a net income of \$30.5 million for 2017. The \$21.1 million increase in net income from 2017 to 2018 was primarily driven by higher gross margin due to costs efficiencies and a reduction in selling, general and administrative expenses. In 2016, 2017 and 2018, we made several acquisitions to enhance our strategic capabilities, none of which contributed a material amount to our revenues in the year the acquisition was made. See "Information on the Company — History and Development of the Company."

Our Industry

We are experiencing an amazing moment for technology. In which we have two massive and disruptive technological revolutions occurring simultaneously. The digital and the cognitive revolutions are affecting how companies connect with consumers and employees as well as providing opportunities to make huge gains in efficiency.

Today's users move fast and are keen to interact with their digital ecosystem anywhere and anytime, in a painless, fast, relevant, smart and restriction-free way. They demand personalized, seamless and frictionless experiences that will simplify their lives. We are also facing an abundance of demand for more intelligent and human-like behavior and technology on the market. These revolutions are leveraging new technologies that did not exist or were not mature enough until a few years ago, such as AI, UX, Mobile, Cloud and virtual reality "VR".

While the traditional IT space grew at 3.7% during 2018, growth in the digital space is expected to be 19.7% CAGR from 2019 through 2021. We are a pure play in the digital space.

Technologies that support this new digital and cognitive era are also experiencing increased demand:

- Artificial Intelligence ("AI") revenue is expected to grow at a 60% CAGR by 2025.
- The virtual digital assistant market is expected to reach \$15.8 billion worldwide by 2021.
- Mobile augmented reality ("AR") is expected to drive a \$108 billion VR/AR market by 2021.

Tech Trends

- **IoT Grid:** Data from Internet of Things ("IoT") devices are expected to empower AI with information related to variety of processes and systems in order to support data discovery. IDC expects double-digit worldwide annual growth in IoT spending between 2017 and 2022, with a forecast of more than \$1 trillion in 2022.
- **AI:** AI utilizes analytical insights to automate and recommend appropriate solutions on demand. Business strategies can be mapped with AI recommendations through elaborate business processes and along various points on the value chain, including production, workforce management, sales, marketing and logistics. In this way, AI is designed to enable local sales managers and production managers to run their businesses more efficiently and streamline processes. We expect that AI will eventually learn to self-calibrate systems and processes. Gartner predicts that by 2020, customers will manage 85% of their relationship with the enterprise without interacting with a human.
- **Intelligent Automation:** Robotic Process Automation ("RPA") is emerging into Intelligent Automation ("IA"). This form of automation is being re-trained to feature natural language recognition and processing, react to unstructured super data sets and automate specific business processes. IA can make relevant connections and continue to learn unsupervised, continuously adjusting to new information being provided and improve performance. While performing repetitive tasks, IA can improvise when needed or required. Forrester has projected that the RPA market will reach \$1.70 billion in revenue in 2019.
- **Blockchain:** Blockchain solutions have been embraced across various industries over the past few years. Blockchain's sophistication is expected to dramatically improve how organizations operate digitally, and major players are building their future web services with blockchain. In 2019, we expect that, companies will focus on pushing forward blockchain investments and driving returns on such investments. The global blockchain market size is expected to grow from \$1.2 billion in 2018 to \$23.3 billion by 2023, at a CAGR of 80.2% during that time, according to a report by Markets And Markets.
- **Quantum Computing:** Quantum computing is the use of computing is the use of quantum-mechanical phenomena such as superposition and entanglement to perform computation. A quantum computer is used to perform such computation, which can be implemented theoretically or physically. By the end of 2025, more than \$23 billion in revenue is anticipated to be realized through the adoption of quantum computing across the globe. During this decade forecasted period, the global market for quantum computing is expected to expand exponentially at a stellar CAGR of 30.9%, according to Persistence Market Research.
- **5G:** It is critical that data transfer capabilities keep pace with computing capabilities. 5G is the latest generation of cellular mobile communications. We expect that 5G will ensure the connectivity and transfer of data seamlessly and speedily for machine-to-machine communication (IoT grid and analytical/AI platform) and provide scaling possibilities in the mobile network. According to a report from MarketsandMarkets, the 5G infrastructure market is expected to be worth \$2.86 billion by 2020 and \$33.72 billion by 2026, growing at a CAGR of 50.9%.
- **Cloud Technologies:** With a surge in collected data and the need to power AI and machine learning ("ML") processes, cloud computing is the preferred method for organizations to digitize their business completely. Companies are leveraging cloud technologies to transform their internal IT departments and build a business-ready IT that is able to streamline development lifecycle and reduce time to market, as well as transform organizational culture by disbanding silos. In the future, we expect cloud computing to serve as a software building platform rather than only server provisioning. Enterprises seeking to bring digital transformation into their internal applications without replacing them will refactor their core applications using cloud native technologies like containers. Others will be bolder and seek core SaaS based multi-cloud technologies with new developing tools, integration and deployment options. According to Forrester, nearly 60% of North American enterprises today rely on public cloud platforms.

Market Trends

Across all industries, we have observed a trend to smarter digital systems that embrace the latest technology and optimize customer experiences as well as their internal processes. Companies are seeking to transform their business as new users and requirements arise. At the same time, we see that many organizations try to transform themselves internally, cemented through effective change management.

For many companies, however, it becomes difficult to build a digitally-native culture from scratch or change the status quo of existing 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." Many of these companies are relying in partners to spearhead their transformation efforts.

Our Approach

Technology is not enough to create solutions for a true digital and cognitive transformation. At Globant, we are committed to helping our customers throughout their Organizational Fitness Lifecycle.

In order to be sustainable and successful, transformations need to impact every single dimension of the organization. With consumers and employees at the center of every strategy, our services address every stage of the transformational process.

We start with clients by providing the necessary tools and support that allow companies to jumpstart their cultural and methodology transformations. We then accompany our clients as they define and test their new digital strategies to engage consumers and employees. We continue scaling on the construction and evolution of these and other digital and cognitive initiatives, followed by the two final stages in the cycle: pushing a secure product to the cloud, and making it famous so that it reaches the proper audience. At this time the fitness cycle remains in an endless and progressive loop to ensure organizations stay relevant.

We deliver these services through our unique set of **Studios**, our **Service over Platforms** strategy, our own methodology called **Agile Pods**, and our **Stay Relevant** approach.

Studios:

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

Service Over Platforms:

At Globant, we are changing the way services are provided with our Services over Platforms strategy. This set of platforms is designed to help deliver digital and cognitive transformations in an agile and innovative manner. These products have the flexibility to adapt to our clients' needs as we provide microservices to complement them.

In this way, many of our Studios create platforms to accelerate the path to our solutions. We price this service in the same way SaaS companies do: cost per transaction, cost per user or cost per month according to each platform.

Agile Pods Methodology:

We have 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.

Stay Relevant

To fully implement a digital and cognitive transformation, we also help our customers stay relevant within their industries and audiences by providing helpful information and initiatives to understand the users' environment, competitors and behavior. With research, Subject Matter Experts ("SME") gatherings, webinars, workshops and conferences, our thought leaders offer valuable insights to help organizations create valuable and emotional experiences for the audience.

Culture

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

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

Our core values are:

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

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

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

Innovation

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

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

Sustainability

We believe that sustainable development of our organization is critical in order to enhance our competitive position in empowering organizations for a digital and cognitive revolution. In other words, we look forward to social and environmental results, in addition to financial metrics.

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

Diversity & Inclusion

Diversity and Inclusion are key to our business. Technology requires us to innovate constantly, and, in our view, there is no way to innovate if we do not connect different points of view.

For us *Diversity & Inclusion* includes the intersection of three of our corporate values: Constantly Innovate, Team Player, and Act Ethically. We advocate for an inclusive and diverse culture. We pledge to provide all the necessary tools to make sure that all Globers feel comfortable, have the possibility to fully develop their potential, and have a diverse co-creation space with diverse points of view.

Our approach regarding Diversity & Inclusion focuses on three pillars:

- **Be empathetic** - Put aside prejudices and make an effort to understand that being part of different teams will yield better results for everyone at the end of the day.
- **Be inclusive** - Try to make the offices, and work in general, comfortable for everyone.
- **Be global** - Considering we are a global company, it is important to bear in mind that what may seem normal in one culture can offend a Globber from a different culture. We encourage our Globers to be aware of the differences that could exist between each other and to take the time to understand the way other cultures work.

Entrepreneurship

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

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

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

Career growth

Globers who are eager to grow, learn something new, and explore different possibilities have a vast number of opportunities available to them. Knowing their purpose, aiming for mastery and through autonomy, we empower our Globers to take ownership over their careers.

Competitive Strengths

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

Ability to help organizations throughout their Organizational Fitness Lifecycles

Digital and cognitive transformations require completely different approaches than traditional IT projects. It begins with cultural behavioral and organizational change and then delivering the right blend of engineering, design and innovation. We differentiate ourselves from our competitors as follows:

- We are a pure play in the digital and cognitive fields.
- We have global presence with delivery centers in North America, Latin America, Europe and Asia.
- We offer deep knowledge in the latest trends and technologies.

Deep domain expertise in emerging technologies and related market trends

We have developed strong core competencies in emerging technologies and practices such as the ones mentioned above, 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 provides us with an opportunity to access large IT, research and development and marketing budgets. These relationships have driven our growth and have enabled us to engage with new clients.

Global delivery with access to deep talent pool

As of December 31, 2018, we provided our services through a network of 40 offices in 32 cities throughout fourteen countries. Our delivery locations are in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid), Belarus (Minsk), Romania (Cluj) and United Kingdom (London). We also have client management locations in the United States (San Francisco, New York, Winston-Salem and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The main administrative offices of our principal subsidiary (which also include a delivery center) are located in Buenos Aires. Our principal executive office is located in Luxembourg. All of our facilities (with the exceptions of Tucumán and Bahía Blanca) are leased. We also have two offices under construction in Buenos Aires and La Plata.

Latin America has an abundant talent pool of individuals skilled in IT. Over 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 delivery footprint both within and outside Latin America to gain access to additional pools of talent to effectively meet the demands of our clients and to increase the number of Globers that are deployed onsite at our clients or near client locations.

Highly experienced management team

Our management team is comprised of seasoned industry professionals with global experience. Our management sets the vision and strategic direction for Globant and drives our growth and entrepreneurial culture. On average, the members of our senior management team have 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.

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 as follows:

Grow revenue with existing and new clients

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

Remain at the forefront of innovation and emerging technologies

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

Attract, train and retain top quality talent

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

Selectively pursue strategic acquisitions

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

Our Services

We leverage the latest technologies and methodologies in the digital and cognitive space to help organizations transform in every aspect. We create software products that emotionally connect our customers with millions of consumers and employees, and we work with them to improve their efficiency.

We deliver these services through our unique set of **Studios**, our **Service over Platforms** strategy, our own methodology called **Agile Pods**, and our **Stay Relevant** approach.

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

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

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

Studios

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

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

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

Our set of strategic studios includes the following:

Artificial Intelligence: Enabling the future today

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

The portfolio of services we provide through the Studio includes:

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

Future of Organizations: Making organizations come alive

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

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

Consultancy: Humanizing Technology

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

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

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

Product Acceleration: Delivering best-in-class digital products

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

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

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

Process Automation: Efficiency driven by technology

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

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

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

- **Process Appraisal:** An in-depth analysis of the processes is done so that they can be valued and prioritized to outline the best automation strategy. In order to have quick wins that deliver actual value to the business we do a joint work with our clients to define measurable criteria that support the decision on where to start and the set of technologies to use and be successful.
- **Automated Solutions:** Process automation is not just selecting a single tool in the market and automate a flow but rather a conscious analysis of the set of technologies to be used understanding the context on which they will run. Our extensive knowledge of technologies allows us to define the appropriate architecture considering infrastructure and automation needs while leveraging AI and data scraping techniques among more traditional solutions.
- **Process Evolution:** Monitoring and governance of automated process is key to improving efficiency. Through the definition of the appropriate set of metrics and tools we control the operation identifying bottleneck areas and optimize performance, as well as including new processes to automation strategy.

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

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

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

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

The specialty studios include the following:

UX Design: Designing relevant experiences

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

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

- **User Experience:** By identifying verbal and non-verbal stumbling blocks, we refine and iterate to create an exceptional user experience. From user research and usability analysis to interactive design, we enhance interactions, information architecture, usability and persuasion. We help our clients inspire their communities, foster adoption and drive conversion results.
- **Visual Design:** We utilize an insightful and conceptual approach to create and execute designs. We develop visual elements of an interphase and implement a brand personality into the interaction design. We establish relationships with the users by creating emotional interfaces and brands based on deep analyses of end-users and market trends. In much the same way that a piece of art appeals to the human eye, we strive to visually and emotionally engage users.
- **Service Design:** Service design involves the activity of mapping, prototyping and planning cutting-edge product-service systems and how the actors should interact to bring those omni-relevant experiences to market. From strategic and operations management to business design, we apply a holistic approach to understand, create and orchestrate strategic scenarios, working in collaboration with multidisciplinary teams. Our service designers co-design with clients and customers translating research insights into actionable plans and viable opportunities for growth.
- **Industrial Design:** Modern style and design must go hand in hand with technology, particularly at a time when consumers have high standards in terms of the quality of functional and non-functional features. Our practice is focused on creating beautiful and natural designs that feed all the senses. For many years screens have had all the design focus, but with the introduction of haptics and other feedback mechanisms, it's key to consider the rest of the senses in the product or experience design.

Mobile: *Enabling mobility everywhere*

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

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

- **Consultancy:** We help organizations move towards the next maturity stage regarding mobility. Based on our experience working with over 100 organizations, from startups to fortune-500 companies, we built our consultancy framework to assess organization's maturity and provide solutions to deliver high quality mobile products.
- **Fast Prototyping:** Our Fast Prototyping Framework can build a working prototype to validate our clients' business ideas or jumpstart their projects to a scalable solution. We utilize proven base tech stack and platforms to minimizing coding.
- **App Evolution:** We help clients to take control of their legacy projects by incorporating the latest trends and technologies, whether they need to switch vendors, update their codebase, migrate between hybrid and native, or rebuild from scratch their existing product. Our sustain framework will detect potential issues on their apps regarding new OS versions or required updates on frameworks they might be using.
- **Platform Integration:** Most mobile apps require a connection to a backend. While most boutiques fail at integrations, our Studios Model and extensive experience implementing most API Management Systems, Custom or Out-Of-The-Box Microservices Solutions.
- **Enhanced Experiences:** We take the best of the available technical features to deliver rich and emotional moments using Augmented Reality, Biometric sign-in, Force Touch, Apple/Google Pay, Animations, Coregraphics, Geofencing Services, Rich Notifications or any specific technology which is only achievable by building a native custom experience.

- **Hardware Integration:** Helping extend client product's reach outside the main mobile device, we develop integrations with Chromecast, beacons, POS, Printers, Custom Hardware and create standalone experiences for Smart Watches, Apple TV and Android TV/Chromecast.
- **Complex Engineering:** Our team of performance experts develop low level integration with frameworks like NDK or by using C++ to improve performance on critical transactional applications and develop scalable architectures that will help our clients build the core of your suit of mobile products.

Gaming: *Engaging through play*

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

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

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

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

BigData: *Turning data into insights*

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

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

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

- **Data Architecture:** With the widespread usage of devices and the viralization of social networks, massive volumes of digital data are available. Companies want to extract valuable conclusions about their businesses by cross-referencing data with traditional and innovative unstructured sources. We offer business-aware real-time analytics and enterprise information management services, which include traditional data warehousing using relational database management systems and next-generation non-relational and distributed database management technology.
- **Data Science:** We utilize mathematical and statistical tools of data science to help our clients "fill the gap" between what they know from their data, and what they would like to know if additional data were available. This includes predictions, optimizations and classifications.
- **Distributed Platforms:** We partner with our clients in successfully executing highly complex strategic software projects, optimizing their architecture design and identifying potential bottlenecks early in the process. We give special attention to factors such as adaptability when user base increases or information volume grows, maintainability along time, providing dynamically scalable software architectures, enforcing data security from the ground up, and ensuring transactions are processed within required timeframes to avoid revenue loss.
- **Data Integration:** Creating a scalable Enterprise Data Refinery that can pull and consolidate massive amounts of data from heterogeneous systems is not an easy task. We provide development services over multiple tools, languages and platforms in order to create data pipelines and workflows with high standards of availability, performance and security that will pull, cleanse, enrich and consolidate your company's data.
- **Data Visualization:** Well-designed data visualization and dashboards extend beyond current status and indicators, and synthesize complex sets of data into key views, charts and graphs, revealing results in ways that common tools and spreadsheets cannot. The functionality to drill data down and to integrate the view with statistics and business intelligence tools, further the end users' ability to glean insights from masses of numbers. We enable users to engage in an interactive and more relevant conversation with their data, allowing users to explore the unknown, navigate the data and discover hidden patterns and trends on their own.
- **Blockchain:** With Blockchain technologies, we focus on helping our customers resolve trust related problems and inefficiencies. We provide research and development services over multiple blockchains (Ethereum, Bitcoin, Hyperledger, etc.) and also over several decentralized storage systems. We are focused on understanding the customer's business and finding how a blockchain can be leveraged to solve a problem.

Media OTT: *Every pixel, every screen*

Our Media OTT Studio design, build and launch premium video experiences across every mobile device, OTT box, Smart TV, and Game Console for our media clients.

We understand and provide services that support the entire streaming supply chain; from ingest and transcode through to user experience and playout. We do it across all consumer devices and we help drive user engagement and monetization on each.

The portfolio of services we provide through the Studio includes:

- **Bespoke Development:** Our professional services team creates streaming experiences that showcase client's content and drive business value across any screen.
- **Streaming Strategy:** Winning in digital media begins with a deep understanding of industry dynamics, identifying how trends disrupt the competitive landscape, and establishing methods to enable and encourage ongoing innovation. Our team of strategists, engineers, delivery managers and designers help media companies turn their content offerings into successful digital businesses.

- **Multi-Screen Design:** We closely watch every trend and track the evolving capabilities across all platforms. This ensures we can apply our design philosophies to create compelling experiences that showcase the content and drive the business value for our clients.
- **Signal (Platform):** Signal enables media companies to reach and engage customers across every screen. It allows them to manage and monetize Live and VOD content. Publishers can quickly launch these best-in-class experiences and dynamically update content and styles through the Signal Portal. Signal simplifies the OTT workflow and allows companies to focus on their content and business vision. Our cutting edge modularized technology allows our clients to choose between a full service or select items to fit the right need.

Internet of Things: Connecting the physical world

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

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

The portfolio of services we provide through the Studio includes:

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

Digital Content: Managing scalable content

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

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

The portfolio of services we provide through the Studio includes:

- **Content Management Systems:** We help our clients deliver an excellent digital experience through the use of platforms. We understand that our clients' content must reach to the right people on the right devices at the right times.
- **E-Learning:** Through our expertise in innovation, state-of-the-art technology and educational content production we deliver engaging experiences to enhance the process of learning.

- **Digital Marketing:** We provide services to develop digital online strategies focusing on empowering our clients' businesses by creating and implementing original and customized online marketing solutions.
- **Video Content Production:** We are able to bring ideas to life by creating amazing videos for business and brands, combining agility and quality to help our clients achieve their goals.

Lastly, our foundation studios include:

Cloud Ops: Delivering products faster

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

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

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

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

Quality Engineering: Enabling quality everywhere

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

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

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

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

- **Functional Testing:** We offer comprehensive quality assurance services to ensure that the final system/service delivered to our clients meets and exceeds their business requirements. Our quality control analysts are involved in the software development process from the start of each project, helping clients identify the needs of their audience and prepare for accurate targeting suitability of the products we will be creating together.
- **Load & Performance Testing:** Measuring and assessing the performance of widely used global sites and applications is a technically challenging and multidisciplinary effort. A comprehensive test strategy needs to consider a broad, real life scenario and needs to analyze each product as it will ultimately run. Validations include responsiveness, throughput, scalability, reliability and resource usage. Our practice includes stress testing, load testing and performance testing.
- **Mobile Testing:** Supporting multiple devices and platforms, and planning for production monitoring approaches, is necessary to achieve end-to-end quality. We utilize compatibility testing, responsive design testing, test automation and acceptance testing among other practices.
- **Test Automation:** We have deep expertise in providing test automation services and developing test automation solutions and frameworks. We believe test automation is a key testing practice to increase test efficiency, reduce time to market and limit human error inherent with manual testing. Test automation is preparing to efficiently handle future requests through smoke testing, regression testing, integration testing, services testing and other automated processes.
- **A11Y:** 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 (web and mobile solutions) removing barriers that prevent interactions, ensuring accessibility WCAG 2.0 AA Compliance, Section 508 and ADA.

UI Engineering: Building Digital products

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

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

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

- **Large Scale Web Applications:** Omni-channel solutions are needed to power digital transformations. This is done by building responsive and scalable web applications following different approaches, from single page applications to server side rendered applications with a loosely coupled, modular, component based architecture, mobile-first and SEO friendly techniques among other best practices.
- **Hybrid & Cross-Compiled Development:** We create downloadable applications using cutting-edge technologies with access to hardware features that run in multiple native platforms using a combination of JavaScript frameworks. This allows companies to face omni-channel challenges by using hybrid strategies giving support to mobile devices, kiosks, POS, and others, through a single codebase.
- **Accessibility:** Accessibility considerations need to be built into the everyday practices across the full web product life-cycle from conception and specification through development and delivery. We have the required expertise to develop an accessibility compliant application according to applicable regulations.

Scalable Platforms: Supporting reliable products

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

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

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

- **API Management:** In a world where multiple channels are facing different solutions in terms of communications, APIs are powering digital transformations and orchestrating across these channels in terms of technologies and industries. We help enterprises embrace an API-centric approach to grow their digital businesses and seamless experiences.
- **Microservices:** We evolve monolithic architectures to a new architectural style that structures an application as a collection of loosely coupled services, organized around business capabilities. The microservices architecture enables the continuous delivery/deployment of large, complex applications. It also empowers organizations to evolve its technology stack fostering an evolutionary model to be ready for new innovative challenges in the future.
- **Complex Architecture Modeling:** To manage these complex product intricacies in an agile manner, we apply our extensive experience working with best practices, methodologies and techniques, such as domain driven design, hexagonal, onion, reactive architectures and continuous delivery to handle business complexity.
- **Future Commerce:** Nowadays, the customer journey has several new engagement touch points across marketing, sales, and services. Traditional retailers struggle to keep up with them, as times move fast, and there is also a strong need to keep processes efficient and coordinated. This can be achieved with the correct understanding of the business and the implementation of the right technology.

Cybersecurity: Making customer platforms safe and secure

Our Cybersecurity Studio supports the entire range of services from product conceptualization through execution to ensure that all customer platforms are safe and secure.

As data privacy and security become increasingly top of mind, cyber attacks can increase risk in business for today's organizations if they don't have strategies for staying ahead.

The portfolio of services we provide through the Studio includes:

- **Product Security & Compliance:** With this service, a security expert assesses customers security needs. This expert collaborates with our digital solutions team to ensure needs are met beginning from the functional and design phase of project development, without compromising user experience. Ultimately, this service is designed to ensure that digital experiences will be secure.
- **Vulnerability Management:** We monitor published security vulnerabilities that could affect our customers' digital platforms. The team will notify customers of the risk and then assesses what to do to contain and fix them.
- **Application Monitoring:** We monitor traffic on users' digital platforms 24/7 and stay on alert for security attacks. The team handles events with strict predefined protocols to contain and mitigate potential incidents.

Continuous Evolution: Making evolution happen

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

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

The portfolio of services we provide through the Studio includes:

- **ADM2 (ADM Square):** The standard ADM process in an organization is key to deal with the changes today's world is demanding. We enable company transformations starting from productive software. This progressive strategy spans four maturity phases while encompassing the cultural shift a company experiments until the changes have been fully embraced in its DNA.
- **Software Archaeology:** Taking over of a product that has had a long life cycle can be challenging without access to the appropriate documentation or team members. Software Archaeology is our way to take control of any software solution, in any condition, at any moment, without a long, hard or expensive process. By completing a systematic study of remaining material evidence, such as code, tests and documentation recovered, we can gain a clear understanding of the software, as well as the context with which it operates. This enables us to outline a proper plan and roadmap for the team that will work on it.
- **IT Service Management:** Our experience with Information Technology Infrastructure Library ("ITIL") helps us cover a full cycle of continuous improvement by carrying out an assessment of the organization, and subsequently delivering recommendations for implementation, as well as solutions that enable supporting areas to satisfy the company's demand. Managing an internal service desk might not be optimal for most companies, we provide a single point of contact service composed by multidisciplinary teams with specialized processes based on ITIL best practices and focused on ensuring the continuity of the ongoing operation.
- **Software Evolution:** Our takeover framework provides a robust set of tools and processes that our teams use in order to gain ownership of the product they will be working on. Through a detailed assessment, we are able to understand the current situation and define a roadmap to achieve a controlled execution phase. Then, we introduce new market trends, technologies and innovative solutions to existing products.

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

Services over Platforms

At Globant, we are evolving at the way services are provided with our Services over Platforms strategy. This set of platforms is designed to help deliver digital and cognitive transformations in an agile and innovative manner. These products have the flexibility to adapt to our clients' needs as we provide microservices to complement them.

In this way, many of our Studios create platforms to accelerate the path to our solutions. Among these platforms we can mention, StarMeUp OS from our FOO Studio. Signal, our platform to accelerate the distribution of content from our OTT Studio. Globant Minds, our AI platform from the AI Studio, and Acamica our online education platform to accelerate the cultural transformation.

StarMeUp OS

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

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

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

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

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

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

Signal

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

Globant Minds

We've developed a new operating system for delivering cognitive transformations. With Globant Minds, we have developed a system that leverages existing AI algorithms and RPA solutions and selects the optimal algorithm for various situations. For instance, if we need image recognition, instead of training a single platform, Globant Minds will review the available solutions and select the best result option. In this way, we add value to our customers by keeping our platform up to date with new algorithms and AI systems.

ACAMICA

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

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

As of December 31, 2018, we provided our services through a network of 40 delivery centers in 32 cities throughout fourteen countries. Our delivery locations are in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid), Belarus (Minsk), Romania (Cluj) and United Kingdom (London). We also have client management locations in the United States (San Francisco, New York, Winston-Salem and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The main administrative offices of our principal subsidiary (which also include a delivery center) are located in Buenos Aires. Our principal executive office is located in Luxembourg. All of our facilities (with the exceptions of Tucumán and Bahía Blanca) are leased. We also have two offices under construction in Buenos Aires and La Plata. Our cultural affinity with our clients enables increased interaction that creates close client relationships, increased responsiveness and more efficient delivery of our solutions. As we grow and expand our organization, we will continue diversifying our footprint by expanding into additional locations globally.

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

Availability of High-Quality Talent

We believe that Latin America has emerged as an attractive geographic region from which to deliver a combination of engineering, design, and innovation capabilities for enterprises seeking to leverage emerging technologies. Latin America has an abundant skilled IT talent pool. According to the Science and Technology Indicator Network (Red de Indicadores de Ciencia y Tecnología), over 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. Moreover, Argentina and Brazil have been in the top ten of the Gunn Report's Global Index of Creative Excellence in Advertising for the last 17 years. In addition, institutions of higher education in the region offer rigorous academic programs to develop professionals with technical expertise who are competitive on a global scale. Furthermore, Latin America has a significant number of individuals who speak multiple languages, including English, Spanish, Portuguese, Italian, German and French, providing a distinct advantage in delivering engineering, design and innovation services to key markets in the United States and Europe.

India offers significant graduate talent. According to the Strategic Review 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.

Government Support and Incentives

Argentina

Software companies with operations in Argentina whose activities are the creation, design, development, production, implementation or adjustment (upgrade) of developed software systems and their associated documents (in accordance with Section 4 of the Software Promotion Law No. 25,922) may participate in the benefits contemplated by this regime provided they meet at least two of the following requirements: (i) proves expenses in software research and development activities; (ii) prove existence of a known quality standard applicable to the products or software processes, or the performance of activities in order to obtain such known standard recognition; or (iii) export of software (as defined in Section 5 of the Software Promotion Law). The Law was originally enacted in 2004 and extended in 2011 for another five years until 2019, and established a number of incentives to promote Argentine enterprises engaged in the design, development and production of software. These incentives include:

- Fiscal stability throughout the period that the promotion regime is in force. In accordance with Section 7 of the Software Promotion Law, fiscal stability means the right to maintain the aggregate federal tax rate in effect at the time of the beneficiary's registration in the National Registry of Software Producers through December 31, 2019. Such stability does not comprise import or export duties nor export refunds (Section 7 of Regulatory Decree No. 1315/2013). The aggregate federal tax burden included under the fiscal stability benefit is that burden existing on the date of the beneficiary's registration before the applicable registry, in accordance with laws and regulations in force by that time;
- a 60% reduction in the total amount of corporate income tax as applied to income from the promoted activities This benefit will be applicable both to Argentine-source and non-Argentine-source income, in the terms set forth by the application authority, but it would not be applicable to foreign source income obtained by permanent establishments held abroad by Argentine residents (Section 13 of Regulatory Decree No. 1315/2013);
- conversion of up to 70% of certain monthly social security tax (contribution) payments into a tax credit (Section 8 of the Software Promotion Law) during the first year following the beneficiary's registration in the National Registry of Software Producers. After the first year, such percentage will be determined annually by the competent authorities for each beneficiary, depending on the beneficiary's degree of compliance with the regime's requirements (Section 9 of Regulatory Decree No. 1315/2013). This tax credit may not be transferred to third parties. The tax credit can be used to offset the beneficiary's income tax liability only up to certain percentage, determined by the ratio of annual software and computer services exports and the aggregate annual sales resulting from promoted activities declared by the beneficiary (Section 8 of the Software Promotion Law);
- an exclusion from any restriction on import payments related to hardware and IT components and non-applicability of any value-added tax withholding or collection regimes (Section 8 of the Software Promotion Law).
- in March 2019, a draft bill was introduced for review by the Argentine Congress consisting of a promotional Knowledge Economy regime. The regime contains tax benefits similar to the ones provided by the Software Promotion Law and is addressed to software companies as well as other companies involved in biotechnology, audiovisual production, exportable professional services, robotic automation, aerospace and satellite industry, among others industries. The bill has not been passed yet.

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

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

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

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

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

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

Uruguay

In 1988, Law No. 15,921 created Uruguay's Free Trade Zone regime allowing any type of industrial, commercial, or service activity to be carried out in a specifically delimited areas of the Uruguayan territory and be performed outside Uruguay.

The main benefits are the following:

- Almost full tax exemption (Corporate Income Tax "IRAE", Net Wealth Tax-IP, Value Added Tax – VAT and several withholding taxes) and customs duties exemption;
- Foreign employees may opt out of the Uruguayan social security system and, with regard to personal income tax, opt to be subject to Non-Residents Income Tax at a 12% flat rate instead of Individual Tax;

On December 8, 2017, Uruguay's Executive Power enacted Law No. 19,566, introducing changes to Law No. 15,921, The new Law allows services rendered to third countries from the Free Trade Zone to also be rendered to corporate income taxpayers inside Uruguayan, non-Free Trade Zone territory.

Our subsidiary in Uruguay, Sistemas Globales Uruguay S.A., is situated in a Free Trade Zone and is eligible for the fiscal benefits.

Additionally, according to the provisions set forth in Decree No. 150/007, income from software production and related services is IRAE exempt, provided they are completely used abroad. Said exemption includes development, implementation at client's site, version upgrading and correction, customization, quality testing and certification, software maintenance, training and advising. Related services refer to hosting, call center, outsourcing, marketing and other services, whenever software is the main purpose, even when said software has not been developed by the service provider.

In this context, services provided by our subsidiary in Uruguay, Difier, are exempt from income tax.

India

In India, under the Special Economic Zones Act of 2005, the services provided by export-oriented companies within Special Economic Zones (each, a "SEZ") are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the company commenced the provision of services and 50% of such profits or gains for the five years thereafter. Companies must meet the conditions under Section 10AA of Income Tax Act to be eligible for the benefit. Other tax benefits are also available for registered SEZ companies.

Some locations of our Indian subsidiary are located in a SEZ and have completed the SEZ registration process. Consequently, we started receiving the tax benefit on August 2, 2018. With the growth of our business in an SEZ, our Indian subsidiary may be required to compute its tax liability under Minimum Alternate Tax ("MAT") in future years at the current rate of approximately 21.34%, including surcharges, as its tax liability under the general tax provisions may be lower compared to the MAT liability.

Belarus

The HTP was established in Minsk in 2005 to promote the IT industry in Belarus. The HTP is located east of Minsk and has a special legal regime in effect until 2020.

A legal entity and an individual entrepreneur receive HTP resident status if their activities include: analysis and design of information systems and software; data processing based on client or proprietary software, fundamental and applied research, experimental R&D in the field of natural and technical sciences (R&D involving HTP activity) and utilization of R&D results, among others.

HTP residents pay 1% of their revenue to the HTP Administration and enjoy the following benefits:

- Exemption from Corporate Income tax and Value Added Tax on the sale of goods, work or services or from the transfer of property rights in Belarus.
- Exemption from land tax and real estate tax on properties that are in the HTP.
- Payments by HTP residents to foreign companies in the form of dividends, royalty and interest are subject to withholding tax at a rate of 5%.
- Dividend payments are not subject to an offshore duty;

On December 21, 2017, the President of the Republic of Belarus published the Decree No. 8, which extends the duration of the HTP's tax incentives and the special legal regime until January 1, 2049.

Our subsidiary located in Belarus is a HTP resident and currently benefits from the tax holidays and will continue with exemption as long as the regime remains in effect.

Methodologies and Tools

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

Agile Development Methodologies

See "— Item 4.B — Business Overview — Our Services — Agile Pods Methodologies."

Quality Management System

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

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

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

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

Glow

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

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

Clients

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

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

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

During 2018, 2017 and 2016, our ten largest clients based on revenues accounted for 44.0%, 41.9% and 46.5% of our revenues, respectively. Our top client for the years ended December 31, 2018, 2017 and 2016, Walt Disney Parks and Resorts Online in 2018 and 2017, and Southwest Airlines Co. in 2016, accounted for 11.3%, 10.2% and 9.7% of our revenues, respectively.

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

	Year ended December 31,					
	2018		2017		2016	
	(in thousands, except percentages)					
By Geography						
North America	\$ 407,090	77.9%	\$ 325,614	78.8%	\$ 260,923	80.8%
Europe	46,240	8.9%	38,484	9.3%	29,306	9.1%
Asia	3,067	0.6%	700	0.2%	1,265	0.4%
Latin America and other	65,913	12.6%	48,641	11.8%	31,362	9.7%
Revenues	\$ 522,310	100.0%	\$ 413,439	100.0%	\$ 322,856	100.0%

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

	Year ended December 31,		
	2018	2017	2016
Over \$5 Million	21	18	11
\$1 - \$5 Million	69	64	49
\$0.5 - \$1 Million	39	45	41
\$0.1 - \$0.5 Million	86	82	88
Less than \$0.1 Million	158	147	151
Total Clients	373	356	340

Sales and Marketing

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

Under our multi-pronged, integrated sales and marketing strategy, our senior management, sales executives, sales managers, account managers and engagement managers work collaboratively to target, acquire and retain new clients and expand our work for existing clients. Our sales and marketing team, currently comprised of 60 sales personnel and 22 marketing personnel, has broad geographic coverage with commercial offices located in Buenos Aires, Bogotá, Montevideo, São Paulo, London, Madrid, Boston, New York, Miami and San Francisco.

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

New Clients

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

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

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

Existing Clients

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

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

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

Marketing - Stay Relevant

To fully implement a digital and cognitive transformation, we also help our customers stay relevant within their industries and audiences by providing helpful information and initiatives to understand their users' environment, competitors and behavior. With research, SME gatherings, webinars, workshops and conferences, our thought leaders offer valuable insights to help organizations create valuable and emotional experiences for the audience.

As of December 31, 2018, our marketing department, Stay Relevant, is based in Argentina, Europe, India and the United States. This team promotes our brand through a variety of channels, including the following:

- **Blog:** The blog <http://stayrelevant.globant.com/> is a great way to explore content on the latest trends and best practices in the different industries we work with.
- **Sentinel Report:** the goal of the sentinel report is to provide insightful evidence of consumer behavior and market trends that ignite strategic thinking.
- **Webinars:** Our webinars explore different trends and technologies in depth showcasing views from experts in the field.
- **CONVERGE:** Our series of events that bring together some of the best creative minds in the industry for one amazing day of igniting stories, inventive ideas, learning experiences, and "wow" technology showcase that enable attendees to re-think the new ways they do business. They exist in full day format, such as CONVERGE New York, CONVERGE Buenos Aires, and CONVERGE Medellin and in short format, such as CONVERGEx London and CONVERGEx Madrid.
- **Videos and other communications channels:** We develop different types of communication pieces to convey trends and other information that support our views of the future.
- **Events:** We host events catered to many audiences, from small events for specific guests or partners to large events that welcome the community in full. Each event looks to bring exciting speakers and networking possibilities.
- **Books:** Our experts have written the following books, "Embracing the Power of AI. A gentle CXO Guide" will help you demystify deep learning, machine learning, and artificial intelligence—and embrace the augmented intelligence revolution ahead. "The Never Ending Digital Journey" provides readers with the concepts and steps needed to create successful user experiences. The authors look ahead and explore digital scenarios of the future.

Competition

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

We face competition primarily from:

- large global consulting and outsourcing firms, such as Accenture, Sapient, Thoughtworks and Epam;
- digital agencies and design firms such as Sapient, Razorfish, RGA and Ideo;

- traditional technology outsourcing IT services providers, such as Cognizant Technology Solutions, EPAM Systems, GlobalLogic, Aricent, Infosys Technologies, Mindtree HCL, Tata, Wipro and Luxoft; and
- in-house product development departments of our clients and potential clients.

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

Intellectual Property

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

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

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

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

Facilities and Infrastructure

As of December 31, 2018, we provided our services through a network of 40 offices in 32 cities throughout fourteen countries. Our delivery locations are in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid), Belarus (Minsk), Romania (Cluj) and United Kingdom (London). We also have client management locations in the United States (San Francisco, New York, Winston-Salem and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London). The main administrative offices of our principal subsidiary (which also include a delivery center) are located in Buenos Aires. Our principal executive office is located in Luxembourg. All of our facilities (with the exceptions of Tucumán and Bahía Blanca) are leased. We also have two offices under construction in Buenos Aires and La Plata.

The table below breaks down our locations by country and city and provides the aggregate square footage of our locations in each city as of December 31, 2018.

Country	City	Number of Offices	Square Feet
Argentina	Bahía Blanca	1	6,986
Argentina	Buenos Aires	3	111,191
Argentina	Córdoba	2	37,200
Argentina	La Plata	1	17,222
Argentina	Mar del Plata	1	20,451
Argentina	Mendoza	1	3,229
Argentina	Resistencia	1	9,688
Argentina	Rosario	2	20,678
Argentina	Tandil	2	11,765
Argentina	Tucumán	1	21,689
Brazil	Sao Paulo	1	7,804
Chile	Santiago	1	8,245
Colombia	Bogotá	2	85,810
Colombia	Medellín	2	70,590
India	Bangalore	1	4,273
India	Pune	1	129,877
UK	London	1	2,756
Mexico	Mexico City	2	66,974
Peru	Lima	1	7,535
Spain	Madrid	1	6,986
United States	New York	1	7,707
United States	San Francisco	1	4,844
United States	Seattle	1	25,489
United States	Miami	1	151
United States	Dallas	1	6,771
United States	Chicago	1	2,691
United States	Raleigh	1	27,480
United States	Winton-Salem	1	3,531
Luxembourg	Luxembourg	1	150
Uruguay	Montevideo	1	26,974
Belarus	Minsk	1	6,254
Romania	Cluj	1	8,396
Total		40	771,387

Regulatory Overview

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

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

Argentine Taxation

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

Software Promotion Law

The Software Promotion Law (No. 25,922) sets forth a promotional regime for the software industry that remains in effect until December 31, 2019. On May 2018, a bill to extend the promotional regime until year 2030 was introduced for its treatment by the Argentine Congress. However, such bill has not been passed yet.

Argentine Ministry of Economy approved our subsidiaries as beneficiaries of the Software Promotion Law as following: (i) on October 10, 2006: IAFH Global S.A. and (ii) on April 13, 2007: Sistemas Globales S.A. For further discussion of the Software Promotion Law, see "Business Overview — Our Delivery Model — Government Support and Incentives".

Knowledge Economy Law

In March 2019, a draft bill of a promotional Knowledge Economy regime was submitted for review by the Argentine Congress, which contains tax benefits similar to the ones provided by the Software Promotion Law. This new regime is more comprehensive than the Software Promotional Law, since it is addressed to software companies as well as other companies involved in biotechnology, audiovisual production, exportable professional services, robotic automation, aerospace and satellite industry, among others. The bill sets forth that the promotional regime will become effective as of January 1, 2020 until December 31, 2029.

In order to be allowed to enjoy the benefits derived from the regime, the beneficiaries must comply with certain requirements and conditions described in the bill. The tax benefits granted under this bill include: (a) fiscal stability ("estabilidad fiscal") on federal taxes for the term of the regime; (b) reduction of social security contributions; (c) granting of a one-time transferable tax credit equivalent to 1.6 times the amount to be paid for social security contributions, which may be used to cancel Income Tax and Value Added Tax and their advance payments; (d) a reduced tax rate of 15% for income tax; and (d) the exclusion from certain domestic withholding regimes related to Value Added Tax. The bill has not been passed yet.

Income Tax

The Argentine Income Tax Law No. 20,628, as amended ("ITL"), establishes a federal tax on the worldwide income of Argentine resident individuals, legal entities incorporated in Argentina and Argentine branches of foreign entities. On the income earned by Argentine residents from activities abroad, any payment of foreign taxes can be taken as a credit against payment of the applicable Argentine tax. However, the credit may only be applied to the extent that the foreign tax does not exceed the Argentine tax. Income tax is payable on the net income made in a given fiscal year. Losses incurred during any fiscal year may be carried forward and set off against taxable income obtained during the following five fiscal years

Non-Argentine residents and legal entities without a permanent establishment in Argentina ("Foreign Beneficiaries") are taxed only on income from Argentine sources. Based on the ITL, income will be considered as sourced in Argentina when it is made from assets located, placed or used in Argentina, or from the performance of any act or activity in Argentina that produces an economic benefit, or from events occurring in Argentina

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

Until the enactment of the TRL, the ITL set forth that Argentine resident companies and branches of non-Argentine entities were taxed at corporate level on their worldwide income at a rate of 35% on net profits and dividends distributions were made -in principle- on a tax-free basis. The TRL sets forth the progressive reduction of the tax rate of 35% to a 30% applicable to the fiscal periods starting on January 1st, 2018 until December 31st, 2019; and to a 25% applicable to the fiscal periods starting on January 1st, 2020 onwards; but establishes that dividends or other profits distributed to Argentine resident individuals and Foreign Beneficiaries would be subject to taxation. Therefore, as of January 1, 2018, income tax on Argentine resident companies and branches of non-Argentine entities applies in two stages: (i) a first stage charged on the corporate level (at a tax rate of 30% or 25%, depending on the fiscal period involved, as explained above); and (ii) a second stage charged on the shareholder or owner level -when being an Argentine resident individual or a Foreign Beneficiary- (at a tax rate of 7% or 13%, according to the fiscal period from which the distributed profit derived).

Argentine resident individuals are taxed on a sliding scale from 5% to 35%, depending on their net income during the fiscal year. However, income from the transfer of shares, representative securities and deposit certificates shares and any type of corporate participations, including mutual funds shares and rights over trusts and similar contracts, digital currencies, securities, bonds and other securities, is subject to tax at a rate of 15% on the net income. Same tax rate (15%) applies on the income derived from the sale of real estate or transfer of property rights. Finally, interests, other returns or income derived from the disposal of government securities, corporate notes, debt securities, shares in mutual funds, and digital currencies are subject to tax a rate of 5% or 15% depending on the type of security.

Argentine resident individuals' profit derived from the purchase, exchange, or disposal of shares, securities, deposit certificates shares or corporate participations is exempted of income tax provided that such operations are carried out through stock exchanges or markets authorized by the Argentine Securities Commission ("CNV", after is acronym in Spanish).

Foreign Beneficiaries are subject to withholding tax on any income or gain deemed by the ITL to be from an Argentine source. To determine the effective withholding rate, a 35% rate is applied to a presumed net income provided by the ITL that varies depending on the type of income. For certain types of income, the ITL allows the Foreign Beneficiaries to opt to apply a 35% rate to the real gain obtained in the transaction.

However, income derived from the sale, exchange or other disposition of shares, securities, deposit certificates shares and any type of corporate participations of an Argentine company obtained by Foreign Beneficiaries is subject to income tax, at the following tax rates: (i) if the seller is located in a so called "cooperative jurisdiction", 15% on the net gain or 13.5% on the gross amount of the transaction, at the option of the seller; or (ii) if the seller is located in a non-cooperative jurisdiction, 35% on the net gain or 31.5% on the gross amount of the transaction, at the option of the seller. Moreover, interests, other returns or any income derived from the disposal of government securities, corporate notes, debt securities, shares in mutual funds, and digital currencies are subject to tax a rate of 5% or 15% depending on the type of security and as long as the seller is located in a cooperative jurisdiction.

The ITL (as amended by the TRL) provides an exemption to any income obtained by Foreign Beneficiaries, to the extent that they do not reside in and the funds do not arise from non-cooperative jurisdictions, on: (i) any income derived from the sale of shares provided that such operations are carried out through stock exchanges or markets authorized by the CNV; (ii) interests, returns and any income derived from the sale of public bonds (i.e., Government bonds), negotiable obligations (corporate debt bonds) and share certificates issued abroad that represent shares issued by Argentine companies (i.e., ADRs)

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

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

The tax on indirect transfers will only apply to participations in Foreign Beneficiaries acquired after the entry into force of the TRL. Moreover, it will not apply if the taxpayer proves that the transfer took place within the same economic group, in accordance with requirements established in the ITL Regulatory Decree

As explained above, payments from Argentina to Foreign Beneficiaries representing an Argentine source of income (i.e., royalties, interest, etc.) are generally subject to income tax withholding levied at different rates depending on the type of income. For example, cross-border royalty payments are subject to withholding at an effective rate of 21%, 28% or 31.5% depending on whether the involved technology is available in Argentina and the relevant agreement is registered before Instituto Nacional de Propiedad Intelectual ("INPI" after its Spanish acronym), the Argentine organism in charge of registration any intellectual property. Payments related to software licenses are in general subject to a 31.5% tax withholding rate. In addition, interest payments are generally subject to withholding at a rate of 15.05% if the lender is a banking or financial institution which it is under the supervision of the relevant Argentine Central Bank or equivalent authority and is located in a jurisdiction which is not considered a nil or low-tax jurisdiction or in a jurisdiction that is party to an exchange of information treaty with Argentina and, as a result of the application of its internal regulations, cannot refuse to disclose information to the Argentine Tax Authority on the basis of bank or stock secrecy rules, and 35% in all other cases

A Convention for the Avoidance of Double Taxation ("DTT") signed between Argentina and the receiving country may provide certain reductions in the domestic rates applicable to Foreign Beneficiaries obtaining Argentine-source income (such as interest, dividends, royalties, capital gains, etc.). The following jurisdictions have DTTs currently in force with Argentina: Australia, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, Mexico, Norway, Russia, Spain, Sweden, Switzerland, The Netherlands and the United Kingdom. Moreover, on year 2018 the Executive Power of Argentina signed DTTs with Qatar, Turkey and China, but they are pending of approval by the Argentine Congress. Please note there is no DTT currently in force with the United States of America.

Tax on Presumed Minimum Income

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

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

Value-Added Tax

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

Services rendered in Argentina, which are effectively used or exploited abroad, qualify as "export services" and are not subject to VAT. The effective utilization or exploitation is verified with the immediate utilization or the first act of disposal of the service by the recipient even when, if appropriate, the latter intends such service for consume.

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

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

Tax on Debits and Credits in Bank Accounts

This tax applies to debits and credits from and to Argentine bank accounts and to other transactions that, due to their special nature and characteristics, are similar or could be used in lieu of a bank account. There are certain limited exceptions to the application of this tax. The general tax rate is 0.6% applicable on each debit and/or credit; however there are increased rates of 1.2% and reduced rates of 0.075%. According to Decree 409/2018, the owners of bank accounts on which the tax is levied at the 0.6% or 1.2% rate may compute 33% of the amounts paid under this tax as a payment on account of the income tax, tax on presumed minimum income and/or the special contribution on cooperative capital. The amount not computed cannot be subject, under any circumstances, to compensation with other taxes borne by the taxpayer or requests for reimbursement or transfer in favor of third parties, and may be transferred, until exhaustion, to other fiscal periods of the aforementioned taxes.

Personal Assets Tax

Personal Assets Tax Law, as amended, states that all individuals domiciled in Argentina are subject to a tax on their worldwide assets; while, individuals not domiciled in Argentina are only liable for this tax on their assets in Argentina. Shares, other equity participations and securities are only deemed to be located in Argentina when issued by an entity domiciled in Argentina. The tax on shares and other equity participations in local companies is paid by the local company itself. The applicable rate is 0.25% on the company's net worth. Pursuant to the Personal Assets Tax Law, an Argentine company is entitled to seek reimbursement of such tax paid from the shareholders, including by withholding and/or foreclosing on the shares, or by withholding dividends. The current DDTs signed by Argentina do not provide an exemption on this tax.

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

Tax on Dividends

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

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

Duty on exported services

On December 4, 2018, Argentina approved the budget bill for 2019 by Law 27,467. The Law amends the Customs Code to allow for duties to be applied to the exportation of services (and not only goods). In addition, the Executive Power was allowed to impose export duties of up to 30% until December 31, 2020. However, in the cases of services and goods that were not subject to export duties before September 2, 2018, the maximum rate is 12%.

On January 2, 2019, the Argentine Executive Power issued Decree No. 1201/2018 establishes an export duty on exports of services at a rate of 12% with a maximum limit of Argentine pesos 4 per U.S. dollar of the amount arising from the invoice or equivalent document.

A service is considered “exported” when it is rendered from Argentina but it is effectively used or exploited off shore. The effective utilization or exploitation is verified with the immediate utilization or the first act of disposal of the service by the recipient even when, if appropriate, the latter intends such service for consume.

Turnover Tax

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

Provincial Tax Advance Payment Regimes Applicable to Local Bank Accounts

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

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

Stamp Tax

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

Free Good Transmission Tax

The Province of Buenos Aires established this tax in 2009. According to Law 14,200, all debts accrued up to December 31, 2010 have been exempted from this tax. This tax is levied on any wealth increases resulting from free good or asset transmission (i.e. a donation, inheritance, etc.), provided the beneficiary (individual or company) is domiciled in the Province of Buenos Aires or the goods or assets are located in the Province of Buenos Aires. Moreover, according to this tax, shares and other securities representing capital stock, an equity interest or the equivalent which, at the time of transmission, are located in another jurisdiction (i.e., not in the Province of Buenos Aires) or were issued by entities or companies domiciled in another jurisdiction, are deemed to be situated in the Province of Buenos Aires in proportion to the assets that such entities or companies have in the Province of Buenos Aires. This tax will only be applicable if the benefit obtained by the individual or the company exceeds 269,000 Argentine pesos. In the case of parents, children and spouses, the threshold amount is increased up to 1,120,000 Argentine pesos. The tax rates are progressive and vary from 1,60% to 8,78%. The Province of Entre Ríos has enacted a tax that is similar to Law 14,200 described above.

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

Municipal Taxes

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

Incoming Funds from Nil or No Tax Jurisdictions

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

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

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

The Amendment Law modified the definition of Low or No Tax Jurisdiction to mean any country, jurisdiction dominium, territory, associated state or special tax regime in which the maximum corporate income tax rate is lower than 60% of the income tax rate established in section 69 a) of the ITL. Therefore, to avoid being regarded as a low tax jurisdiction, the maximum corporate income tax rate of a given jurisdiction must be equal or higher than 15%. For purposes of determining whether a jurisdiction is a low-tax or no-tax jurisdiction, the regulatory Decree 1170/2018 clarifies that the total tax rate imposed in that jurisdiction must be taken into account, regardless of which government unit (e.g., federal, state, municipal or city) imposes the tax. The decree also provides that a “preferential tax regime” is one that deviates from the general corporate tax system in the subject jurisdiction and results in a lower effective tax rate.

As of the date of this annual report, there no transactions executed that would qualify under this legal presumption.

Colombian Taxation

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

Corporate income tax.

National corporations are taxed on worldwide income and capital gains. National corporations are corporations that have their principal domicile in Colombia or are organized under Colombian law or that during the respective tax year or period have their effective place of management in Colombia (holding board meetings in Colombia is not enough to qualify as a national company). Foreign companies that obtain more than 80% of their income (other than passive income) in the jurisdiction of incorporation are not considered to have their effective place of management in Colombia. These companies are known as “80% Foreign Income Companies.”

On December 28, 2018, Colombia enacted Law No. 1943, which includes several important tax reforms.

Up to December 31, 2018 branches of foreign corporations and permanent establishment are taxed on Colombian Source income and capital gains. According with the Law No. 1943, branches and PE tax base is expanded to include worldwide income.

The standard corporate income tax rate is 33%. In addition, an income tax surtax applies to taxable income in excess of COP800 million. The income tax surtax rate for 2018 is 4% and will not apply as of 2019. The Law No 1943 introduced a reduction of the tax rate of 31% in year 2020, 31% in year 2021 and 30% from year 2022 and onwards.

A reduced corporate income tax rate of 20% applies to legal entities qualified as Industrial Users of Goods and/or Services in a free-trade zone. No surtax applies to these taxpayers. Commercial Users in a free-trade zone are subject to the general corporate income tax rate. A special reduced rate of 9% applies to certain activities that in the past had some tax benefits or exemption, such as certain services in new or refurbished hotels, eco-tourism activities and some leasing agreements with respect to housing, as well as for publishers of scientific and cultural content.

Capital gains are subject to tax at a rate of 10%. It is assumed that the following items are considered capital gains: (a) Gains on the transfer of fixed assets owned for more than two years and (b) Gains resulting from the receipt of liquidation proceeds of corporations in excess of capital contributed if the corporation existed for at least two years.

Taxation on dividends

On December 28, 2016, the Colombian Congress enacted the Law No. 1819 introducing the taxation for distributions of dividends. Distribution to nonresidents are subject to dividends tax at a rate of 5%. The dividends tax rate for resident individuals is 0%, 5% or 10%, depending on the amount of the distribution. No dividend tax applies to distributions to resident companies. The dividends tax applies to the distribution of profits generated in 2017 and onwards. In addition, if the dividend distribution is made out of profits that were not taxed at the entity level, the distribution to nonresidents is subject to a 35% withholding tax (recapture tax). In this case, the 5% dividends tax applies to the distributed amount after it is reduced by the 35% tax. A 20% withholding tax is imposed on dividends paid to residents (including companies and individuals) out of profits not taxed at the corporate level if the taxpayer is required to file an income tax return. If the profits subject to tax at the corporate level in a given year are higher than the commercial profits of that year, the difference can be carried back for two years or carried forward for five years to offset the profits of such periods, in order to reduce or eliminate the amount of the distribution subject to the 35% withholding tax (or the 20% withholding tax on payments to residents). This carryforward or carryback should not reduce the amount of the distribution to nonresidents subject to the dividends tax of 5% (or the 5% or 10% dividends tax applicable for distributions to resident individuals).

Under Law No. 1943, a 7.5% tax rate is introduced on dividends distributed between resident companies, which applies on the first distribution, with a credit for the tax passed on to the ultimate shareholder (resident individual or non-resident entity or individual) and an exemption from the tax for distributions between registered economic group members.

Presumptive income.

Under the Colombian tax law, the tax base for corporate income tax purposes is the higher of actual taxable income or minimum presumptive income, which is equal to 3.5% of the net equity as of December 31 of the preceding tax year. Under Law No. 1943, the presumptive income tax rate is reduced from 3.5% to 1.5% for years 2019 and 2020 and is abolished from year 2021.

Tax on indirect transfer of shares.

Law No. 1943 introduced a new tax calculated over the profits derived from the indirect transfer of shares in Colombian entities and rights or assets located in Colombia through the transfer of shares, participations or rights of foreign entities are taxed in Colombia as if the underlying Colombian asset had been directly transferred. Where the seller fails to report the deemed income arising on the indirect transfer as net income or capital gains on the income tax return the "subordinate" Colombian company is jointly and severally liable for the tax payable, as well as any associated interest and penalties. The purchaser also is jointly and severally liable if it becomes aware that the transaction constitutes an abuse for tax purposes. These provisions do not apply where the underlying Colombian assets (i) are shares that are listed on a stock exchange or that are not more than 20% owned by a single beneficial owner or (ii) represent less than 20% of both the book value and the commercial value of the total assets held by the foreign entity being transferred.

Equity tax

The Tax Reform (Law No 1943) establishes a new equity tax on Colombian resident individuals' worldwide net worth that will apply for years 2019, 2020, and 2021. Nonresident individuals will be taxed only on their Colombian assets. Nonresident entities will have to pay this tax on their assets owned in Colombia, such as real estate, yachts, artwork, boats, planes, and rights over mines or oil wells.

In calculating this tax, nonresident entities should not consider shares in Colombian companies, accounts receivable from Colombian debtors, certain portfolio investments and financial lease agreements. For this tax to apply, the net equity of the taxpayer must be at least COP 5.000 million as of January 1, 2019.

The equity tax rate is 1%.

Foreign Exchange Controls

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

Argentina

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

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

Most foreign exchange restrictions including those relating to the transfer of funds into and out of Argentina, were lifted by the Macri administration by December 2015, reestablishing Argentine residents' rights to purchase and remit foreign currency outside of Argentina, with no maximum amount and without specific allocation or prior approval. Notwithstanding the foregoing, it is possible that a restrictive foreign exchange controls policy could be adopted in the future as a result of changes in the economic-political situation of the country, bank runs, monetary pressures, or even from national or international authorities.

In December 2015, the Argentine Ministry of Treasury issued Resolution No. 3/2015 which amended the requirement to maintain a registered, non-transferable and non-interest bearing deposit by reducing the amount of the deposit from 30% to 0%. Consequently, such deposit is no longer applicable to, among other transactions, foreign financial debts and inflows of funds of non-residents. In addition, the minimum period for the proceeds received from any new financial indebtedness incurred by residents and granted by foreign creditors or portfolio investments of non-residents was reduced from 365 calendar days to 120 calendar days. Resolution No. 1-E/2017, dated January 5, 2017, subsequently eliminated the minimum waiting period entirely. The Argentine Ministry of Treasury is entitled to modify the percentage of and period that funds must be kept in Argentina when a change in the macroeconomic situation so requires. Furthermore, through Resolution No. 47-E/2017, issued on January 19, 2017, the Argentine Trade Secretariat further amended Resolution No. 269/2001, relaxing and extending the terms set forth therein to exporters in the Republic of Argentina.

In addition, on December 17, 2015, the Argentine Central Bank issued Communication "A" 5850 which introduced substantial changes to the existing foreign exchange controls regime. Also, Communication "A" 5861 abrogated certain Communications clarifying the scope of the limitations for payment of services provided and/or accrued up to December 16, 2015 inclusive.

Later on, by means of Communication A 5899 dated February 4, 2016 the Argentine Central Bank introduced several changes to the existing foreign exchange regulatory framework, which is in line with to the new foreign exchange controls policy implemented as from December 17, 2015.

Furthermore, Resolution No. 30/2016 of the Secretariat of Commerce, dated March 11, 2016, amended Resolution No. 269/2001 as amended, eased and extended the terms imposed to certain exporting companies of different industries.

Through Communication A 5910 dated February 26, 2016, the Argentine Central Bank introduced further amendments to the foreign exchange rules applicable to indebtedness of Argentine residents in foreign currency. On March 31, the Argentine Central Bank issued the Communication A 5937, in force as from April 1, providing certain amendments to the rules relating to import transactions and repatriations of funds by non-Argentine residents, and on July 1 and 11, 2016, the Argentine Central Bank issued Communication A 6003 and A 6011, respectively, through which foreign exchange access and settlement regulations have been simplified.

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

The Argentine Central Bank modified the current foreign exchange regime through Communication A 6137 issued on December 30, 2016. Likewise, in line with Resolution No. 1-E/2017, through Communication A 6150 issued on January 13, 2017, the Argentine Central Bank ordered the abrogation of the requirement of compliance with the minimum mandatory waiting period for the payment of foreign debts and repatriation of portfolio investment made by non-residents, and the minimum term of financial indebtedness to foreign countries. Through Communication A 6163 issued on January 20, 2017, the Argentine Central Bank ordered further relaxed access to the FX Market by authorizing the access of residents for, among others, the inflow and payments related to transactions with non-residents.

Furthermore, on May 19, 2017, the Argentine Central Bank issued Communication "A" 6244, which entered into effect on July 1, 2017 and pursuant to which new regulations regarding access to the foreign exchange market were established, essentially abrogating all prior regulations on the matter.

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

Communication "A" 6312 was subsequently amended Communication "A" 6639, which is currently in force and provides that:

- The principle of a free foreign exchange market (*Mercado Libre de Cambios*) is established.
- The obligation to carry out any exchange operation through an authorized entity is maintained.
- Although, access to the FX Market is made at the exchange rate determined by the market, the Argentine Central Bank has the power to intervene by buying and selling foreign currency for its own account, a practice in which it engages on a regular basis.
- The obligation of Argentine residents (other than individuals) to comply with the "Survey of foreign assets and liabilities" (Communication "A" 6401) is maintained and in force, even if there had been no inflow of funds to the FX Market and/or no future access to it for the operations to be declared.

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

Colombia

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

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

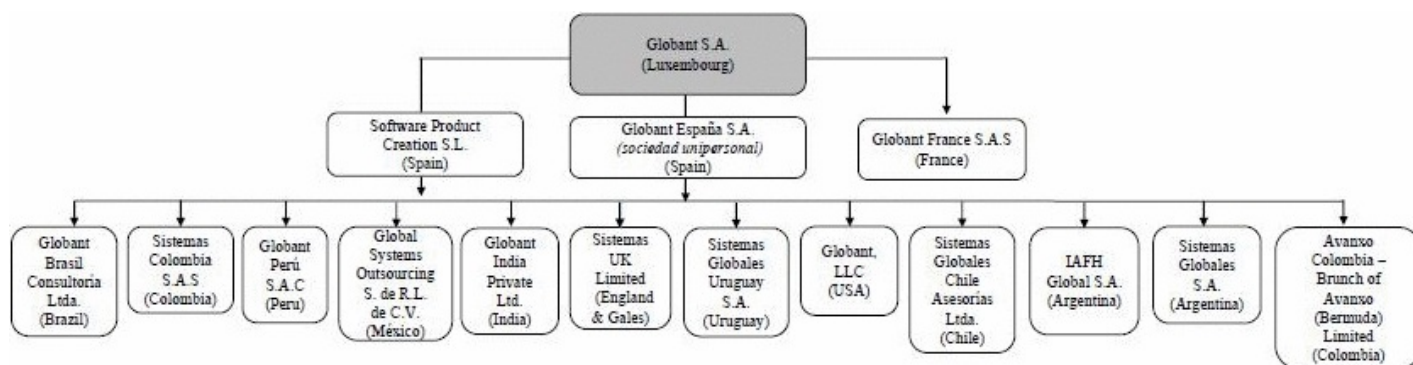
India

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

C. Organizational Structure

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

The following chart is a summary of our principal subsidiaries as of March 15, 2019. You may find complete information about all of our subsidiaries and their respective holdings in Exhibit 8.1.



Seasonality

See "Operating and Financial Review and Prospects — Operating Results — Factors Affecting Our Results of Operations."

D. Property, Plant and Equipment

See "—Business Overview."

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

Overview

See "Information on the Company — History and Development of the Company" and "Information on the Company — Business Overview — Overview".

A. Operating Results

Factors Affecting Our Results of Operations

In the last few years, the technology industry has undergone a significant transformation due to two massive and disruptive technology revolutions happening at the same time. The digital and the cognitive revolutions are affecting how companies connect with consumers and employees as well as providing opportunities to make huge gains in efficiency. Today's users move fast and are keen to interact with their digital ecosystem anywhere and anytime, in a painless, fast, relevant, smart and restriction-free way. They demand personalized, seamless and frictionless experiences that will simplify their lives. We are also facing an abundance of demand for more intelligent and human-like behavior and technology on the market. These revolutions are leveraging new technologies that didn't exist or weren't mature enough until a few years ago, such as AI, UX, Mobile, Cloud and VR.

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

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

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

- Pricing of and margin on our services and revenue mix. For time-and-materials contracts, the hourly rates we charge for our Globers are a key factor impacting our gross profit margins and profitability. Hourly rates vary by complexity of the project and the mix of staffing. The margin on our services is impacted by the increase in our costs in providing those services, which is influenced by wage inflation and other factors. As a client relationship matures and deepens, we seek to maximize our revenues and profitability by expanding the scope of services offered to that client and winning higher profit margin assignments. During the three-year period ended December 31, 2018, we increased our revenues attributable to sales of technology solutions (primarily through our Mobile, Process Automation, UX Design and Gaming Studios), however, our gross profit margin oscillate in 39.0%, 36.3% and 40.7% for the years ended December 31, 2018, 2017 and 2016, and our adjusted gross profit margin oscillate in 40.6%, 38.8% and 42.3% for the years ended December 31, 2018, 2017 and 2016, respectively, since it was affected by foreign exchange headwinds combined with some wage inflation in certain of the countries in which we operate.
- Our ability to deepen and expand the portfolio of services we offer while maintaining our high standard of quality. The breadth and depth of the services we offer impacts our ability to grow revenues from new and existing clients. Through research and development, targeted hiring and strategic acquisitions, we have invested in broadening and deepening the domains of expertise of our Studios. Our future growth and success depend significantly on our ability to maintain the expertise of each of our Studios and to continue to innovate and to anticipate the needs of our clients and rapidly develop and maintain the expertise of each of our Studios, including relevant domain knowledge and technological capabilities required to meet those client needs, while maintaining our high standard of quality.
- Recruitment, retention and management of IT professionals. Our ability to recruit, retain and manage our IT professionals may have an effect on our gross profit margin and our results of operations. Our IT professional headcount was 7,821 as of December 31, 2018, 6,279 as of December 31, 2017 and 5,219 as of December 31, 2016. We manage employee headcount and utilization based on ongoing assessments of our project pipeline and requirements for professional capabilities. An unanticipated termination of a significant project could cause us to experience lower employee utilization resulting from a higher than expected number of idle IT professionals. Our ability to effectively utilize our employees is typically improved by longer-term client relationships due to increased predictability of client needs over the course of the relationships.
- Evolution of client base. In recent years, as we have expanded significantly in the technology services industry; we have diversified our client base and reduced client concentration. Revenues attributable to our top ten clients increased by 15.4% from 2016 to 2017 and 32.5% from 2017 to 2018. Over the same period, we have increased our revenues from existing clients by expanding the scope and size of our engagements. The number of clients that each accounted for over \$5.0 million of our annual revenues amounted to 21 2018, 18 in 2017 and 11 2016, and the number of clients that each accounted for at least \$1.0 million of our annual revenues increased to 90 in 2018, from 82 in 2017 and 60 in 2016.
- Investments in our delivery platform. We have grown our network of locations to 40 as of December 31, 2018, located in 32 cities throughout fourteen countries (United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid), Belarus (Minsk), Romania (Cluj) and United Kingdom (London)). We also have client management locations in the United States (San Francisco, New York, Winston-Salem and Miami), Brazil (São Paulo), Colombia (Bogotá), Uruguay (Montevideo), Argentina (Buenos Aires) and the United Kingdom (London) that are close to the main offices of key clients. Our integrated global delivery platform allows us to deliver our services through a blend of onsite and offsite methods. We have pursued a decentralization strategy in building our network of delivery centers, recognizing the benefits of expanding into other cities in Argentina and other countries in Latin America, including the ability to attract and retain highly skilled IT professionals in increasing scale. Our ability to effectively utilize our robust delivery platform could significantly affect our results of operations in the future.

- **Seasonality.** Our business is seasonal and as a result, our revenues and profitability fluctuate from quarter to quarter. Our revenues tend to be higher in the third and fourth quarters of each year compared to the first and second quarters of each year due to seasonal factors. During the first quarter of each year, which includes summer months in the southern hemisphere, there is a general slowdown in business activities and a reduced number of working days for our IT professionals based in Argentina, Uruguay, Brazil, Peru, Chile and Colombia, which results in fewer hours being billed on client projects and therefore lower revenues being recognized on those projects. In addition, some of the reduction in the number of working days for our IT professionals in the first or second quarter of the year is due to the Easter holiday. Depending on whether the Easter holiday falls in March or April of a given year, the effect on our revenues and profitability due to the Easter holiday can appear either in the first or second quarter of that year. Finally, we implement annual salary increases in the second and fourth quarters of each year. Our revenues are traditionally higher, and our margins tend to increase, in the third and fourth quarters of each year, when utilization of our IT professionals is at its highest levels.
- **Net effect of inflation in Argentina and variability in the U.S. dollar and Argentine peso exchange rate.** Because a substantial portion of our operations is conducted from Argentina, our results of operations are subject to the net effect of inflation in Argentina and the variability in exchange rate between the U.S. dollar and the Argentine peso. The impact of inflation on our salary costs, or wage inflation, and thus on our statement of profit or loss and other comprehensive income varies depending on the fluctuation in exchange rates between the Argentine peso and the U.S. dollar. In an environment where the Argentine peso is weakening against the U.S. dollar, our functional currency in which a substantial portion of our revenues are denominated, the impact of wage inflation on our results of operations will decrease, whereas in an environment where the Argentine peso is strengthening against the U.S. dollar, the impact of wage inflation will increase. During the year ended December 31, 2018, the Argentine peso experienced a 102.2% devaluation from 18.60 Argentine pesos per U.S. dollar to 37.60 Argentine pesos per U.S. dollar and INDEC reported in 2018 an inflation rate of 47.6%. The combination of this devaluation and the inflation rate is not expected to have a significant impact on our revenues because a substantial portion of our sales are denominated in U.S. dollars. The devaluation, net of the impact of the inflation rate in the same period, has resulted in an increase in our operating costs, as a substantial portion of our operating costs are primarily denominated in Argentine pesos. See "Quantitative and Qualitative Disclosures about Market Risk — Foreign Exchange Risk" and "Quantitative and Qualitative Disclosures about Market Risk — Wage Inflation Risk."

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

Certain Income Statement Line Items

Revenues

Revenues are derived primarily from providing technology services to our clients, which are medium- to large-sized companies based in the United States, Europe and Latin America. For the year ended December 31, 2018, revenues increased by 26.3% to \$522.3 million from \$413.4 million for the year ended December 31, 2017. For the year ended December 31, 2017, revenues increased by 28.1% to \$413.4 million from \$322.9 million for the year ended December 31, 2016. Between 2016 and 2018, we experienced rapid growth in demand for our services and significantly expanded our business.

We perform our services primarily under time-and-material contracts and, to a lesser extent, fixed-price contracts. Revenues from our time-and-material contracts represented 82.6%, 91.1% and 92.1% of total revenues for the years ended December 31, 2018, 2017 and 2016, respectively. Revenues from our fixed-price contracts represented 17.4%, 8.9% and 7.9% of total revenues for the years ended December 31, 2018, 2017 and 2016, respectively. The remaining portion of our revenues in each year was derived from other types of contracts.

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

Revenues by Client Location

Our revenues are sourced from three main geographic markets: North America (primarily the United States), Europe (primarily Spain and the United Kingdom) and Latin America (primarily Argentina, Chile, 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, 2018, we had 373 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,					
	2018		2017		2016	
	(in thousands, except percentages)					
By Geography						
North America	\$ 407,090	77.9%	\$ 325,614	78.8%	\$ 260,923	80.8%
Europe	46,240	8.9%	38,484	9.3%	29,306	9.1%
Asia	3,067	0.6%	700	0.2%	1,265	0.4%
Latin America and other	65,913	12.6%	48,641	11.8%	31,362	9.7%
Revenues	\$ 522,310	100.0%	\$ 413,439	100.0%	\$ 322,856	100.0%

Revenues by Industry Vertical

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

	Year ended December 31,					
	2018		2017		2016	
	(in thousands, except percentages)					
By Industry Vertical						
Media and Entertainment	\$ 133,093	25.5%	\$ 99,640	24.1%	\$ 67,912	21.0%
Travel & Hospitality	89,212	17.1%	68,400	16.5%	63,414	19.6%
Banks, Financial Services and Insurance	114,439	21.9%	94,994	23.0%	59,786	18.5%
Technology & Telecommunications	67,310	12.9%	60,648	14.7%	51,378	15.9%
Professional Services	52,318	10.0%	40,660	9.8%	42,286	13.1%
Consumer, Retail & Manufacturing	54,087	10.4%	36,025	8.7%	28,710	8.9%
Other Verticals	11,851	2.3%	13,072	3.2%	9,370	3.0%
Total	\$ 522,310	100.0%	\$ 413,439	100.0%	\$ 322,856	100.0%

Revenues by Client Concentration

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

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

	Year ended December 31,								
	2018		2017		2016				
	(in thousands, except percentages)								
Client concentration									
Top client	\$	58,786	11.3%	\$	42,049	10.2%	\$	31,249	9.7%
Top five clients		167,341	32.0%		119,431	28.9%		108,831	33.7%
Top ten clients		229,646	44.0%		173,333	41.9%		150,217	46.5%
Top twenty clients		301,774	57.8%		228,922	55.4%		193,057	59.8%

Our top ten customers for the year ended December 31, 2018 have been working with us for, on average, eight years.

Our focus on delivering quality to our clients is reflected in the fact that existing clients from 2017 and 2016 contributed 95.5% and 76.9% of our revenues in 2018, respectively. Our existing clients from 2016 contributed 88.3% of our revenues in 2017. 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 (21 in 2018, 18 in 2017 and 11 in 2016) and the number of clients that each accounted for at least \$1.0 million of our annual revenues increased to 90 in 2018, 82 in 2017 and 60 in 2016. The following table shows the distribution of our clients by revenues for the year presented:

	Year ended December 31,		
	2018	2017	2016
Over \$5 Million	21	18	11
\$1 - \$5 Million	69	64	49
\$0.5 - \$1 Million	39	45	41
\$0.1 - \$0.5 Million	86	82	88
Less than \$0.1 Million	158	147	151
Total Clients	373	356	340

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

Operating Expenses

Cost of Revenues

The principal components of our cost of revenues are salaries and non-reimbursable travel costs related to the provision of services. Included in salaries are base salary, incentive-based compensation, employee benefits costs and social security taxes. Salaries of our IT professionals are allocated to cost of revenues regardless of whether they are actually performing services during a given period. Up to 70% of the amounts paid by our Argentine subsidiaries for certain social security taxes in respect of base and incentive compensation of our IT professionals is credited back to those subsidiaries under the Software Promotion Law, reducing the effective cost of social security taxes from approximately 19.0% to approximately 10.0% of the base and incentive compensation on which those contributions are calculated. For further discussion of the Software Promotion Law, see "— Income Tax Expense" below and note 3.7.1.1 to our audited consolidated financial statements for the year ended December 31, 2018.

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.

Selling, General and Administrative Expenses

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

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

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

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

Depreciation and amortization expense consists primarily of depreciation of our property and equipment (primarily leasehold improvements, servers and other equipment) and 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 includes impairment of trade receivables and impairment of tax credits, net of recoveries. Impairment of trade receivables represents an allowance for bad debts for expected credit losses resulting from substantial doubt about the recoverability of such credits. 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, 2018 and 2016, we recorded a loss of \$3.4 and \$0.9, respectively, related to the recognition of the allowance for bad debts. For the year ended December 31, 2017, we recorded a gain of \$0.01 related to a recovery of the allowance for bad debts.

Impairment of tax credits represents an allowance for impairment of VAT credits for estimated losses resulting from substantial doubt about the recoverability of such credits. This allowance was determined by estimating future uses of this VAT credit. During the years ended December 31, 2018 and 2017 we recorded a loss of \$0.05 and \$1.6, respectively, related to the recognition of the allowance for impairment of VAT credits after considering new facts and circumstances that occurred during those periods. In 2016, no impairment losses were recorded.

Other operating (expenses) income, net

Other operating (expenses) income, net includes an impairment of intangible assets. For the years ended December 31, 2018 and 2017, we recorded a loss of \$0.3 million and \$4.7 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. In 2016, no impairment losses were recorded.

Finance Income

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

Finance Expense

Finance expense consists of foreign exchange loss on monetary assets, liabilities denominated in currencies other than the U.S. dollar and interest expense on borrowings, loss arising for foreign exchange forward contracts and future contracts, and other investments, foreign exchange loss, other interest and other finance expenses.

Income Tax Expense

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

Under the Software Promotion Law, Argentine companies that are engaged in the design, development and production of software benefit from a 60% reduction in the corporate income tax rate and a tax credit of up to 70% of amounts paid for certain social security taxes that can be applied to offset certain national tax liabilities. For further discussion of the Software Promotion Law, see "Business Overview — Our Delivery Model — Government Support and Incentives".

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

On December 29, 2017, the Argentine government enacted Law No. 27.430, a comprehensive tax reform that became effective on January 1, 2018. Specifically, Law No. 27.430 introduced amendments to income tax (both at corporate and individual levels), value added tax ("VAT"), tax procedural law, criminal tax law, social security contributions, excise tax, tax on fuels and tax on the transfer of real estate.

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

The operations of the Argentine subsidiaries are our most significant source of profit before income tax. For further information of the taxation in Argentina, see "Business Overview — Regulatory Overview — Argentine Taxation".

Our subsidiary in Uruguay, which is domiciled in a tax-free zone, benefits from a 0% income tax rate and an exemption from value-added tax. The subsidiary located outside the tax-free zone has an exemption from income tax and value-added tax applicable to the exports of software development services. For further discussion of the Uruguayan Incentives, see "Business Overview — Our Delivery Model — Government Support and Incentives"

Until December 31, 2017, our subsidiary in Colombia was subject to federal corporate income tax of 34% and a surcharge of 6% calculated on net income before income tax. For fiscal year 2018, the income tax rate was 33% and surcharge rate was 4%. On December 28, 2018, Colombia's 2019 finance bill was enacted as Law 1.943. The Law gradually reduce the corporate tax rates and eliminate the surcharge from January 1, 2019 and onwards.

For the taxable years beginning before January 1, 2018, our U.S. subsidiary, Globant LLC, is subject to U.S. federal income tax at the rate of 34%. On December 22, 2017, the United States enacted legislation referred to as the Tax Cuts and Jobs Act ("2017 Tax Act"), which instituted fundamental changes to the taxation of multinational corporations. The 2017 Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, changes regarding net operating loss carryforwards, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. Furthermore, as part of the transition to the new tax system, a one-time transition tax was imposed on a U.S. shareholder's historical undistributed earnings of foreign affiliates. For certain eligible pass-through entities, the 2017 Tax Act provides for a qualified business income deduction. The 2017 Tax Act introduces various changes to the Internal Revenue Code.

The 2017 Tax Act also introduces base erosion provisions for U.S. corporations that are part of a multinational group. For fiscal years beginning after December 31, 2017, a U.S. corporation is potentially subject to tax under the 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. Currently, the Treasury and the IRS are receiving public comments. The document will be official once it is published in the Federal Register.

As of the date of this annual report, certain provisions of the 2017 Tax Act do not currently apply to us, including those designed to (i) tax GILTI; (ii) establish a deduction for FDII; (iii) eliminate the intercompany payment deduction under BEAT; and (iv) establish new limitations on certain executive compensation. One or more of these provisions may apply to us in the future.

Our subsidiaries in England are subject to corporate income tax at the rate of 19%, which will be reduced to 17% starting from April 1, 2020.

On September 29, 2014, Law No. 20,780 was published in the Chilean government's official gazette. This law introduced significant changes to the Chilean taxation system and strengthened the powers of the Chilean tax authority to control and prevent tax avoidance. Effective January 1, 2017, Law No. 20,780 created two different corporate tax regimes: the Attributed Income Regime (*Sistema de Renta Atribuida*) and the Semi-Integrated Regime (*Sistema Parcialmente Integrado*). Under the Attributed Income Regime, shareholders are taxed on an accrual basis, with a rate of 25% imposed at the operating entity level, plus an additional withholding income tax of 35% for nonresident shareholders. Under this regime, profits are attributed to the shareholders, irrespective of whether a distribution is actually made. Under the Semi-Integrated Regime, shareholders are taxed on a cash basis (when profits are distributed), at a rate of 25.5% for 2017 and 27% for 2018, imposed at the operating entity level, plus an additional withholding income tax of 35% when profits are actually distributed. Under this regime, the corporate rate is creditable against the 35% withholding income tax, but 35% of such credit is required to be paid to the Chilean Treasury, so, in practice, only 65% of the corporate rate is creditable. However, investors from countries with which Chile has signed the Double Tax Treaty as of January 1, 2017 would be entitled to use the 100% of the foreign tax credit, even if at that time the agreement was not yet in force. Under such circumstances, the full tax credit would be applicable until December 31, 2019 if at that time the relevant tax treaty had not yet entered into force. The Semi-Integrated Regime applies to Sistemas Globales Chile. Due to its shareholders being domiciled in Spain, 100% of the income tax will be creditable by them. Sistemas Globales Chile was subject to a corporate income tax rate of 24% during the year ended December 31, 2016. Beginning on January 1, 2017, the corporate income tax rate applicable to Sistemas Globales Chile was 25.5% and for 2018 the rate is 27%.

Our subsidiary Globant Brasil Consultoria Ltda. (formerly Terraforum Consultoria Ltda.), applies the taxable income method called “Lucro real”. Under this method, taxable income is based upon a percentage of profit accrued by the Company, adjusted according to the add-backs and exclusions provided in the relevant tax law. The rate applicable to the taxable income derived from the subsidiary’s activity is 24% plus 10% if the net income before income tax is higher than 240,000 Reais for the years 2017 and onwards.

On December 31, 2014, Peru enacted Law No 30,296, which made several changes to the Peruvian tax regime. Among other changes, the law decreases corporate income tax rates, effective January 1, 2015, as follows: fiscal year 2015 and 2016, 28%, fiscal year 2017 and 2018, 27%, fiscal year 2019, 26%. The Peruvian Congress on October 6, 2016, issued Law No. 30.506, which provides the Peruvian government the power to legislate regarding matters affecting economic growth, formal compliance, and national security for a 90-day period. Pursuant to the power granted, the Peruvian government issued Legislative Decree No. 1261 on December 10, 2016, which increases the corporate income tax rate, effective January 1, 2017, for fiscal year 2017 onward to 29.5%.

Our subsidiary in Mexico is subject to corporate income tax at the rate of 30%.

Our Indian subsidiary, Globant India Private Limited, is primarily export-oriented and is eligible for certain income tax holiday benefits granted by the government of India for export activities conducted within Special Economic Zones, or SEZs. The services provided by our Pune development center are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the center commenced the provision of services - August 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.

Our subsidiary located in Belarus is resident of the High Technology Park (“HTP”). HTP residents are exempted from corporate tax and VAT.

Our subsidiary in Rumania is subject to income tax at the rate of 16%.

The subsidiary located in Canada is subject to federal income tax at the rate of 15%. The rate is increased by the state income tax rate which is 11% in the case of the state of British Columbia where the subsidiary is incorporated.

The corporate tax rate in France for most companies is 33.33%. The Finance Bill for 2017 contains provisions for the progressive reduction of the corporate income tax rate from the 33.33% rate to 28% over the period 2017 to 2020. Also, there is a reduced tax rate of 15% for companies whose turnover does not exceed EUR 7,63 million, but only for the first EUR 38,120 of taxable income. In 2019 the reduced rate will be applicable to small and medium-size enterprises. To qualified as a small and medium-size enterprise, a company must employ less than 250 employees and have an annual turnover not exceeding EUR 50 millions.

According to the Finance Bill, our subsidiary located in France is subject to tax at a rate of 28% during 2018. The rate applies for the first EUR 500,000.

Results of Operations

The following table sets forth a summary of our consolidated results of operations by amount and as a percentage of our revenues for the periods indicated. This information should be read together with our audited consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2018		2017		2016	
	(in thousands, except percentages)					
Consolidated Statements of profit or loss and other comprehensive income:						
Revenues ⁽¹⁾	\$ 522,310	100.0%	\$ 413,439	100.0%	\$ 322,856	100.0%
Cost of revenues ⁽²⁾	(318,554)	(61.0)%	(263,171)	(63.7)%	(191,395)	(59.3)%
Gross profit	203,756	39.0%	150,268	36.3%	131,461	40.7%
Selling, general and administrative expenses ⁽³⁾	(133,187)	(25.5)%	(110,813)	(26.8)%	(80,961)	(25.1)%
Net impairment losses on financial assets ⁽⁴⁾	(3,469)	(0.7)%	(1,581)	(0.4)%	(928)	(0.3)%
Other operating expense, net ⁽⁵⁾	(306)	(0.1)%	(4,708)	(1.1)%	—	—%
Profit from operations	66,794	12.8%	33,166	8.0%	49,572	15.4%
Finance income	11,418	2.2%	7,956	1.9%	16,215	5.0%
Finance expense	(16,968)	(3.2)%	(11,036)	(2.7)%	(19,227)	(6.0)%
Finance (expense) income, net ⁽⁶⁾	(5,550)	(1.1)%	(3,080)	(0.7)%	(3,012)	(0.9)%
Other income and expenses, net ⁽⁷⁾	6,220	1.2%	8,458	2.0%	3,629	1.1%
Profit before income tax	67,464	12.9%	38,544	9.3%	50,189	15.5%
Income tax ⁽⁸⁾	(15,868)	(3.0)%	(8,081)	(2.0)%	(14,327)	(4.4)%
Net income for the year	\$ 51,596	9.9%	\$ 30,463	7.4%	\$ 35,862	11.1%

- (1) Includes transactions with related parties of \$5,937, \$5,590 and \$6,462 for the years ended December 31, 2018, 2017 and 2016, respectively.
- (2) Includes depreciation and amortization expense of \$4,022, \$4,339 and \$4,281 for the years ended December 31, 2018, 2017 and 2016, respectively. Also includes share based compensation for \$4,248, \$5,666 and \$917 for the years ended December 31, 2018, 2017 and 2016, respectively.
- (3) Includes depreciation and amortization expense of \$16,521, \$11,789 and \$6,637 for the years ended December 31, 2018, 2017 and 2016, respectively. Also includes share based compensation of \$8,665, \$8,798 and \$2,703 for the years ended December 31, 2018, 2017 and 2016, respectively.
- (4) Includes a loss of \$3,421, a gain of \$5 and a loss of \$928 on impairment of trade receivables for the years ended December 2018, 2017 and 2016, respectively (see note 11). Includes an impairment of tax credits of \$48 and \$1,586 for the years ended December 31, 2018 and 2017, respectively.
- (5) Includes an impairment of intangibles assets of \$306 and \$4,708 for the years ended December 31, 2018 and 2017, respectively.
- (6) Includes foreign exchange loss, net, of \$7,437, \$2,729 and \$8,620 for the years ended December 31, 2018, 2017 and 2016, respectively.
- (7) Includes as of December 31, 2018, 2017 and 2016 a gain of \$6,700, \$6,735 and \$418, respectively, on remeasurement of the contingent consideration of PointSource, Clarice, L4, WAE and Ratio, a gain of \$1,611, \$1,727 and \$2,981, respectively, related to the remeasurement at fair value of the call and put option over non-controlling interest in Dynaflo, and a loss for the derecognition of the call option over non-controlling interest in Dynaflo of \$455. For the year ended December 31, 2018 includes a loss of \$1,038 related to the settlement agreed with WAE former owners and \$800 for the impairment of the investment in Colloquia. For the year ended December 31, 2016 includes a gain of \$225 related to the bargain business combination of Difer S.A.
- (8) Includes deferred tax gains of \$7,456, \$5,972 and \$730 for the years ended December 31, 2018, 2017 and 2016, respectively.

2018 Compared to 2017

Revenues

Revenues were \$522.3 million for 2018, representing an increase of \$108.9 million, or 26.3%, from \$413.4 million for 2017.

Revenues from North America increased by \$81.5 million, or 25.0%, to \$407.1 million for 2018 from \$325.6 million for 2017. Revenues from Latin America and other countries increased by \$17.3 million, or 35.6%, to \$65.9 million for 2018 from \$48.6 million for 2017. Revenues from Europe increased by \$7.7 million, or 20.0%, to \$46.2 million for 2018 from \$38.5 million for 2017. Revenues from Asia increased by \$2.4 million, or 342.9%, to \$3.1 million for 2018 from \$0.7 million for 2017.

Revenues from technology and telecommunications clients increased by \$6.7 million, or 11.1%, to \$67.3 million for 2018 from \$60.6 million for 2017. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand in digital content, consumer experience services and the cross-selling capabilities of our Studios. Revenues from media and entertainment clients increased by \$33.5 million, or 33.6%, to \$133.1 million for 2018 from \$99.6 million for 2017. The increase in revenues from clients in this industry vertical was primarily attributable to a higher demand for our digital content solutions, mobile applications, and consumer experience practices. Revenues from professional services clients increased by \$11.6 million, or 28.5%, to \$52.3 million for 2018 from \$40.7 million for 2017. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to process automation, digital content and consumer experience solutions. Revenues from consumer, retail and manufacturing clients increased by \$18.1 million, or 50.3%, to \$54.1 million for 2018 from \$36.0 million for 2017. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to scalable platforms solutions, consulting practices, and big data, supported by the cross-selling capabilities of our Studios. Revenues from banks, financial services and insurance clients increased by \$19.4 million, or 20.4%, to \$114.4 million for 2018 from \$95.0 million for 2017. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to scalable platforms, cloud and mobile. Revenues from travel and hospitality clients increased by \$20.8 million, or 30.4%, to \$89.2 million for 2018 from \$68.4 million for 2017. This increase is primarily attributable to large increase in demand for consumer experience and automated testing services. Revenues from clients in other verticals decreased by \$1.2 million, or 9.2%, to \$11.9 million for 2018 from \$13.1 million for 2017.

Revenues from our top ten clients in 2018 increased by \$56.3 million, or 32.5%, to \$229.6 million for 2017 from \$173.3 million for 2017, reflecting our ability to increase the scope of our engagement with our main customers. Revenues from our largest client for 2018, Walt Disney Parks and Resorts Online, increased by \$16.8 million, or 40.0%, to \$58.8 million for 2018 from \$42.0 million for 2017.

Cost of Revenues

Cost of revenues was \$318.6 million for 2018, representing an increase of \$55.4 million, or 21.0%, from \$263.2 million for 2017. The increase was primarily attributable to the net addition of 1,542 IT professionals since December 31, 2017, an increase of 24.6%, to satisfy growing demand for our services, which translated into an increase in salaries. Cost of revenues as a percentage of revenues decreased to 61.0% for 2018 from 63.7% for 2017. The decrease was primarily attributable to cost efficiencies, lower salaries in terms of U.S. dollars derived from the devaluation of the Argentine peso and, to a lesser extent, of the Colombian peso in 2018.

Salaries, employee benefits, social security taxes and share based compensation, the main component of cost of revenues, increased by \$52.7 million, or 21.5% to \$297.4 million for 2018 from \$244.7 million for 2017. Salaries, employee benefits and social security taxes include a \$4.2 million share-based compensation expense in 2018 and \$5.7 million share-based compensation expense in 2017.

Depreciation and amortization expense was \$4.0 million and \$4.3 million for 2018 and 2017.

Travel and housing was \$6.6 million for 2018 and 2017.

Selling, General and Administrative Expenses

Selling, general and administrative expense was \$133.2 million for 2018, representing an increase of \$22.4 million, or 20.2%, from \$110.8 million for 2017. The increase was primarily attributable to \$5.7 million increase in salaries, employee benefits, social security taxes and share based compensation related to the addition of a number of senior sales executives in our main market, the United States; a \$4.7 million increase in depreciation and amortization expense; and \$3.3 million increase in office expenses, rental expenses related to the opening of our new delivery centers. In addition, there was a \$3.9 million increase in professional fees including audit and other professional services. Selling, general and administrative expenses as a percentage of revenues decreased to 25.5% for 2018 from 26.8% for 2017. Share-based compensation expense within selling, general and administrative expenses accounted for \$8.7 million, or 1.7%, as a percentage of revenues for 2018, and \$8.8 million, or 2.1%, as a percentage of revenues for 2017.

Impairment on financial assets

During the year ended December 31, 2018 and 2017, we recorded a loss for impairment of financial assets of \$3.5 and \$1.6. The increase was primarily attributable to the recognition of an impairment of \$3.4 resulting from substantial doubt about the recoverability of the some trade receivables. For 2017 the loss of \$1.6 was due to the recognition of an impairment of tax credits.

Other operating expenses, net

Other operating expenses was \$0.3 million for 2018. The loss was due to the recognition of an impairment of intangibles assets.

Finance Income

Finance income for 2018 was \$11.4 million compared to \$8.0 million for 2017, mainly resulting from foreign exchange gains of \$6.9 million as compared to \$6.3 million in 2017, and gains from short-term investments, primarily related to gains from financial assets measured at fair value through profit and loss, of \$4.1 million as compared to \$1.2 million in 2017.

Finance Expense

Finance expense increased to \$17.0 million for 2018 from \$11.0 million for 2017, primarily reflecting a foreign exchange loss of \$14.3 million mainly related to the impact of the weakening of some Latin American currencies against the U.S. dollar on our monetary assets, denominated in such currencies, a loss of \$1.1 million primarily related to gains from financial assets measured at fair value through profit and loss, and interest expense of \$0.7 million. Other financial expenses totaled \$0.9 million.

Other Income and Expenses, Net

Other income and expenses, net decreased to a gain of \$6.2 million for 2018 from a gain of \$8.5 million for 2017. Our 2018 and 2017 results includes a gain of \$6.7 on the remeasurement of contingent consideration related to the acquisition of Clarice, WAE, L4 Ratio and PointSource and WAE, a gain of \$1.6 million and \$1.7 million for 2018 and 2017 related to the remeasurement at fair value of the call and put option over our non-controlling interest in Dynaflo, and a loss of \$0.8 and \$0.5 related to the impairment of the Colloquia investment and to derecognition of the call option of Dynaflo, respectively, for the year ended December 31, 2018.

Income Tax

Income tax expense amounted to \$15.9 million for 2018, an increase of \$7.8 million from a \$8.1 million income tax expense for 2017. The increase in income tax expense was driven mainly by the increase in our profit from operations and the devaluation of the Argentine peso that generated taxable finance gains in our Argentinian subsidiaries. Our effective tax rate (calculated as income tax gain or expense divided by the profit before income tax) increased to 23.5% for 2018 from 21.0% for 2017, 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 \$51.6 million for 2018, compared to \$30.5 million for 2017.

2017 Compared to 2016

Revenues

Revenues were \$413.4 million for 2017, representing an increase of \$90.5 million, or 28.1%, from \$322.9 million for 2016.

Revenues from North America increased by \$64.7 million, or 24.8%, to \$325.6 million for 2017 from \$260.9 million for 2016. Revenues from Latin America and other countries increased by \$17.2 million, or 54.8%, to \$48.6 million for 2017 from \$31.4 million for 2016. Revenues from Europe increased by \$9.2 million, or 31.4%, to \$38.5 million for 2017 from \$29.3 million for 2016. Revenues from Asia decreased by \$0.6 million, or 46.2%, to \$0.7 million for 2017 from \$1.3 million for 2016.

Revenues from technology and telecommunications clients increased by \$9.2 million, or 17.9%, to \$60.6 million for 2017 from \$51.4 for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand in gaming, consumer experience services and the cross-selling capabilities of our Studios. Revenues from media and entertainment clients increased by \$31.7 million, or 46.7%, to \$99.6 million for 2017 from \$67.9 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to a higher demand for our gaming solutions, mobile applications, and consumer experience practices. Revenues from professional services clients decreased by \$1.6 million, or 3.8%, to \$40.7 million for 2017 from \$42.3 million for 2016. The decrease in revenues from clients in this industry vertical was primarily attributable to lower demand for services related to enterprise consumerization, digital content and consumer experience solutions. Revenues from consumer, retail and manufacturing clients increased by \$7.3 million, or 25.4%, to \$36.0 million for 2017 from \$28.7 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to mobile applications, testing services, user experience and social practices, supported by the cross-selling capabilities of our Studios. Revenues from banks, financial services and insurance clients increased by \$35.2 million, or 58.9%, to \$95.0 million for 2017 from \$59.8 million for 2016. The increase in revenues from clients in this industry vertical was primarily attributable to higher demand for services related to high performance, analytics, cloud and mobile. Revenues from travel and hospitality clients increased by \$5.0 million, or 7.9% to \$68.4 million for 2017 from \$63.4 million for 2016. This increase is primarily attributable to large increase in demand for consumer experience and automated testing services. Revenues from clients in other verticals increased by \$3.7 million, or 39.4%, to \$13.1 million for 2017 from \$9.4 million for 2016.

Revenues from our top ten clients in 2017 increased by \$23.1 million, or 15.4%, to \$173.3 million from revenues of \$150.2 million in 2016, reflecting our ability to increase the scope of our engagement with our main customers. Revenues from our largest client for 2017, Walt Disney Parks and Resorts Online, increased by \$11.0 million, or 35.5%, to \$42.0 million for 2017 from \$31.0 million for 2016. Revenues from our largest client for 2016, Southwest Airlines Co., decreased by \$4.3 million, or 13.8%, to \$26.9 million from \$31.2 million for 2016.

Cost of Revenues

Cost of revenues was \$263.2 million for 2017, representing an increase of \$71.8 million, or 37.5%, from \$191.4 million for 2016. The increase was primarily attributable to the net addition of 1,060 IT professionals since December 31, 2016, an increase of 20.3%, to satisfy growing demand for our services, which translated into an increase in salaries. Cost of revenues as a percentage of revenues increased to 63.7% for 2017 from 59.3% for 2016. The increase was primarily attributable to the higher variation in exchange rate lag with respect to actual salary increases in nominal Argentine pesos, and to an expansion of our delivery footprint in United States during 2017.

Salaries, employee benefits, social security taxes and share based compensation, the main component of cost of revenues, increased by \$67.5 million, or 38.1% to \$244.7 million for 2017 from \$177.2 million for 2016. Salaries, employee benefits and social security taxes include a \$5.7 million share-based compensation expense in 2017 and \$0.9 million share-based compensation expense in 2016.

Depreciation and amortization expense included in the cost of revenues was \$4.3 million for 2017 and 2016.

Travel and housing was \$6.6 million for 2017 and 2016.

Selling, General and Administrative Expenses

Selling, general and administrative expense was \$110.8 million for 2017, representing an increase of \$29.8 million, or 36.8%, from \$81.0 million for 2016. The increase was primarily attributable to a \$18.3 million increase in salaries, employee benefits, social security taxes and share based compensation related to the addition of a number of senior sales executives in our main market, the United States; a \$5.2 million increase in depreciation and amortization expense; a \$3.3 million increase in office and rental expenses related to the opening of the new delivery centers. In addition, there was a \$2.3 million increase in professional fees including audit and other professional services. Selling, general and administrative expenses as a percentage of revenues increased to 26.8% for 2017 from 25.1% for 2016. Share-based compensation expense within selling, general and administrative expenses accounted for \$8.8 million, or 2.1%, as a percentage of revenues for 2017, and \$2.7 million, or 0.8%, as a percentage of revenues for 2016.

Impairment on financial assets

During the year ended December 31, 2017 and 2016, we recorded a loss for impairment of financial assets of \$1.6 million and \$0.9 million, respectively. In 2017 the loss was due to the recognition of an impairment of tax credits of \$1.6. For 2017 the loss of \$0.9 was due to the recognition of an impairment of trade receivables.

Other operating expenses, net

Other operating expenses was \$4.7 million for 2017. The loss was due to the recognition of an impairment of intangibles assets.

Finance Income

Finance income for 2017 was \$8.0 million compared to \$16.2 million for 2016, resulting primarily from foreign exchange gains of \$6.3 million as compared to \$6.2 million in 2016 and gains from short-term investments of \$1.2 million as compared to \$9.9 million in 2016.

Finance Expense

Finance expense decreased to \$11.0 million for 2017 from \$19.2 million for 2016, primarily reflecting a foreign exchange loss of \$9.0 million mainly related to the impact of the weakening of some Latin American currencies against the U.S. dollar on our monetary assets denominated in such currencies, a loss of \$0.6 million arising from held-for-trading investments and interest expense of \$0.9 million. Other financial expenses totaled \$0.5 million.

Other Income, Net

Other income and expenses, net increased to a gain of \$8.5 million for 2017 from a gain of \$3.6 million for 2016. Our 2017 gain includes a gain of \$6.7 million on the remeasurement of contingent consideration related to the acquisition of Clarice, L4 and WAE, and a gain of \$1.6 million related to the remeasurement at the fair value of the call and put option over our non-controlling interest in DynafloWS).

Income Tax

Income tax expense amounted to \$8.1 million for 2017, a decrease of \$6.2 million from a \$14.3 million income tax expense for 2016. The decrease in income tax expense was attributable to lower gain related to Argentine forward contracts and the reduced impact of the devaluation of the Argentine peso. Our effective tax rate (calculated as income tax gain or expense divided by the profit before income tax) decreased to 21.0% for 2017 from 28.5% for 2016, principally driven by a more balanced distribution of gains and costs across the company as a result of improvements in our transfer pricing model.

Net Income for the Year

As a result of the foregoing, we had a net income of \$30.5 million for 2017, compared to \$35.9 million for 2016.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

Capital Resources

Our primary sources of liquidity are cash flows from operating activities. For the year 2018, we derived 86.8% of our revenues from clients in North America and Europe pursuant to contracts that are entered into by our subsidiaries located in the United States, Spain and the United Kingdom.

Our primary cash needs are for capital expenditures (consisting of additions to property and equipment and to intangible assets) and working capital. From time to time we also require cash to fund acquisitions of businesses.

Our primary working capital requirements are to finance our payroll-related liabilities during the period from delivery of our services through invoicing and collection of trade receivables from clients.

We incur capital expenditures to open new delivery centers, for improvements to existing delivery centers, for infrastructure-related investments and to acquire software licenses.

We will continue to invest in our subsidiaries. In the event of any repatriation of funds or declaration of dividends from our subsidiaries, there will be a tax effect because dividends from certain foreign subsidiaries are subject to taxes. See "Information on the Company — Business Overview — Regulatory Overview — Argentine Taxation — Tax on Dividends" and "Information on the Company — Business Overview — Regulatory Overview — Argentine Taxation — Income Tax".

The following table sets forth our historical capital expenditures for the years ended December 31, 2018, 2017 and 2016:

	Year ended December 31,		
	2018(***)	2017(**)	2016(*)
	(In thousands)		
Capital expenditures	\$ 28,506	\$ 26,314	\$ 21,856

* Excludes impact of WAE, Difier and L4 acquisitions for the year ended December 31, 2016.

** Excludes impact of Ratio and PointSource acquisitions for the year ended December 31, 2017.

*** Excludes impact of Small Footprint acquisition for the year ended December 31, 2018.

Investments

During 2016, we invested \$21.9 million in capital expenditures, primarily to establish our delivery centers in Mexico City, Mexico, Pune, India and Bogota, Colombia, and invested \$5.9 million in internal developments and acquired licenses.

During 2017, we invested \$26.3 million in capital expenditures, primarily to establish our delivery centers in La Plata and Tandil, Argentina, Madrid, Spain, Bogotá and Medellín, Colombia and New York, U.S., and invested \$8.8 million in internal developments and acquired licenses.

During 2018, we invested \$28.5 million in capital expenditures, primarily to complete our works on our delivery centers in La Plata, Argentina and Medellín and Bogotá, Colombia, and to establish our delivery centers in Mexico City, Mexico, Bangalore, India, and Seattle, U.S., and invested \$9.6 million in internal developments and acquired licenses.

Acquisitions

On May 23, 2016 we acquired WAE, a service design consultancy, specializing in three distinct but complementary service offerings (Research, Strategy and Creative) for an aggregate purchase price of \$19.9 million, of which \$11.4 million is payable on a deferred basis and subject to reduction upon the occurrence of certain targets.

On November 14, 2016, we entered into a stock purchase agreement with 3C to purchase 100% of the capital stock of Difier for an aggregate purchase price of \$0.025 million.

On November 14, 2016, we acquired 100% of shares of L4. L4 offers the digital product consulting, design, development and quality assurance services necessary to build and manage robust digital products. The aggregate purchase price amounted to \$20.4 million, of which \$9.4 million is payable on a deferred basis and subject to reduction upon the occurrence of certain targets.

On February 28, 2017, we acquired 100% of shares of Ratio Cypress, LLC. Ratio offers design, development and quality assurance services necessary to build and manage robust digital products and video streaming solutions for major media companies. The aggregate purchase price amounted to \$9.5 million, of which \$3.7 million is payable on a deferred basis and subject to reduction upon the occurrence of certain targets.

On June 1, 2017, we acquired 100% of shares of PointSource. PointSource offers digital solutions to its customers which include design, digital strategy, development and marketing services. The aggregate purchase price amounted to \$28.6 million, of which \$13.1 million is payable on a deferred basis and subject to reduction upon the occurrence of certain targets.

On October 15, 2018, we signed an asset purchase ("APA") agreement to acquire, the business of Small Footprint Inc., a corporation organized and existing under the laws of North Carolina, United States, including the acquisition of its wholly owned subsidiary in Romania, Small Footprint, LLC. Small Footprint, U.S. and Romania, are engaged in the business of providing outsourced service of consulting, designing, developing and implementing custom software applications, digital product, websites, technologies and strategies for the purpose of digital transformation. The aggregate purchase price under the APA amounted to \$7.4 million.

As of December 31, 2018, we had cash and cash equivalents and investments of \$86.2 million.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated:

	For the year ended December 31,		
	2018	2017	2016
Net cash provided by operating activities	67,197	42,989	31,480
Net cash used in investing activities	(46,117)	(57,534)	(27,999)
Net cash provided by financing activities	4,094	16,598	7,699
Effect of exchange rate changes on cash and cash equivalents	(93)	(60)	2,632
Cash and cash equivalents at beginning of the year	52,525	50,532	36,720
Cash and cash equivalents at end of the year	<u>77,606</u>	<u>52,525</u>	<u>50,532</u>
Net increase in Cash and cash equivalents at end of year	25,081	1,993	13,812

Operating Activities

Net cash provided by operating activities was generated primarily by profits before taxes adjusted for non-cash items, including depreciation and amortization expense, shared-based compensation expense and the effect of working capital changes.

Net cash provided by operating activities was \$67.2 million for the year ended December 31, 2018 as compared to net cash provided in operating activities of \$43.0 million for the year ended December 31, 2017. This increase of \$24.2 million in net cash provided by operating activities was primarily attributable to a \$33.6 million increase in profit before income tax expense adjusted for non-cash-items, a \$7.3 million decrease in working capital and a \$2.1 million increase in income tax payments, net of reimbursements.

Changes in working capital in the year ended December 31, 2018 consisted primarily of a \$36.4 million increase in trade receivables, a \$10.6 million increase in other receivables, a \$2.5 million increase in trade payables, and decrease in utilization of provision for contingencies of \$1.1 million, a \$0.9 million decrease in tax liabilities, and \$21.9 million increase in payroll and social security taxes payable. The \$36.4 million increase in trade receivables reflects our revenue growth. The \$10.6 million increase in other receivables was mainly related to the increase in prepaid expenses and advances to suppliers. Payroll and social security taxes payable increased to \$58.5 million as of December 31, 2018 from \$40.5 million as of December 31, 2017, primarily as a result of the growth in our headcount in line with our expansion.

Net cash provided by operating activities was \$43.0 million for the year ended December 31, 2017, as compared to net cash provided by operating activities of \$31.5 million for the year ended December 31, 2016. This increase of \$11.5 million in net cash provided by operating activities was primarily attributable to a \$5.7 million increase in profit before income tax expenses adjusted for non-cash items, a \$8.5 million increase in working capital and a \$2.7 million increase in income tax payments, net of reimbursements.

Changes in working capital in the year ended December 31, 2017 consisted primarily of a \$25.6 million increase in trade receivables, a \$1.2 million decrease in other receivables, a \$4.3 million increase in trade payables, and increase in utilization of provision for contingencies of \$0.9 million, a \$0.7 million decrease in tax liabilities, and \$7.6 million increase in payroll and social security taxes payable. The \$25.6 million increase in trade receivables reflects our revenue growth. The \$1.2 million decrease in other receivables was mainly related to the decrease in Software Promotion Regime credit. Payroll and social security taxes payable increased to \$40.5 million as of December 31, 2017 from \$30.3 million as of December 31, 2016, primarily as a result of the growth in our headcount in line with our expansion.

Investing Activities

Net cash of \$46.1 million was used in investing activities for the year ended December 31, 2018 as compared to \$57.5 million of net cash used in investing activities during the year ended December 31, 2017. During the year ended December 31, 2018, we invested in mutual funds and sovereign bonds, which generated an outflow of \$1.0 million, we invested \$28.7 million in fixed and intangible assets and \$18.4 million in acquisition-related transactions, and we obtained proceeds of \$2.4 million from forward contracts.

Net cash of \$57.5 million was used in investing activities for the year ended December 31, 2017, as compared to \$28.0 million of net cash used in investing activities during the year ended December 31, 2016. During the year ended December 31, 2017, we invested in mutual funds and sovereign bonds, which generated a cash flow of \$1.7 million, we invested \$27.5 million in fixed and intangible assets and \$31.1 million in acquisition-related transactions, and we lost proceeds of \$0.6 million from forward contracts.

Financing Activities

Net cash of \$4.1 million was provided by financing activities for the year ended December 31, 2018, as compared to \$16.6 million of net cash provided by financing activities for the year ended December 31, 2017. During the year ended December 31, 2018, we received \$7.0 million for the issuance of shares under our share-based compensation plan, \$3.2 million proceeds from subscription agreements and paid borrowing for \$6.0 million.

Net cash of \$16.6 million was provided by financing activities for the year ended December 31, 2017 as compared to \$7.7 million of net cash provided by financing activities for the year ended December 31, 2016. During the year ended December 31, 2017, we received \$5.3 million for the issuance of shares under our share-based compensation plan, \$5.7 proceeds from subscription agreement and proceeds from borrowing for \$5.8 million.

Future Capital Requirements

We believe that our existing cash and cash equivalents and cash flows from operations will be sufficient to meet our anticipated cash needs for at least the next 12 months. In addition, as of December 31, 2018, IAFH Global S.A. had recognized an aggregate of \$3.8 million in value-added tax credits. We expect to monetize the value of those value-added tax credits by way of cash reimbursement from AFIP during 2019.

Our ability to generate cash is subject to our performance, general economic conditions, industry trends and other factors. If our cash and cash equivalents and operating cash flow are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. If we issue equity securities in order to raise additional funds, substantial dilution to existing shareholders may occur. If we raise cash through the issuance of indebtedness, we may be subject to additional contractual restrictions on our business. We cannot assure you that we would be able to raise additional funds on favorable terms or at all.

In November 2018, Globant LLC, our U.S. subsidiary (the "Borrower") entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with the financial institutions listed therein, as lenders, and HSBC Bank USA, N.A., as administrative agent, issuing bank and swingline lender. The A&R Credit Agreement amends and restates the Credit Agreement dated as of August 3, 2017, which provided for a secured revolving credit facility under which the Borrower could borrow up to \$40.0 million in advances. Under the A&R Credit Agreement, the Borrower may borrow (i) up to \$50.0 million in a single borrowing on or prior to May 1, 2019 under a delayed-draw term loan facility and (ii) up to \$150.0 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 \$100.0 million. The maturity date of each of the facilities is October 31, 2023, and interest on the loans extended thereunder shall accrue at a rate per annum equal to LIBOR plus 1.75%. The Borrower's obligations under the A&R Credit Agreement are guaranteed by us and our subsidiary, Globant España S.A., and are secured by substantially all of the Borrower's now owned and after-acquired assets. The A&R Credit Agreement also contains certain customary negative and affirmative covenants. Compliance with these covenants may limit our flexibility in operating our business and our ability to take actions that might be advantageous to us and our shareholders.

As of December 31, 2018 and as of the date of this annual report, no amounts were outstanding under this facility.

Restrictions on Distribution of Dividends by Certain Subsidiaries

The ability of certain of our subsidiaries to pay dividends to us is subject to their having satisfied requirements under local law to set aside a portion of their net income in each year to legal reserves, as described below.

In accordance with Argentine and Uruguayan companies law, our subsidiaries incorporated in Argentina and in Uruguay must set aside at least 5% of their net income (determined on the basis of their statutory accounts) in each year to legal reserves, until such reserves equal 20% of their respective issued share capital. As of December 31, 2018, required legal reserves at our Argentine subsidiaries amounted to \$0.8 million and had been set aside as of that date. As of that date, our Uruguayan subsidiary had set aside a legal reserve of \$0.04 million, which was fully constituted.

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

On December 23, 2013, the Argentine government adopted a new double taxation treaty with Spain, which applied retroactively from January 1, 2013. According 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.

Brazilian law does not require limited liability companies to allocate profits for the creation of a legal reserve. The Company's Brazilian subsidiary did not have a legal reserve as of December 31, 2018.

In accordance with Colombian companies law, our Colombian subsidiary must set aside at least 10% of its net income (determined on the basis of its statutory accounts) in each year to legal reserves, until such reserves equal 50% of its issued share capital. As of December 31, 2018, its legal reserves amounted to \$0.0004 million and were fully set aside.

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

In accordance with Spanish companies law, our Spanish subsidiaries, must set aside at least 10% of its net income (determined on the basis of its statutory accounts) in each year to legal reserves, until such reserves equal 20% of its issued share capital. As of December 31, 2018, the legal reserve amounted to \$7.9 million for all Spanish subsidiaries.

In accordance with Mexican law, our Mexican subsidiary must set aside at least 5% of its net income for each year to a legal reserve, until such reserve equals 20% of its issued share capital. As of December 31, 2018, the legal reserve amounted to \$0.07 million for our Mexican subsidiary.

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, 2018, the legal reserve amounted to \$0.437 million. Dividends paid 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 Peruvian law, our Peruvian subsidiary must set aside at least 10% of its net income for each year to a legal reserve, until such reserve equals 20% of its issued share capital. As of December 31, 2018, no reserves had been set aside.

In accordance with Chilean law, our Chilean subsidiary is not obliged to appropriate any fixed amount of profit to a legal reserve. As of December 31, 2018, there is no legal reserve constituted.

In accordance with Indian law, our Indian subsidiary must set off all losses incurred by it (including carried over losses from the previous financial year) and make a provision for depreciation (including depreciation for the previous year if it was not already provided for) against the profits earned by it prior to declaring any dividends. Since the declaration of dividends under Indian law is discretionary, our Indian subsidiary is not required to allocate a specific portion of its annual profits to a designated legal reserve for purposes of declaring dividends. As of December 31, 2018, the legal reserve amounted to \$0.02 million for our Indian subsidiary.

According to French law, a minimum of 5% of our profit of the year must be allocated to a reserve account named "legal reserve", until such reserve amounts 10% of the share capital of our French subsidiary. As of December 31, 2018, there was no legal reserve constituted.

In accordance with the law of Belarus, our Belorussian subsidiary must allocate an amount of up to 25% of its annual payroll to a reserve fund for salaries. The source for creating this fund is the profit remaining at the disposal of the company after paying taxes and other obligatory payments. As of December 31, 2018, there was no legal reserve constituted.

According to the Romanian Companies Law, our Romanian subsidiary must 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, 2018, the reserve fund at our Romanian subsidiary was of Romanian Leu ("RON") \$0.056 million.

In Canada, there is no requirement for our Canadian subsidiary to allocate profits for the creation of a legal reserve. As of December 31, 2018, there was no legal reserve constituted.

In addition, with respect to our Argentine subsidiaries, although the transfer of funds abroad by local companies in order to pay annual dividends to foreign shareholders does not require formal approval by the Argentine Central Bank, in the past, the decrease in availability of U.S. Dollars in Argentina had led the Argentine government to impose informal restrictions on local companies and individuals for purchasing foreign currency for the purpose of making payments abroad, such as dividends. Even when the current Argentine administration has lifted most of the foreign exchange restrictions providing greater flexibility and access to the foreign exchange market, the imposition of future exchange restrictions could impair or prevent the conversion of anticipated dividends or distributions payable to us by those subsidiaries from Argentine pesos into U.S. dollars. For further information on these exchange controls, see "Risk Factors — Risks Related to Operating in Latin America — Argentina — The imposition in the future of restrictions on transfers of foreign currency and the repatriation of capital from Argentina may impair our ability to receive dividends and distributions from, and the proceeds of any sale of, our assets in Argentina." and "Information on the Company — Business Overview — Regulatory Overview — Foreign Exchange Controls."

Equity Compensation Arrangements

On July 3, 2014, our board of directors and shareholders approved and adopted the 2014 Equity Incentive Plan, which was amended by our board of directors to increase the number of common shares that may be issued as stock awards from 1,666,667 to 3,666,667 on May 9, 2016, and from 3,666,667 to 5,666,667 on February 13, 2019.

Under the terms of our 2014 Equity Incentive Plan, from its adoption until the date of this annual report, we have granted to members of our senior management and certain other employees 30,000 stock awards, options to purchase 2,277,434 common shares and 770,849 restricted stock units. Most of the options and the restricted stock units under the plan were granted with a vesting period of four years, 25% of the options becoming exercisable on each anniversary of the grant date. Share-based compensation expense for awards of equity instruments is determined based on the fair value of the awards at the grant date. Each of our employee share options is exercisable for one of our common shares, and each of our restricted stock units will be settled, automatically upon its vesting, with one of our common shares. No amounts are paid or payable by the recipient on receipt of an option or a restricted stock units. Neither the options nor the restricted stock units carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiration (ten years after the grant date).

Share-based compensation expense for awards of equity instruments to employees is determined based on the grant-date fair value of the awards. Fair value is calculated using the Black-Scholes option pricing model.

There were 2,658,595 outstanding stock options as of December 31, 2016, 2,320,710 outstanding stock options and restricted stock units as of December 31, 2017 and 2,322,305 outstanding stock options and restricted stock units as of December 31, 2018. For 2018, 2017 and 2016, we recorded \$12.9 million, \$14.5 million and \$3.6 million of share-based compensation expense related to these share option and restricted stock unit agreements, respectively.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with IFRS, which require us to make judgments, estimates and assumptions about (i) the reported amounts of assets and liabilities, (ii) disclosure of contingent assets and liabilities at the end of each reporting period and (iii) the reported amounts of revenues and expenses during each reporting period. We evaluate these estimates and assumptions based on historical experience, knowledge and assessment of current business and other conditions, and expectations regarding the future based on available information and reasonable assumptions, which together form a basis for making judgments about matters not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates.

Some of our accounting policies require higher degrees of judgment than others in their application. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places significant demands on the judgment of our management.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements. We believe that the following critical accounting policies are the most sensitive and require more significant estimates and assumptions used in the preparation of our consolidated financial statements. You should read the following descriptions of critical accounting policies, judgments and estimates in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Revenue Recognition

In accounting for fixed-price contracts we apply the input or output methods depending on the nature of the project and the agreement with the customer, recognizing revenue on the basis of our efforts to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of the performance obligation, 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.

This method is followed where reasonably dependable estimates of revenues and costs can be made. Fixed-price contracts generally correspond for services over a period of 12 months or less. Some fixed-price contracts are recurring contracts that establish a fixed amount per month and do not require to apply significant judgment in accounting for those types of contracts. In consequence, the use of estimates is only applicable for those contracts that are ongoing at the year end and that are not recurring.

Reviews to these estimates may result in increases or decreases to revenues and income and are reflected in the consolidated financial statements in the periods in which they are first identified. If the estimates indicate that a contract loss will be incurred, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated costs of the contract exceed the estimated total revenues that will be generated by the contract and are included in cost of revenues in the consolidated statement of income and other comprehensive income. Contract losses for the periods presented in these consolidated financial statements were immaterial.

Goodwill impairment analysis

Goodwill is measured as the excess of the cost of an acquisition over the sum of the amounts assigned to tangible and intangible assets acquired less liabilities assumed. The determination of the fair value of tangible and intangible assets involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

We evaluate goodwill for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. When determining the fair value of our cash generating unit, we utilize the income approach using discounted cash flow. The income approach considers various assumptions including increase in headcount, headcount utilization rate, income from each country and revenue per employee, income tax rates and discount rates. The assumptions we considered as of December 31, 2018 are the following: projected cash flows for the following five years, the average growth rate considered was 20.0% and the rate used to discount cash flows was 16.94%. The long-term rate used to extrapolate cash flows beyond the projected period was 3%.

Any adverse changes in key assumptions about the businesses and its prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge. Based upon our evaluation of goodwill, no impairments were recognized during 2018, 2017 and 2016.

Income Taxes

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

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

Impairment of financial assets

We measure expected credit losses ("ECLs") 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, 2018, 2017 and 2016, we recorded an impairment of trade receivables for an amount of \$3.4 million, a recovery of \$0.005 million and an impairment of \$0.9 million, respectively, using a provision matrix based on our 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, 2018 and 2017, we recorded an impairment of tax credits for an amount of \$0.048 million and \$1.6 million, respectively, based on assumptions about expected credit losses. We use judgment in making these assumptions based on existing regulatory conditions as well as forward looking estimates. The tax credits included in the allowance for impairment are mainly related to Argentine taxation. We estimated the future VAT credit and VAT debit that comes from domestic purchases and sales, respectively. Since exports are zero-rated, any excess portion of the credit not used against any VAT debit is reimbursable to us, through a special VAT recovery regime. However, according to VAT recovery rules, there are certain limitations on the amount that may be reimbursed and we considered any VAT credit that cannot be reimbursed to be an impairment.

Share-based compensation plan

Under our share-based compensation plan for employees is measured based on fair value of our shares at the grant date and recognized as compensation expense on a straight-line basis over the vesting period, based on our estimate of equity instruments that will potentially vest, with a corresponding impact reflected in additional paid-in capital.

Determining the fair value of the share-based awards at the grant date requires judgments. We calculated the fair value of each option award on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the fair value of our shares, expected volatility, expected term, risk-free interest rate and dividend yield.

Fair value of the shares: For our 2014 Equity Incentive Plan, the fair value of the shares is based on the quoted market price of our shares at the grant date. For 2012 Equity Incentive Plan, as our shares were not publicly traded the fair value was determined using the market approach technique based on the value per share of private placements. We had gone in the past through a series of private placements in which new shares have been issued. We understood that the price paid for those new shares was a fair value of those shares at the time of the placement. In January 2012, Globant España S.A. had a capital contribution from a new shareholder, which included cash plus share options granted to the new shareholder, therefore, we considered that amount to reflect the fair value of their shares. The fair value of the shares related to this private placement resulted from the following formula: cash minus fair value of share options granted to new shareholder divided by number of newly issued shares. The fair value of the share options granted to the new shareholder was determined using the same variables and methodologies as the share options granted to the employees. After our reorganization in December 2012, shares of Globant S.A (Luxembourg) were sold by existing shareholders in a private placement to WPP. The fair value of the shares related to this private placement results from the total amount paid by WPP to the existing shareholders.

Expected volatility: Since January 1, 2018, the expected volatility of our shares is calculated by using the average share price volatility of our shares since January 1, 2016 to the date of grant. Before 2018, as we did not have sufficient trading history for the purpose of valuing our share options, the expected volatility of our shares was estimated by using the average historic price volatility of the NASDAQ 100 Telecommunication Index.

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

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

Dividend yield: We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

Call option over non-controlling interest

As of December 31, 2017, we held a call option to acquire 33.27% of the remaining interest in Dynaflo S.A., which could be exercised from October 22, 2020 until October 21, 2021. We calculated the fair value of this option using the Black-Scholes option model. The Black-Scholes model requires the input of highly subjective assumptions, including the expected volatility, maturity, risk-free interest rate, value of the underlying asset and dividend yield.

Expected volatility: We have considered annualized volatility as multiples of EBITDA and revenue of publicly traded companies in the technology business in the U.S., Europe and Asia since 2008.

Maturity: The combination between the call and put options (explained in note 24.3 to the Consolidated Financial Statements included in this annual report) implied that, assuming no liquidity restrictions at the moment that the option was exercisable and considering that both parties wanted to maximize their benefits, we would acquire the minority shareholders shares at the date that this option was exercisable. Therefore, we have assumed that the maturity date of call option is October 22, 2020.

Risk free rate: The risk-free rate for periods within the contractual life of the option was based on the Argentinean bonds ("BONAR") with a quote in the U.S. market with maturities similar to the expected term of the option.

Value of the underlying assets: We considered a multiple of EBITDA and revenue resulting from the implied multiple in Dynaflo adjusted by the lack of control.

Dividend yield: We did not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

As of December 31, 2018, we derecognized the call option (see note 24.3 to the Consolidated Financial Statements included in this annual report).

Recoverability of internally generated intangible assets

During the year, we considered the recoverability of the internally generated intangible asset that is included in our consolidated financial statements as of December 31, 2018 and 2017 with a carrying amount of \$7,855 and \$6,395, respectively.

We conducted a detailed recoverability analysis, considering both revenue from customers in the case of assets sold to third parties and internal usage for those assets that are used internally. As a result of this analysis, we recognized an impairment of \$308 as of December 31, 2018. In 2017 and 2016, no impairment losses were recorded.

Fair value measurement and valuation processes

Certain assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, we use market-observable data to the extent it is available. Where Level 1 inputs are not available, we estimate 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. If necessary we engage third party valuation specialists to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 28.8 to the Consolidated Financial Statements included in this annual report.

Useful lives of property, equipment and intangible assets

We review the estimated useful lives of property, equipment and intangible assets at the end of each reporting period. We determined that the useful lives of the assets included as property, equipment and intangible assets are in accordance with their expected lives.

Provision for contingencies

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

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

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

Recoverability of intangible assets acquired in business combinations, other than goodwill

We evaluate intangible assets acquired in business combinations for impairment at least annually or more frequently when there is an indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. The determination of the fair value of intangible assets acquired in business combinations involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. When determining the fair value, we utilize the income approach using discounted cash flow.

A total amount of \$4.7 million of impairment loss related to the intangible assets acquired in business combinations was recognized as of December 31, 2017 and is included as other operating expenses. The impairment was recognized as a result of our evaluation of such intangible assets, upon which we projected lower future cash flows from the related customer relationships. In 2018 and 2016 no impairment losses were recorded.

Application of New and Revised International Financial Reporting Standards

• Adoption of new and revised standards

We adopted all of the new and revised standards and interpretations issued by the IASB that are relevant to our operations and that are mandatorily effective at December 31, 2018. The impact of the new and revised standards and interpretations mentioned on our consolidated financial statements is described as follows.

We initially adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018. The impact of the adoption of other standards and interpretations issued by the IASB that are mandatorily effective at December 31, 2018 is not material and consequently is not described.

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial instruments: Recognition and Measurement*. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the our accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income ("FVOCI"); or Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

- 1) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of our financial asset as at January 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Investments		
Mutual funds	Held for trading	FVTPL
LEBACs ⁽¹⁾	Available for sale	FVOCI
Other financial assets		
Foreign exchange forwards and future contracts	Held for trading	FVTPL
Financial assets related to business combinations	FVTPL	FVTPL
Convertible notes	Loans and receivables	Amortised cost
Call option on minority interest	FVTPL	FVTPL

- (1) LEBACs were initially classified as held-to-maturity investments (HTM). Under IAS 39, HTM were measured at amortised cost using the effective interest method, less any impairment. However, during December, 2015, we sold some of those LEBACs and consequently, changed the classification of the remaining LEBACs to Available-for-sale investments, since it was not permitted to classify investments as held-to-maturity in accordance with IAS 39. Changes in the carrying amount of AFS financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method were recognized in profit or loss. Other changes in the carrying amount of AFS financial assets were recognized in other comprehensive income. Consequently, under IFRS 9 LEBACs continue to be measured on the same basis than it was under IAS 39.

All financial assets and financial liabilities continue to be measured on the same basis as is previously adopted under IAS 39.

Additionally, IFRS 9 replaces the 'incurred loss' model in IAS 39, with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Our financial assets that are subject to IFRS 9's new expected credit loss model are: cash and cash equivalents, trade receivables, other receivables, convertible notes and other financial assets related to business combinations. However, the change in the impairment methodology under IFRS 9 did not have a material impact on our consolidated financial statements. Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss. As a result, as of December 31, 2017 and 2016, we reclassified an impairment gain that amounted to \$0.005 million and a loss of \$0.9 million, respectively, recognized under IAS 39, from Selling, general and administrative expenses and an impairment loss of \$1.6 million as of December 31, 2017 from Impairment of tax credits, to Net impairment (losses) gain on financial assets in the statement of profit or loss and other comprehensive income.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. We adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognized at the date of initial application, however, as per the management of our assessment, no effect had to be recognized at January 1, 2018. The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to our services are set out below.

Under IFRS 15, an entity recognizes revenue when or as performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Our services are mainly performed under both time-and-material and fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognized as services are performed with the corresponding cost of providing those services reflected as cost of revenues when incurred. The majority of such revenues are billed on an hourly, daily or monthly basis whereby actual time is charged directly to the client. Our performance obligations are the hours performed. We assessed that these performance obligations are satisfied over time and that the method currently used to measure the progress towards complete satisfaction of these performance obligations continue to be appropriate under IFRS 15.

We recognize revenues from fixed-price contracts in the accounting periods in which services are rendered. We assessed that these performance obligations are satisfied over time, 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 our 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. Accordingly, the methods used to measure the progress towards complete satisfaction of these performance obligations are appropriate under IFRS 15.

• **New accounting pronouncements**

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

IFRS 16	<i>Leases</i> ¹
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> ³
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendment to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ³
Amendment to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ³
Amendments to IFRS 3 and 11 and IAS 12 and 23	<i>Annual improvements 2015-2017 Cycle</i> ⁴
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ³
Amendments to References to the Conceptual Framework in IFRS Standards ⁴	
Amendment to IFRS 3	<i>Definition of a business</i> ⁵
Amendment to IAS 1 and IAS 8	<i>Definition of material</i> ⁶

¹ Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied.

² Effective date deferred indefinitely.

³ Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.

⁴ Effective for annual periods beginning on or after January 1, 2019.

⁵ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

⁶ Effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

- On January 13, 2016, the IASB issued the IFRS 16 which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, with the distinction between operating and finance leases removed, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value to be accounted for by simply recognizing an expense, typically straight line, over the lease term. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 supersedes IAS 17 and related interpretations. Furthermore, extensive disclosures are required by IFRS 16. As of December 31, 2018, we have non-cancellable operating lease commitments of \$55.2 million for office space and office equipment. IAS 17 does not require the recognition of any right-of-use or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in note 27 to our consolidated financial statements. If these arrangements meet the definition of a lease under IFRS 16, we will recognize a right-of-use asset and a liability in respect of them unless they qualify of a low value or short-term leases upon the application of IFRS 16. In contrast, for finance leases where we are a lessee, we recognize an asset and a related finance lease liability for the lease arrangement. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application being permitted if IFRS 15 has also been applied. We have not opted for early application.

The most significant impact is that we recognize new assets and liabilities for its operating leases of offices and delivery and development centers.

We applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases under IAS 17 and IFRIC 4.

The lessee applies the election consistently to all of its leases.

We applied IFRS 16 initially on January 1, 2019. We have elected the practical expedient to not restate comparative information, and recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at January 1, 2019. Based on a preliminary assessment, we expect to recognize a right-of-use asset of \$46.9 million, the corresponding liability of \$48.5 million and an adjustment to retained earnings of \$1.7 million as of January 1, 2019, related to lease arrangements other than short-term leases and leases of low-value assets.

- On June 7, 2017, the IASB published IFRIC 23 "Uncertainty over Income Tax Treatments", which was developed by the IFRS Interpretations Committee to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation specifically considers:
 - Whether tax treatments should be considered collectively.
 - Assumptions for taxation authorities' examinations.
 - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
 - The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted. We have not opted for early application. The application of this interpretation did not have a material impact on our Financial Statements.

- On September 11, 2014, the IASB issued amendments to IFRS 10 and IAS 28. These amendments clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
 - require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
 - require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. On December 17, 2015 the IASB issued an amendment that defers the effective date of the September 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded. Earlier application of the September 2014 amendments continues to be permitted.

- On October 12, 2017 the IASB published the amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are to be applied retrospectively but they provide transition requirements similar to those in IFRS 9 for entities that apply the amendments after they first apply IFRS 9. They also include relief from restating prior periods for entities electing, in accordance with IFRS 4 Insurance Contracts, to apply the temporary exemption from IFRS 9. Full retrospective application is permitted if that is possible without the use of hind sight.

The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted. We have not opted for early application. The application of this amendment did not have a material impact on our Financial Statements.

- On October 12, 2017 the IASB published the amendment to IFRS 9 "Prepayment Features with Negative Compensation". This amendment modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted. We have not opted for early application. The application of this amendment did not have a material impact on our Financial Statements.

- On December 12, 2017, the IASB issued amendments to the following standards as result of the IASB's annual improvements 2015-2017 project:
 - IFRS 3 (Business combinations): clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
 - IFRS 11 (Joint arrangements): clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
 - IAS 12 (Income tax): clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
 - IAS 23 (Borrowing costs): clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

Our management does not anticipate that the application of these amendments will have a material impact on the consolidated financial statements. The amendments are all effective for annual periods beginning on or after January 1, 2019.

- On February 7, 2018, the IASB published the following amendments to IAS 19 "Plan Amendment, Curtailment or Settlement":
 - If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
 - In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. We have not opted for earlier application. The application of this amendment did not have a material impact on our Financial Statements

- On March 29, 2018, the IASB issued the Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Our management does not anticipate that the application of these amendments will have a material impact on our consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2020.
- On October 22, 2018, the IASB has issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Our management does not anticipate that the application of this amendment will have a material impact on our consolidated financial statements. This amendment is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. We have not opted for early application.

- On October 31, 2018, the IASB has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted as follows from the final amendments: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Three new aspects of the new definition should especially be noted:

- Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).
- Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

Our management does not anticipate that the application of these amendments will have a material impact on our consolidated financial statements. These amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. We have not opted for early application.

C. Research and Development, Patents and Licenses, etc.

See "Business Overview — Intellectual Property."

D. Trend Information

See "— Operating Results — Factors Affecting Our Results of Operations."

E. Off-Balance Sheet Arrangements

As of and for the three years ended December 31, 2018, we were not party to any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

Set forth below is information concerning our fixed and determinable contractual obligations as of December 31, 2018 and the effect such obligations are expected to have on our liquidity and cash flows.

	Payments due by period (in thousands)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	\$ 55,222	\$ 16,051	\$ 22,453	\$ 6,500	\$ 10,218
Other financial liabilities ⁽¹⁾	12,765	9,347	3,418	—	—
Purchase Obligations ⁽²⁾	4,386	4,386	—	—	—
Total	\$ 72,373	\$ 29,784	\$ 25,871	\$ 6,500	\$ 10,218

(1) Relates to Clarice, Ratio, PointSource and Small Footprint acquisitions. See note 24 to our audited consolidated financial statements.

(2) Relates to Purchase Agreement with IRSA Inversiones y Representaciones Sociedad Anónima (“IRSA”). See note 21 to our consolidated financial statements.

G. Safe harbor

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See “Cautionary Statements Regarding Forward-Looking Statements.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors

The table below sets forth information concerning our directors as of March 15, 2019.

Name	Position	Age	Date of Appointment	Current Term Expiring at Annual Meeting of Shareholders to Be Held in Year
Martin Migoya	Chairman of the Board and Chief Executive Officer	51	June 20, 2018	2021
Martin Gonzalo Umaran	Director and Chief of Staff	50	May 8, 2017	2020
Guibert Andrés Englebienne	Director and Chief Technology Officer	52	May 8, 2017	2020
Francisco Álvarez-Demalde	Director	40	May 4, 2015	2019
Mario Eduardo Vázquez	Director	83	May 6, 2016	2019
Philip A. Odeen	Director	83	June 20, 2018	2021
Marcos Galperin	Director	47	May 6, 2016	2019
Linda Rottenberg	Director	50	May 8, 2017	2020
Richard Haythornthwaite (*)	Director	62	Feb 13, 2019	2019

(*) Mr. Haythomthwaite was appointed by the board of directors to fill the vacancy on the board of directors created by David J. Moore's resignation on July 24, 2018. Mr. Haythomthwaite will stand for election by the shareholders at the next annual meeting of the company.

Directors may be re-elected for one or more further four-year terms. Directors appointed to fill vacancies remain in office until the next general meeting of shareholders.

Globant S.A. was incorporated in Luxembourg on December 10, 2012. References to the terms of service or appointment of our directors and senior management in the following biographies include their service to our predecessor companies, which were organized in Spain.

Martín Migoya

Mr. Migoya has served as Chairman of our board of directors and Chief Executive Officer since 2005. Prior to co-founding Globant, he worked as a trainee and technology project coordinator at Repsol-YPF, a consultant at Origin BV Holland and a business development director at Tallion. He founded our company together with Messrs. Englebienne, Nocetti and Umaran in 2003. Mr. Migoya is frequently invited to lecture at various conventions and at universities like MIT and Harvard, and has been a judge at the Endeavor Entrepreneurs panel and at La Red Innova. Mr. Migoya was selected as an Endeavor Entrepreneur in 2005 and won a Konex Award as one of the most innovative entrepreneurs of 2008. He was selected as an Argentine Creative Individual of 2009 (*Círculo de Creativos de la Argentina*) and received the Security Award as one of the most distinguished Argentine businessmen of 2009. He also received in 2009 the America Economía Magazine's "Excellence Award", which is given to entrepreneurs and executives that contribute to the growth of Latin American businesses. In 2011, Latin Trade recognized Mr. Migoya as Emerging CEO of the Year. In 2013, Mr. Migoya received the "Entrepreneur of the Year Award" from Ernst & Young. He is a member of the Young President's Organization and a board member of Endeavor Argentina. Mr. Migoya holds a degree in electronic engineering from *Universidad Nacional de La Plata* (UNLP) and a master's degree in business administration, from the *Universidad del Centro de Estudios Macroeconómicos de Argentina*. We believe that Mr. Migoya is qualified to serve on our board of directors due to his intimate familiarity with our company and the perspective, experience, and operational expertise in the technology services industry that he has developed during his career and as our co-founder and Chief Executive Officer.

Martín Gonzalo Umaran

Mr. Umaran has served as a member of our board of directors since 2012 as well as Chief of Staff since 2013. As Globant's Chief of Staff, Mr. Umaran is responsible for coordinating our back office activities, supporting executives in daily projects and acting as a liaison to our senior management. He is also responsible for our mergers and acquisitions process and for strategic initiatives. From 2005 to 2012, he served as Globant's Chief Operations Officer and Chief Corporate Business Officer, in charge of managing our delivery teams and projects. Together with his three Globant co-founders, Mr. Umaran was selected as an Endeavor Entrepreneur in 2005. Mr. Umaran holds a degree in mechanical engineering from *Universidad Nacional de La Plata* (UNLP). We believe that Mr. Umaran is qualified to serve on our board of directors due to his intimate familiarity with our company and his perspective, experience, and operational expertise in the technology services industry that he has developed during his career as a co-founder of our company.

Guibert Andrés Englebienne

Mr. Englebienne has served as a member of our board of directors and as Chief Technology Officer since 2003. He is one of Globant's co-founders. Prior to co-founding Globant, Mr. Englebienne worked as a scientific researcher at IBM and, later, as head of technology for CallNow.com Inc. As Globant's Chief Technology Officer, Mr. Englebienne is the head of our Technology department and our Premier League, an elite team of Globers whose mission is to foster innovation by cross-pollinating their deep knowledge of emerging technologies and related market trends across our Studios and among our Globers. Together with his three Globant co-founders, Mr. Englebienne was selected as an Endeavor Entrepreneur in 2005. In addition to his responsibilities at Globant, Mr. Englebienne is President of Endeavor Argentina. In 2011, he was included in Globalization Today's "Powerful 25" list. Mr. Englebienne holds a bachelor's degree in Computer Science and Software Engineering from the *Universidad Nacional del Centro de la Provincia de Buenos Aires* in Argentina. We believe that Mr. Englebienne is qualified to serve on our board of directors due to his intimate familiarity with our company and his perspective, experience, and operational expertise in the technology services industry that he has developed during his career as a co-founder of our company.

Francisco Álvarez-Demalde

Mr. Álvarez-Demalde has been a member of the board since 2007. He is a founder and general partner of Riverwood Capital, a leading growth-capital private equity firm focused on the global technology industry, and one of the largest early investors in Globant. From 2005 to 2007, he was an investment executive at Kohlberg Kravis Roberts & Co., where he focused on leveraged buyouts in the technology industry and other sectors. Mr. Álvarez-Demalde was also an investment professional at Eton Park Capital Management and with Goldman Sachs & Co. Mr. Álvarez-Demalde is a former and current director of several technology companies, including Alog Data Centers do Brasil, CloudBlue Technologies, Inc., LAVCA, Navent, Netshoes, among several others. Mr. Álvarez-Demalde earned a bachelor's degree in economics from *Universidad de San Andrés*, Argentina, which included an exchange program at the Wharton School at the University of Pennsylvania. We believe that Mr. Álvarez-Demalde is qualified to serve on our board of directors due to his considerable business experience in the technology industry and his experience serving as a director of other companies.

Mario Eduardo Vázquez

Mr. Vázquez has served as a member of our board of directors and chairman of Globant's audit committee since June 2012. From 2003 to 2006, he served as the Chief Executive Officer of *Grupo Telefónica* in Argentina. Mr. Vázquez worked in auditing for Arthur Andersen for 33 years until his retirement in 1993, including 23 years as a partner and general director in many of Globant's markets, including Argentina, Chile, Uruguay, and Paraguay. As former partner and general director of Arthur Andersen, Mr. Vázquez has significant experience with U.S. GAAP accounting and in assessing internal control over financial reporting. Mr. Vázquez currently serves on the board of directors of MercadoLibre, Inc and is currently a member of the Audit Committee of both MercadoLibre, Inc and Despegar S.A. Also, Mr. Vazquez currently serves as member of the compensation committee of MercadoLibre, Inc where Mr. Galperin serves as chief executive officer. Mr. Vázquez served as a member of the board of directors of YPF, S.A. and as the president of the Audit Committee of YPF, S.A, until April 2012. He has also served as a member of the board of directors of Telefónica Argentina S.A., Telefónica Holding Argentina S.A., Telefónica Spain S.A., Banco Santander Rio S.A., Banco Supervielle Societe General S.A., and CMF Banco S.A., and as alternate member of the board of directors of Telefónica de Chile S.A. Mr. Vázquez received a degree in public accounting from the *Universidad de Buenos Aires*. We believe that Mr. Vázquez is qualified to serve on our board of directors due to his financial expertise and his experience serving as a director of other companies.

Philip A. Odeen

Mr. Odeen has served as a member of our board of directors since 2012. Mr. Odeen has also served as a director and proxy director of DRS Technologies, Inc. since 2013. From 2009 to 2013, Mr. Odeen served as the chairman of the board of directors and lead independent director of AES Corporation and as a director of AES Corporation from 2003 to 2013. From 2008 to 2013, Mr. Odeen served as the chairman of the board of directors of Convergys Corporation and as a director of Convergys Corporation from 2000 to 2013. Mr. Odeen has served as a director of QinetiQ North America, Inc. since 2006, Booz Allen Hamilton, Inc. since 2008 and ASC Signal Corporation since 2009. From 2006 to 2007, Mr. Odeen served as chairman of the board of directors of Avaya Corporation. He served on the board of directors of Reynolds and Reynolds Company from 2000 to 2007, and as its chairman from 2006 to 2007. Mr. Odeen was a director of Northrop Grumman from 2003 to 2008. Mr. Odeen retired as chairman and chief executive officer of TRW Inc. in December 2002. We believe that Mr. Odeen is qualified to serve on our board due to his experience in leadership and guidance of public and private companies as a result of his varied global business, governmental and non-profit and charitable organizational experience.

Marcos Galperin

Mr. Galperin has served as a member of our board of directors since July 2014. He is a co-founder of MercadoLibre, Inc. and has served as its chairman, president and chief executive officer since October 1999. Mr. Galperin is a board member of Endeavor Global, Inc., a non-profit organization that is leading the global movement to catalyze long term economic growth by selecting, mentoring and accelerating the best high impact entrepreneurs around the world. He is also a board member of the Stanford Graduate School of Business. Mr. Galperin received a master's degree in business administration from Stanford University and graduated with honors from the Wharton School of the University of Pennsylvania. We believe that Mr. Galperin is qualified to serve on our board of directors due to his comprehensive knowledge and experience in the technology industry and experience serving as a director of other companies.

Linda Rottenberg

Ms. Rottenberg has served as a member of our board of directors since 2017. She is the Co-Founder and Chief Executive Officer of Endeavor, a leader of the global high impact entrepreneurship movement, operating in 34 markets around the world. She also oversees Endeavor Catalyst Funds, which currently has over \$115 million of assets under management, and coinvest in Endeavor Entrepreneurs to raise outside capital. Ms. Rottenberg serves as board director of a leading bandwidth infrastructure company (NYSE: ZAYO), and an online ordering platform (OLO). In her board capacity, she has served on two public company audit committees through SOX compliance and has helped companies achieve global expansion while maintaining an entrepreneurial culture. A graduate of Harvard College, and Yale Law School, Ms. Rottenberg has been named among TIME's "Innovators for the 21st century" and U.S. News and World Report's "America's Best Leaders". In 2018, she received the Heinz Award in Technology, the Economy and Employment. We believe that Ms. Rottenberg is qualified to serve on our board of directors due to her knowledge and experience in the technology industry and experience serving as director of other companies.

Richard Haythornthwaite

Mr. Haythornthwaite has served as a member of our board of directors since February 2019. He is the global chairman of the NYSE-listed Mastercard Inc and an Advisory Partner to Moelis & Co. He is a co-founder and chairman of QIO Technologies, an industrial artificial intelligence company. He is also an investor in and chairman of ARC International, the global glass tableware manufacturer. He was previously the CEO of Invensys from 2001-2005 and Blue Circle Industries from 1999-2001 having joined as Director of Asia and Europe in 1997. He spent his early career in BP from 1978-1995 before moving to Premier Oil as Commercial Director from 1995 to 1997. He has served as on the boards of Network Rail as chairman and Cookson, Lafarge, ICI and Land Securities as non-executive director. In the UK non-for-profit sector he is the current chair of the Creative Industries Federation and former chair of the Southbank Centre and Almeida Theatre. He was educated at MIT (Sloan Fellow) and The Queen's College, Oxford (MA Geology). We believe that Mr. Haythornthwaite is qualified to serve on our board of directors due to his extensive business experience, risk management expertise and financial understanding.

Senior Management

As of March 15, 2019, our group senior management is made up of the following members:

Name	Position
Martin Migoya	Chief Executive Officer
Martin Gonzalo Umanan	Chief of Staff
Guibert Andrés Englebienne	Chief Technology Officer
Nestor Augusto Nocetti	Executive Vice President, Corporate Affairs
Juan Ignacio Urthiague	Chief Financial Officer
Yanina Maria Conti	Chief Accounting Officer
Guillermo Willi	Chief People Officer
Gustavo Barreiro	Chief Information Officer
Sol Mariel Noello	General Counsel
Wanda Weigert	Chief Brand Officer
Patricia Pomies	Chief Delivery Officer

The business address of our group senior management is c/o *Sistemas Globales S.A.*, Ing. Butty 240, 9th floor, Laminar Plaza Tower, C1101 AFB, Capital Federal, Argentina.

The following is the biographical information of the members of our group senior management other than Messrs. Migoya, Umaran and Englebienne, whose biographical information is set forth in “— Directors.”

Nestor Augusto Nocetti

Mr. Nocetti, a co-founder of our company, has been our Executive Vice President, Corporate Affairs since July 2012. Mr. Nocetti manages our external affairs, including our relationships with government agencies, union, industry representatives and the media. Prior to that, he served as our Vice President, Innovation Labs. Together with Messrs. Migoya, Englebienne, and Umaran, Mr. Nocetti was selected as an Endeavor Entrepreneur in 2005. He holds a degree in electronic engineering from *Universidad Nacional de La Plata* (UNLP) and a certificate in business management from the Business School (IAE) of *Universidad Austral*.

Juan Ignacio Urthiague

Mr. Urthiague has been our Chief Financial Officer since October 2018 and is in charge of corporate finance, treasury, accounting and tax, financial reporting, financial services and investor relations. Mr. Urthiague joined Globant in 2011, and was a key member in the company's global expansion and transformation into a publicly listed company on the NYSE. Prior to his return to Globant, he spent 15 months outside the company serving as Chief Financial Officer Latam for OLX and as Chief Financial Officer for avantrip.com. Prior to joining Globant in 2011, Mr. Urthiague worked as Planning Manager for Amadeus IT Group in Spain and as Senior Credit Specialist at Merrill Lynch in Ireland. He also held financial roles for companies like British American Tobacco, Temium and IBM. Mr. Urthiague has a MSc. in Finance and Capital Markets from Dublin City University and a Bachelor's degree in Business Administration from the *Universidad de Buenos Aires*.

Yanina Maria Conti

Mrs. Conti has been our Chief Accounting Officer since 2017. From 2013 until 2017, she served as our SEC Reporting and Audit Manager. From 2004 to 2013, Mrs. Conti worked for Ernst & Young, auditing large public and private firms and gaining experience with IFRS accounting and audit procedures. As our Chief Accounting Officer, Mrs. Conti is in charge of accounting, tax, external audit and reporting. Mrs. Conti has a degree in public accounting and in business administration from the *Universidad de Buenos Aires*.

Guillermo Willi

Mr. Willi has been our Chief People Officer since September 2011. From 2009 to 2011, he served as the Human Resources Director for Microsoft Argentina and Uruguay, where he was in charge of leading Microsoft's human resources policies, developing internal talent and maintaining diversity and inclusion. Between 2007 and 2009, he was the Human Resources Director for *Pampa Energia*, and from 2002 to 2007 he served as the Human Resources Director for EDS Argentina and Chile. As Globant's Chief People Officer, he is responsible for overseeing the strategy for talent management and development, along with the creation of organizational capabilities and culture. Mr. Willi has a bachelor's degree in political science from the *Universidad de Buenos Aires* and has completed post-graduate studies in management and human resources at Cornell University.

Gustavo Barreiro

Mr. Barreiro has been our Chief Information Officer since July 2012. From 2010 to July 2012, Mr. Barreiro served as our Executive Vice President, Delivery, managing our delivery partners, staffing, recruiting, project managers, and site managers. As Globant's Chief Information Officer, Mr. Barreiro is responsible for our infrastructure team (IT operations and information security), enterprise applications, and IT services. He holds a bachelor's degree in industrial engineering from the *Universidad de Buenos Aires* and a master's degree in business administration from the *Instituto para el Desarrollo Empresario Argentino* (IDEA).

Sol Mariel Noello

Mrs. Noello has been our General Counsel since December 2018. She first joined Globant as Legal Counsel in 2011 and has been in charge of supervising the functions of Globant's Legal department since February 2015, in the roles of Leader and of Manager of Globant's Legal department. In such roles Mrs. Noello contributed to the growth of the area and the development of an internal legal support system, including the implementation of processes and controls related to the legal function within the company. Before joining Globant, Mrs. Noello worked at Tata Consultancy Services from 2009 to 2011 as Legal Officer in the company's regional legal department for LATAM. Mrs. Noello holds a law degree from *Universidad de Belgrano* in Argentina and has completed a number of post-graduate courses in corporate law at *Universidad Argentina de la Empresa*.

Wanda Weigert

Mrs. Weigert has been our Chief Brand Officer since November 2018. From 2007 to 2018 she served as our Communications Manager and Director of Communications and Marketing. She joined Globant in 2005 and worked for two years in the Internet marketing department as a senior consultant. From 2002 to 2005, she worked at Jota Group, a publishing house where she was responsible for the development of corporate communications tools for different multinational customers. Mrs. Weigert created and supervises Globant's communications department. As our Chief Brand Officer, she coordinates Globant's relationships with the press throughout the globe. She is also responsible for developing both our internal and external communications strategies. Mrs. Weigert holds a bachelor's degree in social communications from *Universidad Austral* and she completed her post-graduate studies in marketing at the *Pontificia Universidad Católica Argentina "Santa María de los Buenos Aires."*

Patricia Pomies

Mrs. Pomies has been our Chief Delivery Officer since January 2017. In this role, Mrs. Pomies is in charge of our overall strategy related to quality of service and delivery. Mrs. Pomies first joined our company in 2012 and was previously a director of Europe, Middle East and Africa (EMEA) and on-line, insurance and travel (OIT), two of our main business units. As such, she was responsible for each unit's business and operations, with particular focus on expanding the EU market. Mrs. Pomies was director at Educ.ar Portal from 2003 to 2013, a key initiative within Argentina's Ministry of Education for principals, teachers, students and families to adopt information and communication technologies in education. Additionally, she was responsible for content production and tracking of "Equality Connect," a program directly supported by the President of Argentina to distribute more than 3.5 million netbooks within the Argentine public education system. Mrs. Pomies has been a Professor of Social Communication at Maimonides University and Assistant Professor of Communication Sciences at the University of Buenos Aires.

B. Compensation

Compensation of Board of Directors and Senior Management

The total fixed and variable remuneration of our directors and senior management for the years ended December 31, 2018, 2017 and 2016 amounted to \$5.1 million, \$4.5 million and \$4.4 million, respectively.

We adopted an equity incentive plan in connection with the completion of our initial public offering. See "— 2014 Equity Incentive Plan". From the adoption of this plan until the date of this annual report we granted to members of our senior management and certain other employees 30,000 stock awards, options to purchase 2,277,434 common shares and 770,849 restricted stock units. In addition, we replaced our existing variable compensation arrangements with a new short-term incentive plan providing for the payment of bonuses based on the achievement of certain financial and operating performance measures.

2014 Equity Incentive Plan

On July 3, 2014, our board of directors and shareholders approved and adopted our 2014 Equity Incentive Plan, which was amended by our board of directors 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.

Director Compensation

Independent members of our board of directors receive cash compensation for their services as directors and reimbursement of reasonable and documented costs and expenses incurred by them in connection with attending any meetings of our board of directors or any committees thereof. Members of our senior management who are members of our board of directors (Messrs. Migoya, Umanan and Englebienne) have received and will continue receiving cash compensation and share based compensation for their services as executive officers. See “— Compensation of Board of Directors and Senior Management.”

In 2018, we paid an aggregate of \$430,000 in director fees to certain members of our board of directors who are considered independent.

Members of our senior management who are members of our board of directors will not receive compensation from us for their service on our board of directors. Accordingly, Messrs. Migoya, Uman and Englebienne will not receive compensation from us for their service on our board of directors. Only those directors who are considered independent directors under the corporate governance rules of the NYSE will be eligible, subject to our shareholders' approval, to receive compensation from us for their service on our board of directors. Ms. Rottenberg and Messrs. Galperin, Odeen, Álvarez-Demalde, Haythornthwaite and Vázquez as well as other independent directors will be paid annually a cash amount ranging between \$75,000 and \$100,000.

In 2018, we granted restricted stock units to Linda Rottenberg, Martin Migoya, Martín Uman and Guibert Englebienne in the amounts of 2,174, 35,000, 15,000 and 12,000, respectively, all of which are subject to ratification by our shareholders at the annual general meeting.

Benefits upon Termination of Employment

Neither we nor our subsidiaries maintain any directors' service contracts providing for benefits upon termination of service. On December 27, 2012, we entered into noncompetition agreements with our founders. Under such agreements, the founders agreed that during their employment with our company, and for a period of two years from the termination of such employment, they will not directly or indirectly perform any kind of activity or provide any service in other companies that provide the same kinds of services as those provided by us. In consideration of these noncompetition covenants, the founders will receive compensation equal to 24 times the highest monthly compensation paid to them during the 12-month period immediately preceding the date of termination of their employment. This compensation will be paid in two equal installments.

In 2016, our compensation committee approved an amendment to Martín Migoya's noncompetition agreement to increase his compensation to 36 times the highest monthly compensation paid to him during the 12-month period immediately preceding the date of termination of his employment. In addition, our compensation committee approved an amendment each founder's noncompetition agreement so that the compensation calculation will include the proportional amount of any variable annual cash compensation payable to each founder, at target amounts, and that each founder will be entitled to receive continued health coverage and life insurance after the termination of their employment and for a period of 36 months in the case of Martin Migoya and of 24 months in the case of Messrs Uman, Englebienne and Nocetti.

In addition, our compensation committee approved the execution of a noncompetition agreement with Mr. Marsicovetere, our former Chief Operating Officer, Mr. Scannapieco and Ms. Pomies, under substantially similar terms and conditions to those applicable to those of Messrs. Uman, Englebienne and Nocetti.

Pension, Retirement or Similar Benefits

We do not pay or set aside any amounts for pension, retirement or other similar benefits for our officers or directors.

C. Board Practices

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

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

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

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

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

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

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

No shareholding qualification for directors is required.

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

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

Board Committees

Our board of directors has established an audit committee, a compensation committee and a corporate governance and nominating committee. Our board of directors may from time to time establish other committees.

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, our audit committee:

- is responsible for the appointment, compensation and retention of our independent auditors and reviews and evaluates the auditors' qualifications, independence and performance;
- oversees our auditors' audit work and reviews and pre-approves all audit and non-audit services that may be performed by them;
- reviews and approves the planned scope of our annual audit;
- monitors the rotation of partners of the independent auditors on our engagement team as required by law;
- reviews our financial statements and discusses with management and our independent auditors the results of the annual audit and the review of our quarterly financial statements;
- reviews our critical accounting policies and estimates;
- oversees the adequacy of our accounting and financial controls;
- annually reviews the audit committee charter and the committee's performance;
- reviews and approves related-party transactions; and
- establishes and oversees procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters and oversees enforcement, compliance and remedial measures under our code of conduct.

The current members of our audit committee are Messrs. Rottenberg, Odeen and Vázquez, with Mr. Vázquez serving as the chairman of our audit committee and our audit committee financial expert as currently defined under applicable SEC rules. Each of Messrs. Vázquez, Rottenberg and Odeen satisfies the "independence" requirements within the meaning of Section 303A of the corporate governance rules of the NYSE as well as under Rule 10A-3 under the Exchange Act.

On May 13, 2014, our board of directors adopted a written charter for our audit committee, which is available on our website at <http://www.globant.com>.

Compensation Committee

Our compensation committee reviews, recommends and approves policy relating to compensation and benefits of our officers and directors, administers our common shares option and benefit plans and reviews general policy relating to compensation and benefits. Duties of our compensation committee include:

- reviewing and approving corporate goals and objectives relevant to compensation of our directors, chief executive officer and other members of senior management;
- evaluating the performance of the chief executive officer and other members of senior management in light of those goals and objectives;
- based on this evaluation, determining and approving the compensation of the chief executive officer and other members of senior management;
- administering the issuance of common shares options and other awards to members of senior management and directors under our compensation plans; and
- reviewing and evaluating, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter.

The current members of our compensation committee are Mr. Vázquez, Odeen and Galperin, with Mr. Vázquez serving as chairman. Each of Messrs. Vázquez, Odeen and Galperin satisfies the "independence" requirements within the meaning of Section 303A of the corporate governance rules of the NYSE.

Effective as of July 23, 2014, our board of directors adopted a written charter for our compensation committee, which is available on our website at <http://www.globant.com>.

Corporate Governance and Nominating Committee

Our corporate governance and nominating committee identifies individuals qualified to become directors; recommends to our board of directors director nominees for each election of directors; develops and recommends to our board of directors criteria for selecting qualified director candidates; considers committee member qualifications, appointment and removal; recommends corporate governance guidelines applicable to us; and provides oversight in the evaluation of our board of directors and each committee.

The current members of our corporate governance and nominating committee are Messrs. Galperin, Odeen and Vázquez, with Mr. Vázquez serving as chairman. Each of Messrs. Galperin, Vázquez and Odeen satisfies the “independence” requirements within the meaning of Section 303A of the corporate governance rules of the NYSE.

Effective as of July 23, 2014, our board of directors adopted a written charter for our corporate governance and nominating committee, which is available on our website at www.globant.com.

D. Employees

Our Globers

People are one of our most valuable assets. Attracting and retaining the right employees is critical to the success of our business and is a key factor in our ability to meet our client’s needs and the growth of our client and revenue base.

As of December 31, 2018, 2017 and 2016, on a consolidated basis, we had 8,384, 6,753 and 5,631 employees, respectively.

As of December 31, 2018, we had 38 Globers, principally at our delivery center in Rosario, Argentina, who are covered by a collective bargaining agreement with the trade union Federación Argentina de Empleados de Comercio y Servicios (“FAECYS”), which is renewed on an annual basis. In addition, the Globers from our Brazilian payroll are affiliated to the trade union SINDPD-SP, the Globers from our Spanish payroll are affiliated with the trade unions UGT y CCOO - Oficinas y Despachos de la Comunidad de Madrid, and the Globers from our French payroll are affiliated to the trade union Federation Syntec.

The following tables show our total number of full-time employees as of December 31, 2018 broken down by functional area and geographical location:

	Number of employees
Technology	7,314
Operations	507
Sales and Marketing	85
Management and administration	478
Total	8,384

	Number of employees
Argentina	2,857
Brazil	22
Colombia	2,095
Chile	219
United Kingdom	35
Uruguay	412
United States	585
Mexico	861
Peru	100
India	972
Spain	75
Belarus	70
Romania	81
Total	8,384

In 2007, we commenced shifting from a Buenos Aires-centric delivery model to a distributed organization with locations across Argentina, Latin America, Asia, and elsewhere. We believe that decentralizing our workforce and delivery centers improves our access to talent and could mitigate the impact of IT professionals' attrition on our business. Additionally, we provide employees with more choices of where to work, which improves satisfaction and helps us retain our Globers. We continue to draw talent primarily from Latin America and Asia's abundant skilled talent base.

We believe our relations with our employees are good and we have not experienced any significant labor disputes or work stoppages.

Recruitment and Retention

We have a global presence with delivery centers in North America, Latin America, Europe, and Asia. Our de-centralization strategy allow us to expand and diversify our sources of talent in our development centers all over the world.

Our offices are located near regional academic and engineering hubs to facilitate our access to a growing talent base. In the case of Latin America, certain of the top universities from the region are located in cities where we have delivery centers with large operations. We work closely with those colleges, as well as non-governmental organizations, tech clusters and professional organizations to nurture the technological ecosystem and create opportunities for growth for both Globant and our current and prospective Globers, through meetups, conferences, bootcamps and recruiting events.

We seek employees who are motivated to be part of a leading company that uses the latest technologies in the digital and cognitive field to transform organizations in every aspect.

Of our employee base, approximately 72% of our Globers have obtained a university degree and 23% are undergoing university-level studies while they are employed by our company. Approximately 3.2% have obtained a postgraduate level degree, and many have specialized industry credentials or licensing, including in systems engineering, electronic engineering, computer science, information systems administration, business administration and graphic and web design.

Since our inception, we believe we have become a unique player for IT university graduates in the countries where we have operations. Our culture is the foundation that supports and facilitates our distinctive approach. Globant was named a Best Company for Culture and Diversity in 2018 and listed as one of the top 25 best companies for diversity in 2017 by Comparably.com.

This culture can be best described as entrepreneurial, flexible, sustainable and team-oriented. Diversity and Inclusion are key to our business. Technology requires us to innovate constantly, and there is no way to innovate if we do not connect different points of view. We believe that a person who thinks and lives differently is not a threat or a problem, but on the contrary, offers everyone an opportunity to learn, grow, and co-create. This is why we strive to find talent in diverse places and walks of life, and why we launched several initiatives to strengthen our diversity.

Employee retention is one of our main priorities and a key driver of operational efficiency and productivity. We seek to retain top talent by providing the opportunity to work on cutting-edge projects for world-class clients, a flexible work environment, training and development programs, and non-traditional benefits. The total attrition rate among our Globers was 18.2%, 18.0% and 19.3% for the years ended December 31, 2018, 2017 and 2016, respectively.

Training and Development

We dedicate significant resources to the development and professional growth of our employees through learning experiences, career plans, mentoring, talent assessment, succession planning and performance management.

In 2015, Globant Academy was launched. Globant Academy is a continuous training program in which all of our training efforts are consolidated and formalized within four distinct schools (Technology, Leadership, Corporate and Languages).

The Technology School was created to promote science, technology, engineering, software development and design. The Leadership School is for self-development, which facilitates training on social skills in order to become a successful leader. The Corporate School was created to educate our employees about agile methodologies, our internal processes and procedures. The Language School is to support learning and practicing the most popular languages in the industry.

Depending on the requirements of the particular program, we employ various training methodologies such as e-learning, virtual learning, face-to-face and blended learning.

We also use specific programs to recruit, train and develop our employees. Bootcamps is a program to select, train and hire talented employees. U-Grow is a program to educate university students about technologies, processes and methodologies while they intern with us. This program also serves as a recruitment source of junior-level employees. Acamica is an e-learning platform to provide technical training through in-person courses and videos.

One of our main focuses is to provide transparency and enable our employees to enhance their profession development within our organization. As part of our efforts to accomplish these objectives, we host an ongoing program, called "Keep your Career Moving".

For our leaders, we offer a Leadership Community, in which leaders can find relevant information for their roles and obtain training through various offerings, including specific onboardings, knowledge sharing sessions and various resource materials. During 2018 we launched "LeAP" (Leadership Accelerator Program), which aims to help foster our Leaders' development and strengthen their management skills by giving them all the essential tools to leap ahead in their careers.

Through our Learning Community, we give our trainers and our learning content developers a space to share experiences, connect with others with the same interests and provide the resources to have the best learning experiences at Globant.

Compensation

We offer our Globers a compensation package consisting of base salary, short term incentives, long term incentives (for certain eligible positions) and fringe benefits. The variable component of our compensation package is intended to strengthen the our values and culture, foster employee improvement and development, and align with our business strategy to pay for performance and development. Based on the Globber's position, bonus payments under the short term incentive plan are contingent on the accomplishment of key metrics, such as performance results, manager feedback and Globant's results. For key employees, we offer a long term incentive program in the form of share based compensation.

We offer several benefits including subsidized company trips, extended maternity and paternity leaves, health plans for Globers (and in some countries, for the Globber's family), yoga, relaxation and massage sessions, and corporate discount programs at certain universities and gyms, among others.

E. Share Ownership

Share Ownership

The total number of shares of the company beneficially owned by our directors and executive officers, as of the date of this annual report, was 1,700,088 (includes common shares subject to options that are currently exercisable or will be exercisable within 60 days of March 15, 2019 as well as common shares issuable upon settlement of restricted stock units that have vested or will vest within 60 days of March 15, 2019), which represents 4.61% of the total shares of the company. See table in “Major Shareholders and Related Party Transactions — Major Shareholders.”

Share Options

See “— Compensation — Compensation of Board of Directors and Senior Management — 2014 Equity Incentive Plan.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding beneficial ownership of our common shares as of March 15, 2019, by:

- each of our directors and members of senior management individually;
- all directors and members of senior management as a group; and
- each shareholder whom we know to own beneficially more than 5% of our common shares.

As of March 15, 2019, we had 36,392,510 issued and outstanding common shares. Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, to receive the economic benefit of ownership of the securities, or has the right to acquire such powers within 60 days. Common shares subject to options, restricted stock units, warrants or other convertible or exercisable securities that are currently convertible or exercisable or convertible or exercisable within 60 days of March 15, 2019 are deemed to be outstanding and beneficially owned by the person holding such securities. Common shares issuable pursuant to share options or warrants are deemed outstanding for computing the percentage ownership of the person holding such options or warrants but are not outstanding for computing the percentage of any other person. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all of our common shares. As of March 15, 2019, we had 132 holders of record in the United States with approximately 89.80% of our issued and outstanding common shares.

	Number	Percent
Directors and Senior Management		
Francisco Álvarez-Demalde (1)	13,500	*
Gustavo Barreiro (2)	55,003	*
Yanina Maria Conti (3)	667	*
Guibert Andres Englebienne (4)	370,764	1.02%
Marcos Galperin (5)	22,170	*
Richard Haythornthwaite	-	*
Martín Migoya (6)	342,759	*
Nestor Augusto Nocetti (7)	349,565	*
Sol Mariel Noello (8)	5,250	*
Philip A. Odeen (9)	22,170	*
Patricia Pomies (10)	16,750	*
Linda Rottenberg (11)	2,174	*
Martín Gonzalo Umanan (12)	414,190	1.14%
Juan Ignacio Urthiague	-	*
Mario Vazquez (13)	22,170	*
Wanda Weigert (14)	16,500	*
Guillermo Willi (15)	46,456	*
All Directors and Senior Management as a group	1,700,088	4.66%
*Less than 1%		
5% or More Shareholders:		
Morgan Stanley Investment Management Inc. (16)	3,096,363	8.51%
Wellington Management Group LLP (17)	2,267,536	6.23%
Wasatch Advisors, Inc. (18)	2,002,342	5.50%
GIC Asset Management Pte. LTD (19)	1,988,214	5.46%

- (1) Includes 13,500 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (2) Includes 19,500 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (3) Includes 667 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (4) Includes 93,000 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 177,166 common shares held by a revocable trust formed under Wyoming law (the "Revocable Englebienne Trust Shares") formed by Mr. Englebienne that was established for the benefit of Mr. Englebienne, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Englebienne Trust Shares to a Uruguayan company wholly owned by the trust. Angerona Trust Company LLC acts as the independent trustee of the trust. Angerona Group Administration Limited is the sole director of the Uruguayan company and holds voting and dispositive power over the 177,166 common shares held by such company.
- (5) Includes 22,170 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (6) Includes 156,500 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 147,040 common shares held by a revocable trust formed under Wyoming law (the "Revocable Migoya Trust Shares") formed by Mr. Migoya that was established for the benefit of Mr. Migoya, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Migoya Trust Shares to a Uruguayan company wholly owned by the trust. Angerona Trust Company LLC acts as the independent trustee of the trust. Angerona Group Administration Limited is the sole director of the Uruguayan company and holds voting and dispositive power over the 147,040 common shares held by such company.

- (7) Includes 12,500 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 252,770 common shares held by a revocable trust formed under Wyoming law (the “Revocable Nocetti Trust Shares”) formed by Mr. Nocetti that was established for the benefit of Mr. Nocetti, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Nocetti Trust Shares to a Uruguayan company wholly owned by the trust. Angerona Trust Company LLC acts as the independent trustee of the trust. Angerona Group Administration Limited is the sole director of the Uruguayan company and holds voting and dispositive power over the 252,770 common shares held by such company.
- (8) Includes 5,250 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (9) Includes 22,170 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (10) Includes 16,750 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (11) Includes 2,174 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (12) Includes 80,000 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable, and 259,241 common shares held by a revocable trust formed under Wyoming law (the “Revocable Umaran Trust Shares”) formed by Mr. Umaran that was established for the benefit of Mr. Umaran, his wife and certain charitable organizations. Subsequently, the trust transferred its Revocable Umaran Trust Shares to a Uruguayan company wholly owned by the trust. Angerona Trust Company LLC acts as the independent trustee of the trust. Angerona Group Administration Limited is the sole director of the Uruguayan company and holds voting and dispositive power over the 259,241 common shares held by such company.
- (13) Includes 22,170 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (14) Includes 16,500 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (15) Includes 32,791 common shares issuable upon exercise of vested options and settlement of restricted stock units, as applicable.
- (16) Based on a Schedule 13G filed jointly by Morgan Stanley and Morgan Stanley Investment Management Inc. (“MSIM”) with the SEC on February 12, 2019. Each of Morgan Stanley and MSIM beneficially own 3,096,363 of our common shares, have shared voting power with respect to 1,467,412 shares and shared dispositive power with respect to all 3,096,363 shares. The securities are being reported upon by Morgan Stanley and MSIM, in their capacity as an investment adviser in accordance with Rule 240.13d-1(b)(1)(ii)(E) and a parent holding company under Rule 240.13d-1(b)(1)(ii)(G) of the Exchange Act. The securities being reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by MSIM, a wholly-owned subsidiary of Morgan Stanley.
- (17) Based on a Schedule 13G filed jointly by Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LL and Wellington Management Company LLP (the “Reporting Entities”) with the SEC on February 14, 2019. The Reporting Entities in their capacity as an investment adviser in accordance with Rule 240.13d-1(b)(1)(ii)(E) of the Exchange Act and as a parent holding company or control person in accordance with Rule 240.13d-1(b)(1)(ii)(G), beneficially own 2,267,536 of our common shares, and have shared voting power with respect to 1,980,848 shares and shared dispositive power with respect to all 2,267,536 shares.
- (18) Based on a Schedule 13G filed with the SEC on February 14, 2019. Wasatch Advisors, Inc beneficially owns 2,002,342 of our common shares and has sole and dispositive power with respect to all of such shares.
- (19) Based on a Schedule 13G/A filed with the SEC on January 21, 2019. GIC Private Limited beneficially owns 1,988,214 of our common shares and has sole and dispositive power with respect to 1,527,218 of such shares and shared voting and dispositive power with respect to 460,996 of such shares.

B. Related Party Transactions

Registration Rights Agreement

On July 23, 2014, we entered into a registration rights agreement with Messrs. Migoya, Umanan, Englebienne and Nocetti (collectively, the "Founders"), Kajur International S.A. ("Kajur"), Mifery S.A. ("Mifery"), Gudmy S.A. ("Gudmy"), Noltur S.A. ("Noltur"), Etmyl S.A. ("Etmyl"), Ewerzy S.A. ("Ewerzy"), Fudmy Corporation S.A. ("Fudmy"), Gylcer International S.A. (together with Kajur, Mifery, Gudmy, Noltur, Etmyl, Ewerzy and Fudmy, the "Uruguayan Entities"), Paldwick S.A., Riverwood Capital LLC, Riverwood Capital Partners (Parallel-B) L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel-A) (collectively, the "Riverwood Entities") and the FTV Partnerships and WPP (collectively, the "Registration Rights Holders") and Endeavor Global, Inc. and Endeavor Catalyst Inc. The registration rights agreement replaced the registration rights granted under the Shareholders Agreement and WPP's joinder agreement. Under the registration rights agreement, we are responsible, subject to certain exceptions, for the expenses of any offering of our common shares held by the Registration Rights Holders other than underwriting fees, discounts and selling commissions. Additionally, under the registration rights agreement we may not grant superior registration rights to any other person without the consent of the Registration Rights Holders. The registration rights agreement contains customary indemnification provisions.

Demand Registration Rights

Under the registration rights agreement each of (i) the Riverwood Entities (acting as a group), (ii) the FTV Partnerships (acting as a group), (iii) WPP and (iv) the Founders and the Uruguayan Entities (acting as a group) and any two of (i) the Riverwood Entities, (ii) the FTV Partnerships, (iii) WPP and (iv) the Founders and the Uruguayan Entities (acting as a group) may require us to effect a registration under the Securities Act for the sale of their common shares of our company. We are therefore obliged to effect up to five such demand registrations in total with respect to the common shares owned by such shareholders. However, we are not obliged to effect any such registration when (1) the request for registration does not cover that number of common shares with an anticipated gross offering price of at least \$10.0 million, or (2) the amount of common shares to be sold in such registration represents more than 15% of our share capital. If we have been advised by legal counsel that such registration would require a special audit or the disclosure of a material impending transaction or other matter and our board of directors determines reasonably and in good faith that such disclosure would have a material adverse effect on us, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days. We will not be required to effect a demand registration if we intend to effect a primary registration of our securities within 60 days of receiving notice of a demand registration, provided that we file such intended registration statement within the 60-day period. Additionally, we will not be required to effect a demand registration during the period beginning with the date of filing of, and ending 120 days following the completion of, a primary registered offering of our securities, except if any of the Registration Rights Holders had requested "piggyback" registration rights in connection with such offering. In any such demand registration, the managing underwriter will be selected by the majority of the shareholders exercising the demand.

In February 2015, we received a demand request from the Riverwood Entities and the FTV Partnerships. In April 2015 we closed a secondary public offering of our common shares through which they and certain selling shareholders sold 3,994,390 common shares. Subsequently, in June 2015, we received a second demand request from Riverwood Entities. In July 2015, we closed the second secondary public offering of our common shares through which they and certain other selling shareholders sold 4,025,000 common shares.

In May 2018, we received a demand request from WPP and, in June 2018, we closed a secondary public offering through which WPP sold 6,687,548 common shares.

Shelf Registration Rights

We will use commercially reasonable efforts to remain qualified to register securities pursuant to Form F-3, and each Registration Rights Holder may make one written request that we register the offer and sale of their common shares on a shelf registration statement on Form F-3 if we are eligible to file a registration statement on Form F-3 so long as the request covers at least that number of common shares with an anticipated aggregate offering sale of at least \$5,000,000.

Piggyback Registration Rights

If we propose to register for sale to the public any of our securities, in connection with the public offering of such securities, the Registration Rights Holders will be entitled to certain “piggyback” registration rights in connection with such public offering, allowing them to include their common shares in such registration, subject to certain limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration related to a company equity incentive plan and (2) a registration related to the exchange of securities in certain corporate reorganizations or certain other transactions or in other instances where a form is not available for registering securities for sale to the public, the Registration Rights Holders will be entitled to written notice of the registration and will have the right, subject to limitations that the underwriters may impose on the number of common shares included in the registration, to include their common shares in the registration.

Termination

As to each party to the Registration Rights Agreement, the rights of such party thereunder terminate upon the earlier to occur of the fifth anniversary of the date of the agreement or the date upon which the percentage of our total outstanding common shares held by such party ceases to be at least one percent.

Tag-Along Agreement

On July 23, 2014, the Founders, the Uruguayan Entities, Paldwick S.A., the Riverwood Entities, the FTV Partnerships, Endeavor Global, Inc. and Endeavor Catalyst Inc. (collectively, the “Selling Shareholders”) entered into a tag-along agreement. Under the Tag-Along Agreement, if, during the four years immediately following the date our registration statement filed with the SEC was declared effective, any of the Selling Shareholders proposes to make a transfer of our shares to any other Selling Shareholder or WPP, each of (i) the Founders and the Uruguayan Entities (individually and/or acting as a group), (ii) the RW Entities (individually and/or acting as a group), (iii) the FTV Partnerships (individually and/or acting as a group), and (v) Endeavor, shall have the right to participate in such sale with respect to any shares held by them on a pro rata basis, and on the same terms and conditions and the same total consideration, as those offered to the corresponding Selling Shareholder in the applicable transfer.

Other Related-Party Transactions

For a summary of our revenue and expenses and receivables and payables with related parties, please see note 22 to our audited consolidated financial statements.

Procedures for Related Party Transactions

On July 23, 2014, we adopted a written code of business conduct and ethics for our company, which is publicly available on our website at www.globant.com. Under our code of business conduct and ethics, our employees, officers and directors are discouraged from entering into any transaction that may cause a conflict of interest for us. In addition, they must report any potential conflict of interest, including related party transactions, to their managers or our corporate counsel who then will review and summarize the proposed transaction for our audit committee. Pursuant to its charter, our audit committee is required to then approve any related-party transactions, including those transactions involving our directors. In approving or rejecting such proposed transactions, the audit committee is required to consider the relevant facts and circumstances available and deemed relevant to the audit committee, including the material terms of the transactions, risks, benefits, costs, availability of other comparable services or products and, if applicable, the impact on a director’s independence. Our audit committee will approve only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our audit committee determines in the good faith exercise of its discretion.

On November 5, 2015, we adopted a related party transactions policy. This policy indicates, based on certain specific parameters, which transactions should be submitted for approval by either our Audit Committee or our general counsel.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated statements and other financial information.

We have included the Consolidated Financial Statements as part of this annual report. See Item 18, "Financial Statements."

Legal Proceedings

We may be involved in litigation in the normal course of our business, both as a defendant and as a plaintiff. In the ordinary course of our business, we are subject to certain contingent liabilities with respect a variety of potential claims, lawsuits and other proceedings, including claims related to patent infringement, purported class actions, tax and labor lawsuits and other claims. In particular, in the software and technology industries, other companies own large numbers of patents, copyrights, trademarks and trade secrets and frequently engage in litigation based on allegations of infringement or other violations of intellectual property rights. We have received and may continue to receive assertions and claims that our services infringe on these patents or other intellectual property rights. See "Risk Factors — Risks Related to Our Business and Industry — If we incur any liability for a violation of the intellectual property rights of others, our reputation, business, financial condition and prospects may be adversely affected." In such cases litigation may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish our proprietary rights. However, given that litigation could be costly and time-consuming and could divert the attention of management and key personnel from our business operations, we may elect to settle these claims from time to time. We accrue liabilities when it is probable that future costs will be incurred and such cost can be reasonably estimated.

On February 10, 2012, FAECYS filed a lawsuit against our Argentine subsidiary, Sistemas Globales S.A., in which FAECYS demanded the application of its collective labor agreement to the employees of that subsidiary. According to FAECYS's claim, Sistemas Globales should have withheld and transferred to FAECYS an amount of 0.5% of the gross monthly salaries of Sistemas Globales' employees.

On April 16, 2018, the lower court dismissed the complaint filed by FAECYS, and such decision was subsequently confirmed by the court of appeals. The judgment is now final and is not subject to further appeals.

Certain of our non- U.S. subsidiaries are currently under examination by the Internal Revenue Service ("IRS") regarding payroll and employment taxes primarily in connection with services performed by employees of certain of our subsidiaries in the United States from 2013 to 2015. 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. Our subsidiaries filed protests of these proposed assessments with the IRS which have been sent to the Office of Appeals within the IRS for further examination. At this stage, the management cannot make any predictions about the final outcome of this matter or the timing thereof.

In addition to the foregoing, as of December 31, 2018, we are a party to certain other legal proceedings, including tax and labor claims, where the risk of loss is considered possible. In the opinion of our management, the ultimate disposition of such threatened and/or pending matters, either individually or on a combined basis, is not likely to have a material effect on our financial condition, liquidity or results of operations.

Dividend Policy

We currently anticipate that we will retain all available funds for use in the operation and expansion of our business, and do not anticipate paying any dividends in the foreseeable future.

Under Luxembourg law, at least 5% of our net income per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve subsequently falls below the 10% threshold, 5% of net income again must be allocated toward the reserve until such reserve returns to the 10% threshold. If the legal reserve exceeds 10% of our issued share capital, the legal reserve may be reduced. The legal reserve is not available for distribution.

We are a holding company and have no material assets other than direct and indirect ownership of our operating and non-operating subsidiaries. If we were to distribute a dividend at some point in the future, we would cause the operating subsidiaries to make distributions in an amount sufficient to cover any such dividends.

B. Significant Changes

Acquisition of Avanxo

On January 17, 2019, we entered into a Share Purchase Agreement (the "Purchase Agreement") with the shareholders of Avanxo (Bermuda) Limited ("Avanxo"), pursuant to which we agreed to purchase all of Avanxo's share capital (the "Acquisition") 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 transaction closed in February 1, 2019.

Under the terms of the Purchase Agreement, the total consideration payable by us to Avanxo's shareholders, assuming a debt-free and cash-free balance sheet, is \$48.6 million (the "Purchase Price") 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.

Of the Purchase Price, we paid \$40.9 million on the closing of the Acquisition, of which \$40.1 million was paid in cash and \$0.8 million in Globant common shares.

The remaining amount of the Purchase Price, \$7.6 million, 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").

At our sole option, we will be entitled to pay up to 25% of each Earn Out Payment through the issuance and delivery of our common shares. The number of our 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 the payment date of the relevant Earn Out Payment. Common shares issued pursuant to the exercise by us 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.

Convertible Loan Agreement with Wolox

On January 4, 2019 ("Issuance Date"), we entered into a convertible note purchase agreement with Wolox, LLC for an aggregate principal amount of \$1.8 million (the "Principal Amount"). Interest on the Principal Amount is computed at an annual rate equal to Libor plus 2%. The Principal Amount will be due and payable to us in a term of 18 month from the Issuance Date, at which time we will hold an option to convert any portion of the outstanding Principal Amount into fully paid and nonassessable membership interest of Wolox, LLC.

ITEM 9. THE OFFER AND LISTING.

A. Offering and listing details.

Our ordinary shares began trading on the NYSE under the symbol "GLOB" in connection with our IPO on July 18, 2014.

Our ordinary shares began trading on the Lux SE under the International Securities Identification Number (ISIN) code "LU0974299876" on August 11, 2016.

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares began trading on (i) the NYSE under the symbol "GLOB" in connection with our IPO on July 18, 2014, and (ii) on the Lux SE under the ISIN code "LU0974299876" on August 11, 2016. See "The Offer and Listing - Offering and Listing Details."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION.

A. Share capital

Not applicable.

B. Memorandum and Articles of Association

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

The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of our articles of association, as amended, which were included as an exhibit to our report on Form 6-K filed with the SEC on June 1, 2016, and applicable Luxembourg law, including Luxembourg Corporate Law.

General

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

Share Capital

As of December 31, 2018, our issued share capital was \$43,324,576.80, represented by 36,103,814 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 \$7,555,227.60 consisting of 6,296,023 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 date of publication in *Recueil Electronique des Sociétés et Associations* ("RESA") of the minutes of the extraordinary general meeting of shareholders held on May 8, 2017, which publication occurred on May 19, 2017, and which period ends on May 19, 2022 and may be renewed. Accordingly, our board of directors may issue up to 6,296,023 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 depository 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 depository 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 depository 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, 2018 we had an authorized share capital, excluding the issued share capital, of \$7,555,227.60 and our board of directors was authorized to issue up to 6,296,023 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 publication in the RESA of the minutes of the extraordinary general meeting of shareholders held on May 8, 2017, which publication occurred on May 19, 2017 and which period ends on May 19, 2022, in the event of an increase of the issued share capital by our board of directors within the limits of the authorized 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 June 18, 2014, the general meeting of shareholders according to the conditions set forth in article 49-2 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, subject to the law of May 24, 2011 on the exercise of certain rights of shareholders of listed companies (the "Shareholder Rights Law"). Furthermore, any shareholder, holder or depositary, as the case may be, who wishes to attend the general meeting must inform us thereof no later than on the fourteenth day preceding the date of such general meeting, or by any other date which the board of directors may determine and as specified in the convening notice, in a manner to be determined by 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 Shareholders Rights Law.

General meetings of shareholders shall be convened in accordance with the provisions of our articles of association and Luxembourg corporate law, the Shareholders Rights Law and the requirement of any stock exchange on which our shares are listed. The Shareholders Rights Law provides *-inter alia-* that convening notices for any general meeting shall contain the agenda of the meeting and shall take the form of announcements published in the RESA, in a Luxembourg newspaper and in the media, in a manner which ensures effective dissemination of information to the public throughout the European Economic Area ("EEA") and which ensures a prompt access to such information on a non-discriminatory basis. Notices by mail shall also be sent at least 30 days before the meeting to registered shareholders, provided that no proof of compliance with this requirement is necessary. Where all the common shares are in registered form, the convening notices may be made only by registered letters.

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 by means of announcements published in the RESA, in a Luxembourg newspaper and in the media, in a manner which ensures effective dissemination of information to the public throughout the EEA and which ensures prompt access to such information on a non-discriminatory basis, at least 17 days prior to the meeting if the agenda has not been modified or at least 30 days if the agenda has been modified.

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 Takeover, Squeeze-Out and Sell-Out Rights under the Luxembourg Takeover Law

Mandatory bid. The Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids (the "Takeover Law"), provides that, if a person acting alone or in concert acquires securities of our Company which, when added to any existing holdings of our securities, give such person voting rights representing at least one-third of all of the voting rights attached to the issued shares of our Company, this person is required to make an offer for the remaining shares of our Company. In a mandatory bid situation, a "fair price" is in principle considered to be the highest price paid by the offeror or a person acting in concert with the offeror for the securities during the 12-month period preceding the mandatory bid.

Squeeze-out right. The Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of our Company and after such offer the offeror holds at least 95% of the securities carrying voting rights and 95% of the voting rights, the offeror may require the holders of the remaining securities to sell those securities (of the same class) to the offeror. The price offered for such securities must be a fair price. The price offered in a voluntary offer would be considered a fair price in the squeeze-out proceedings if the offeror acquired at least 90% of our shares carrying voting rights that were the subject of the offer. The price paid in a mandatory offer is deemed a fair price. The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the offer.

Sell-out right. The Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities and if after such offer the offeror holds securities carrying more than 90% of the voting rights, the remaining security holders may require that the offeror purchase the remaining securities of the same class. The price offered in a voluntary offer would be considered "fair" in the sell-out proceedings if the offeror acquired at least 90% of our shares carrying voting rights and which were the subject of the offer. The price paid in a mandatory offer is deemed a fair price. The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to our remaining shareholders. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the offer.

We also fall under the scope of the Luxembourg law of July 21, 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "Luxembourg Mandatory Squeeze-Out and Sell-Out Law"). The Luxembourg Mandatory Squeeze-Out and Sell-Out Law provides that, subject to the conditions set forth therein being met, if any individual or legal entity, acting alone or in concert with another, holds a number of shares or other voting securities representing at least 95% of 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").

Disclosure of transactions by persons discharging managerial responsibilities. Pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse and related regulations (collectively referred to as the "Market Abuse Regulation"), persons discharging managerial responsibilities as well as persons closely associated with them, must notify the CSSF and us of every transaction conducted on their own account (a concept that must be interpreted within the meaning of the Market Abuse Regulation) relating to our common shares or to derivatives or other financial instruments, the value of which depends on or has an effect on the price or value of our common shares. The obligation applies to any subsequent transaction once a total amount of EUR 5,000 has been reached within a calendar year, calculated by adding without netting all relevant transactions relating to the securities. The notification must be made promptly and no later than three business days after the date of the transaction. We must ensure that any information related to relevant transactions which we receive is made public promptly and no later than three business days after the transaction, in the manner reserved for regulated information (See "Publication of regulated information").

For the purpose of the Market Abuse Regulation, a "person discharging managerial responsibilities" means a person who is (a) a member of the administrative, management or supervisory body of that entity; or (b) a senior executive who is not a member of the bodies referred to in clause (a), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

"Persons discharging senior managerial responsibilities" within our Company are the members of our board of directors and the members of our senior management identified in this annual report.

Publication of regulated information. Pursuant to directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted on trading on a regulated market (the "Transparency Directive"), issuers that fall within the scope of that directive are required to provide ongoing and periodic information which the directive defines as "regulated information". As regards that regulated information, the Transparency Directive imposes three obligations on issuers:

- publish the regulated information;
- make this information available to an Officially Appointed Mechanism ("OAM") for the central storage of regulated information; and
- file the regulated information with the competent authority of the relevant home Member State within the EEA.

In accordance with article 20 of the Luxembourg law of January 11, 2008 implementing the Transparency Directive (the "Luxembourg Transparency Law"), issuers are required to disclose regulated information in a manner ensuring fast access to such information on a non-discriminatory basis. Thus, they shall use such media as may reasonably be relied upon for the effective dissemination of information to the public in all EEA Member States.

We are required to file the aforementioned information with the CSSF and to make this information available to the OAM in Luxembourg.

All news and press releases issued by us are available on our website at www.globant.com in the "Investors" section.

No Appraisal Rights

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

Distributions

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

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

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

Annual Accounts

Under Luxembourg law, our board of directors must prepare annual accounts and consolidated accounts. Except 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 30 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.

Under the Shareholder Rights Law, every shareholder has the right to ask questions related to items on the agenda of the general meeting. We shall answer the questions put to us by shareholders, subject to the measures which we may take to ensure the identification of shareholders, the good order of general meetings and their preparation, and the protection of confidentiality and our business interests. We may provide one overall answer to questions having the same content. Where the relevant information is available on its Internet site in a question and answer format, we shall be deemed to have answered to the questions asked by referring to our site.

Disclosure of Significant Ownership of Our Common Shares

Holders of common shares, including depositary receipts representing common shares admitted to trading on a regulated market and for which Luxembourg is the home Member State within the meaning of the Luxembourg Transparency Law and to which voting rights are attached (the "Securities") and derivatives or other financial instruments linked to the Securities may be subject to notification obligations pursuant to the Luxembourg Transparency Law and the Grand ducal regulation of January 11, 2008 on transparency requirements for issuers, as amended. The following description summarizes these obligations. Our shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law provides that, subject to limited exceptions, if a person acquires or disposes of our Securities, and following such acquisition or disposal, the proportion of voting rights held by such person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% (each a "Relevant Threshold") of our total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify us and the CSSF of proportion of voting rights held by it after to such event. The voting rights shall be calculated on the basis of all of the common shares, including depositary receipts representing common shares, to which voting rights are attached even if the exercise thereof is suspended. Moreover, this information shall be given in respect of all of the common shares, including depositary receipts representing common shares, which are in the same class and to which voting rights are attached. A person must also notify us and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below any Relevant Threshold as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by us.

The same notification requirements apply to a natural person or legal entity to the extent such person or entity is entitled to acquire, dispose of, or exercise voting rights in any of the following cases or a combination of them:

- a. voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer;
- b. voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- c. voting rights attaching to Securities which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his intention of exercising them;
- d. voting rights attaching to Securities in which that person or entity has the life interest;

- e. voting rights which are held, or may be exercised within the meaning of clauses (a) to (d), by an undertaking controlled by that person or entity;
- f. voting rights attaching to Securities deposited with that person or entity which the person or entity can exercise at his discretion in the absence of specific instructions from the Securities holders;
- g. voting rights held by a third party in its own name on behalf of that person or entity;
- h. voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his discretion in the absence of specific instructions from the Securities holders.

The above notification requirements also apply to a natural person or legal entity that holds, directly or indirectly, financial instruments linked to our common shares.

Board of Directors

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

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

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

Within the limits provided for by 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 pursuant to the Luxembourg law of 23 July 2016 concerning the audit profession, 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 us or our shareholders by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties of a director or officer. No indemnification will be provided with respect to any matter as to which the director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, nor will indemnification be provided in the event of a settlement (unless approved by a court or our board of directors).

Registrars and Registers for 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" and on the LuxSE and admitted to trade on the regulated market of the LuxSE under the International Securities Identification Number LU0974299876.

C. Material Contracts

In November 2018, Globant LLC, our U.S. subsidiary (the "Borrower") entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with the financial institutions listed therein, as lenders, and HSBC Bank USA, N.A., as administrative agent, issuing bank and swingline lender. The A&R Credit Agreement amends and restates the Credit Agreement dated as of August 3, 2017, which provided for a secured revolving credit facility under which the Borrower could borrow up to \$40.0 million in advances. Under the A&R Credit Agreement, the Borrower may borrow (i) up to \$50.0 million in a single borrowing on or prior to May 1, 2019 under a delayed-draw term loan facility and (ii) up to \$150.0 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 \$100.0 million. The maturity date of each of the facilities is October 31, 2023, and interest on the loans extended thereunder shall accrue at a rate per annum equal to LIBOR plus 1.75%. The Borrower's obligations under the A&R Credit Agreement are guaranteed by us and our subsidiary, Globant España S.A., and are secured by substantially all of the Borrower's now owned and after-acquired assets. The A&R Credit Agreement also contains certain customary negative and affirmative covenants. Compliance with these covenants may limit our flexibility in operating our business and our ability to take actions that might be advantageous to us and our shareholders.

On January 17, 2019, we entered into a Share Purchase Agreement (the "Purchase Agreement") with the shareholders of Avanzo (Bermuda) Limited ("Avanzo"), pursuant to which we agreed to purchase all of Avanzo's share capital (the "Acquisition") subject to the terms and conditions set forth in the Purchase Agreement. Avanzo is a cloud consulting and implementation company headquartered in Bermuda, with operations in Brazil, Mexico, Colombia, Peru, Argentina and the United States. The transaction closed in February 1, 2019. For more information, see "Financial Information - Significant Changes".

Aside from the A&R Credit Agreement and the Purchase Agreement mentioned above, we have not entered into any other material contract during the preceding two years which were outside the ordinary course of business. During the preceding two years and up to the date of this annual report, we have issued shares under certain subscription agreements we entered into and some of these shares are subject to transferability restrictions as of the date of this annual report, as set forth below:

- In June 2018 we issued 9,120 common shares in favor of the sellers of Clarice (the "Clarice Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the Clarice Subscribers in May 2015. As of the date of this annual report, such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the Clarice Subscribers have agreed, among other terms, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In July 2018 we issued 18,692 common shares in favor of the sellers of WAE (the "WAE Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the WAE Subscribers in May 2016. As of the date of this annual report, such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the WAE Subscribers have agreed, among other terms, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In October 2018 we issued 16,315 common shares in favor of the sellers of Small Footprint Inc. (the "Small Footprint Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the Small Footprint Subscribers during that same month. As of the date of this annual report such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the Small Footprint Subscribers have agreed, among other terms, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.
- In February 2019 we issued 3,542 common shares in favor of the sellers of PointSource (the "PointSource Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the PointSource Subscribers in June 2017. As of the date of this annual report such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the PointSource Subscribers have agreed, among other terms, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.

- In February 2019 we issued 14,778 common shares in favor of certain sellers of Avanxo (the "Avanxo Subscribers") pursuant to the terms of certain subscription agreements entered into by us and the Avanxo Subscribers during that same month. As of the date of this annual report such common shares are subject to certain transfer restrictions under the terms of the relevant subscription agreements, whereby the Avanxo Subscribers have agreed, among other terms, during a one-year period from the date of issuance of the common shares, not to offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the common shares subscribed for under the subscription agreements, provided, however, that the foregoing restrictions are subject to a range of exceptions.

D. Exchange Controls

See "Information on the Company — Business Overview — Regulatory Overview — Foreign Exchange Controls."

E. Taxation

The following is a summary of the material Luxembourg and U.S. federal income tax consequences to U.S. Holders (as defined below) of the ownership and disposition of our common shares. This summary is based upon Luxembourg tax laws and U.S. federal income tax laws (including the U.S. Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed Treasury regulations, rulings, judicial decisions and administrative pronouncements), all currently in effect as of the date hereof and all of which are subject to change or changes in wording or administrative or judicial interpretation occurring after the date hereof, possibly with retroactive effect. To the extent that the following discussion relates to matters of Luxembourg tax law, it represents the opinion of Arendt & Medemach, Luxembourg, our Luxembourg counsel, and to the extent that the discussion relates to matters of U.S. federal income tax law, it represents the opinion of DLA Piper LLP (U.S.), our U.S. counsel.

As used herein, the term "U.S. Holder" means a beneficial owner of one or more of our common shares:

- (a) that is for U.S. federal income tax purposes one of the following:
 - (i) an individual citizen or resident of the United States,
 - (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, or
 - (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source;
- (b) who holds the common shares as capital assets for U.S. federal income tax purposes;
- (c) who owns, directly, indirectly or by attribution, less than 10% of our share capital or voting shares; and
- (d) whose holding is not effectively connected with a permanent establishment in Luxembourg.

This summary does not address all of the tax considerations that may apply to holders that are subject to special tax rules, such as U.S. expatriates, insurance companies, tax-exempt organizations, certain financial institutions, persons subject to the alternative minimum tax, dealers and certain traders in securities, persons holding common shares as part of a straddle, hedging, conversion or other integrated transaction, persons who acquired their common shares pursuant to the exercise of employee shares options or otherwise as compensation, partnerships or other entities classified as partnerships for U.S. federal income tax purposes or persons whose functional currency is not the U.S. dollar. Such holders may be subject to U.S. federal income tax consequences different from those set forth below. In addition, as described above, the 2017 Tax Act includes substantial changes to the U.S. federal income taxation of individuals and businesses which are effective from January 1, 2018. Although the new law substantially decreased corporate tax rates, all of the consequences of the new law, including the unintended consequences, if any, are not yet known. For the avoidance of doubt, this discussion does not cover any implications of Code section 965 (Treatment of deferred foreign income upon transition to participation exemption system of taxation) or Code section 245A (Deduction for foreign source-portion of dividends received by domestic corporations from specified 10% owned foreign corporations). In addition, this summary does not address all of the Luxembourg tax considerations that may apply to holders that are subject to special tax rules.

If a partnership holds common shares, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partnership, or partner in a partnership, that holds common shares is urged to consult its own tax advisor regarding the specific tax consequences of owning and disposing of the common shares.

Potential investors in our common shares should consult their own tax advisors concerning the specific Luxembourg and U.S. federal, state and local tax consequences of the ownership and disposition of our common shares in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

Luxembourg Tax Considerations

Introduction

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning and disposing of the common shares issued by us. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or deposit our common shares. It is included herein solely for preliminary information purposes and is not intended to be, nor should it construed to be, legal or tax advice. Prospective purchasers of our common shares should consult their own tax advisers as to the applicable tax consequences of the ownership of our common shares, based on their particular circumstances. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities as of the date of this annual report and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Please be aware that the residence concept used under the respective headings below applies for Luxembourg tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably applies to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the company

Income tax

As the company is a fully-taxable Luxembourg company, its net taxable profit is as a rule subject to corporate income tax ("CIT") and municipal business tax ("MBT") at ordinary rates in Luxembourg.

The taxable profit as determined for CIT purposes is applicable, with minor adjustments, for MBT purposes. CIT is levied at an effective maximum rate of 19.26% as from 2018 (inclusive of the 7% surcharge for the employment fund). MBT is levied at a variable rate according to the municipality in which the company is located (6.75% in the City of Luxembourg). The maximum aggregate CIT and MBT rate consequently amounts to 26.01% as from 2018 for companies located in the City of Luxembourg.

Dividends and other payments derived from shares by the company are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from shares may be exempt from income tax if (i) the distributing company is a qualified subsidiary ("Qualified Subsidiary") and (ii) at the time the dividend is put at the company's disposal, the company has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10% or of (ii) an acquisition price of at least €1.2 million. A Qualified Subsidiary means (a) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (b) a company covered by Article 2 of the Council Directive 2011/96/EU of November 30, 2011 as amended (the "EU Parent-Subsidiary Directive") or (c) a non-resident company limited by share capital (*société de capitaux*) liable to a tax corresponding to Luxembourg CIT.

Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. If the conditions of the participation exemption regime are not met, dividends derived by the company from Qualified Subsidiaries may be exempt for 50 % of their gross amount if they are received from (i) a Luxembourg resident fully-taxable company limited by share capital, or (ii) a company limited by share capital resident in a State with which the Grand Duchy of Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg CIT, or (iii) a company resident in a EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive.

Capital gains realized by the company on shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on shares of a Qualified Subsidiary may be exempt from CIT and MBT at the level of the company if at the time the capital gain is realized, the company has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10% or of (ii) an acquisition price of at least €6 million. Taxable gains are defined as being the difference between the price for which shares have been disposed of and the lower of their cost or book value.

Withholding tax

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

If the company and a U.S. relevant holder are eligible for the benefits of the tax treaty concluded between the United State and Luxembourg (the "Treaty"), the rate of withholding on distributions is 15%, or 5% if the U.S. relevant holder is a qualified resident company as defined in Article 24 of the Treaty that owns at least 10% of our the company's voting stock.

A withholding tax exemption may apply under the participation exemption if cumulatively (i) the holder of our shares is an eligible parent (an "Eligible Parent") and (ii) at the time the income is made available, the holder of our shares has held or commits itself to hold for an uninterrupted period of at least 12 months a direct participation of at least 10% of our share capital or a direct participation of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Holding a participation through an entity treated as tax transparent from a Luxembourg income tax perspective is deemed to be a direct participation in proportion to the net assets held in this entity. An Eligible Parent includes (a) a company covered by Article 2 of the EU Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (b) a company resident in a State having a double tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (c) a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than an EU Member State and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof or (d) a Swiss company limited by share capital (*société de capitaux*) which is effectively subject to corporate income tax in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds.

Net wealth tax

The company is as a rule subject to Luxembourg net wealth tax ("NWT") on its net assets as determined for net wealth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding EUR 500 million and at the rate of 0.05% on the portion of the net assets exceeding EUR 500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at January 1 of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities vis-à-vis third parties.

Under the participation exemption regime, a qualified shareholding held by the company in a Qualified Subsidiary is exempt for net wealth tax purposes.

A minimum net wealth tax ("MNWT") is levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, receivables against related companies, transferable securities and cash at bank exceeds 90% of their total balance sheet and EUR 350,000, the MNWT is set at EUR 4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the EUR 4,815 MNWT, the MNWT ranges from EUR 535 to EUR 32,100, depending on the company's total balance sheet.

Other taxes

The issuance of our common shares and any other amendment of our articles of association are currently subject to a €75 fixed registration duty. The disposal of our common shares is not subject to a Luxembourg registration tax or stamp duty, unless recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

Taxation of the holders of commons shares

Luxembourg tax residency of the holders of our common shares

A holder of our common shares will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of our common shares or the execution, performance or enforcement of his/her rights thereunder.

Income tax

Luxembourg resident holders

Luxembourg individual residents

Dividends and other payments derived from our common shares by resident individual holders of our common shares, who act in the course of the management of either their private wealth or their professional or business activity, are subject to income tax at the ordinary progressive rates. A tax credit may be granted, under certain circumstances, for Luxembourg withholding tax levied. 50% of the gross amount of dividends received from the company by resident individual holders of our common shares are exempt from income tax.

Capital gains realized on the disposal of our common shares by resident individual holders of our common shares, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if our common shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual holder of our common shares holds or has held, either alone or together with his spouse or partner and / or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose common shares are being disposed of. A holder of our common shares is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are taxed according to the half-global rate method, (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of our common shares by resident individual holders of our common shares, who act in the course of their professional or business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which our common shares have been disposed of and the lower of their cost or book value.

Luxembourg fully-taxable corporate residents

Dividends and other payments derived from our common shares by Luxembourg-resident, fully-taxable companies are subject to CIT and MBT, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit may, under certain circumstances, be granted for any Luxembourg withholding tax levied. If the conditions of the participation exemption regime are not met, 50% of the gross amount of dividends received by Luxembourg-resident, fully-taxable companies from our common shares are exempt from CIT and MBT.

Under the participation exemption regime, dividends derived from our common shares may be exempt from CIT and MBT at the level of the holder of our common shares if cumulatively (i) the holder of our common shares is a Luxembourg-resident, fully-taxable company and (ii) at the time the dividend is put at the holder of our common shares' disposal, the holder of our common shares has held or commits itself to hold for an uninterrupted period of at least 12 months a qualified shareholding ("Qualified Shareholding"). A Qualified Shareholding means common shares representing a direct participation of at least 10% in the share capital of the company or a direct participation in the company of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Common shares held through a tax-transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Capital gains realized by a Luxembourg-resident, fully-taxable company on our common shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on our common shares may be exempt from income tax at the level of the holder of our common shares if cumulatively (i) the holder of our common shares is a Luxembourg fully-taxable corporate resident and (ii) at the time the capital gain is realized, the holder of our common shares has held or commits itself to hold for an uninterrupted period of at least 12 months our common shares representing a direct participation in the share capital of the company of at least 10% or a direct participation in the company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as being the difference between the price for which our common shares have been disposed of and the lower of their cost or book value.

Luxembourg residents benefiting from a special tax regime

Holders of our common shares who are either (i) an undertaking for collective investment governed by the amended law of December 17, 2010, (ii) a specialized investment fund governed by the amended law of February 13, 2007, (iii) a family wealth management company governed by the amended law of May 11, 2007 and (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes governed by the law of July 23, 2016, are exempt from income tax in Luxembourg. Dividends derived from and capital gains realized on our common shares are thus not subject to income tax in their hands.

Luxembourg non-resident holders

Non-resident holders of our common shares who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom our common shares are attributable, are not liable to any Luxembourg income tax on income and gains derived from our common shares except capital gains realised on (i) a substantial participation before the acquisition or within the first six months of the acquisition thereof, or (ii) a substantial participation more than six months after the acquisition thereof by a holder of our common shares who has been a former Luxembourg resident for more than fifteen years and has become a non-resident, at the time of transfer, less than five years ago. A participation is deemed to be substantial where a shareholder holds or has held, either alone or, in case of an individual shareholder, together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose common shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

If the company and a U.S. relevant holder are eligible for the benefits of the Treaty, such U.S. relevant holder generally should not be subject to Luxembourg tax on the gain from the disposal of such common shares unless such gain is attributable to a permanent establishment of such U.S. relevant holder in Luxembourg.

Non-resident holders of our common shares which have a permanent establishment or a permanent representative in Luxembourg to which or whom our common shares are attributable, must include any income received, as well as any gain realized, on the sale, disposal or redemption of our common shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative may be, however, exempt from income tax. Taxable gains are determined as being the difference between the price for which the common shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime, dividends derived from our common shares may be exempt from income tax if cumulatively (i) our common shares are attributable to a qualified permanent establishment ("Qualified Permanent Establishment") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold a Qualified Shareholding for an uninterrupted period of at least 12 months. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) resident in a State having a tax treaty with Luxembourg, and (c) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than a EU Member State. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Common shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Under the participation exemption regime, capital gains realized on our common shares may be exempt from income tax if (i) our common shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment has held or commits itself to hold, for an uninterrupted period of at least 12 months, our common shares representing a direct participation in the share capital of the company of at least 10% or a direct participation in the company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as being the difference between the price for which our common shares have been disposed of and the lower of their cost or book value.

Net Wealth Tax

Luxembourg resident holders of our common shares, as well as non-resident holders of our common shares who have a permanent establishment or a permanent representative in Luxembourg to which or whom our common shares are attributable, are subject to Luxembourg net wealth tax on our common shares, except if the holder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iv) a professional pension institution governed by the amended law of July 13, 2005, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the amended law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (viii) a reserved alternative investment fund governed by the law of July 23, 2016. However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law of July 13, 2005 and (iv) a reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the law of July 23, 2016, remain subject to minimum net wealth tax.

Under the participation exemption, a Qualified Shareholding held in the company by an Eligible Parent or attributable to a Qualified Permanent Establishment may be exempt. The net wealth tax exemption for a Qualified Shareholding does not require the completion of the 12-month holding period.

Other Taxes

Under Luxembourg tax law, where an individual holder of our common shares is a resident of Luxembourg for tax purposes at the time of his or her death, our common shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of our common shares upon the death of an individual holder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of our common shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

U.S. Federal Income Tax Considerations

Taxation of dividends

Distributions received by a U.S. Holder on common shares, including the amount of any Luxembourg taxes withheld, other than certain pro rata distributions of common shares to all shareholders, will constitute foreign source dividend income to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that such distributions (including any Luxembourg taxes withheld) will be reported to U.S. Holders as dividends. Although it is our intention, if we pay any dividends, to pay such dividends in U.S. dollars, if dividends are paid in euros, the amount of the dividend a U.S. Holder will be required to include in income will equal the U.S. dollar value of the euro, calculated by reference to the exchange rate in effect on the date the payment is received by the U.S. Holder, regardless of whether the payment is converted into U.S. dollars on the date of receipt. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of its receipt. If a U.S. Holder realizes gain or loss on a sale or other disposition of euro, it will be U.S. source ordinary income or loss. U.S. Holders that are corporations generally will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us, except that certain U.S. Holders that are corporations and that directly, indirectly or constructively own 10% or more of our voting power or value may be entitled to a 100% dividends received deduction under certain circumstances. The rules with respect to the dividends received deduction are complex and involve the application of rules that depend on a U.S. Holder's particular circumstances and on whether we are a PFIC (defined below), a "controlled foreign corporation" or both, among other things. You should consult your own tax advisor to determine the effect of the dividends received deduction on your ownership of our common stock. Subject to applicable limitations, dividends received by certain non-corporate U.S. Holders of common shares generally will be taxable at the reduced rate that otherwise applies to long-term capital gains. Non-corporate U.S. Holders should consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to be taxed at this favorable rate. Certain pro rata distributions of ordinary shares to all shareholders are not generally subject to U.S. federal income tax.

Instead of claiming a credit, a U.S. Holder may elect to deduct foreign taxes (including any Luxembourg taxes) in computing its taxable income, subject to generally applicable limitations. An election to deduct foreign taxes (instead of claiming foreign tax credits) applies to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States. The limitations on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex. Therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Taxation upon sale or other taxable disposition of common shares

A U.S. Holder will recognize U.S. source capital gain or loss on the sale or other disposition of common shares, which will be long-term capital gain or loss if the U.S. Holder has held such common shares for more than one year. The amount of the U.S. Holder's gain or loss will be equal to the difference between such U.S. Holder's tax basis in the common shares sold or otherwise disposed of and the amount realized on the sale or other disposition.

Controlled Foreign Corporation

The 2017 Tax Act eliminated the prohibition on “downward attribution” from non-U.S. persons to U.S. persons under Section 958(b)(4) of the Code for purposes of determining constructive stock ownership under the controlled foreign corporation (“CFC”) rules. As a result, our U.S. subsidiary will be deemed to own all of the stock of our non-U.S. subsidiaries held by the Company for CFC purposes. To the extent a non-U.S. subsidiary is treated as a CFC for any taxable year, each U.S. person treated as a “10% U.S. Shareholder” with respect to such CFC that held our common shares directly or indirectly through non-U.S. entities (including the Company) as of the last day in such taxable year that the subsidiary was a CFC would generally be required to include in gross income as ordinary income its pro rata share of certain income of the CFC, regardless of whether that income was actually distributed to such U.S. person. For tax years beginning on or after January 1, 2018, a “10% U.S. Shareholder” of a non-U.S. corporation includes any U.S. person that owns (or is treated as owning) stock of the non-U.S. corporation possessing 10% or more of the total voting power or total value of such non-U.S. corporation’s stock. The legislative history under the 2017 Tax Act indicates that this change was not intended to cause our non-U.S. subsidiaries to be treated as CFCs with respect to a 10% U.S. Shareholder that is not related to our U.S. subsidiary. However, it is not clear whether the IRS or a court would interpret the change made by the 2017 Tax Act in a manner consistent with such indicated intent.

Investors are strongly urged to consult their own tax advisors to determine whether their ownership of our common shares will cause them to become a 10% U.S. Shareholder and the impact of such a classification.

Passive foreign investment company rules

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

If we were treated as a PFIC for any taxable year during which a U.S. Holder held common shares, gain recognized by a U.S. Holder on a sale or other disposition of a common shares would be allocated ratably over the U.S. Holder's holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting tax liability. The same treatment would apply to any distribution in respect of common shares to the extent it exceeds 125% of the average of the annual distributions on common shares received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the common shares.

In addition, if we were treated as a PFIC in a taxable year in which we pay a dividend or in the prior taxable year, the reduced rate discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

Information reporting and backup withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless the U.S. Holder is a corporation or other exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display

As a foreign private issuer, we are subject to periodic reporting and other informational requirements of the Exchange Act as applicable. Accordingly, we are required to file reports, including this annual report on Form 20-F, and other information with the SEC. However, we are allowed four months to file our annual report with the SEC instead of approximately three, and we are not required to disclose certain detailed information regarding executive compensation that is required from United States domestic issuers. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently as companies that are not foreign private issuers whose securities are registered under the Exchange Act. Also, as a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing of proxy statements to shareholders, and our senior management, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

As a foreign private issuer, we are also exempt from the requirements of Regulation FD (Fair Disclosure) which, generally, are meant to ensure that select groups of investors are not privy to specific information about an issuer before other investors. We are, however, still subject to the anti-fraud and anti-manipulation rules of the SEC, such as Rule 10b-5. Since many of the disclosure obligations required of us as a foreign private issuer are different than those required by other United States domestic reporting companies, our shareholders, potential shareholders and the investing public in general should not expect to receive information about us in the same amount, and at the same time, as information is received from, or provided by, other United States domestic reporting companies. We are liable for violations of the rules and regulations of the SEC which do apply to us as a foreign private issuer.

You may review and copy the registration statement, reports and other information we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may also request copies of these documents upon payment of a duplicating fee by writing to the SEC.

For further information on the Public Reference Room, please call the SEC at 1-800-SEC-0330. Our SEC filings, including the registration statement, are also available to you on the SEC's website at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this annual report.

I. Subsidiaries Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our market risk exposure results primarily from concentration of credit risk, fluctuations in interest rates and foreign currency rates and inflation. We do not engage in trading of derivative instruments for speculative purposes.

Concentration of Credit and Other Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and bank balances, short-term investments and trade receivables. These financial instruments approximate fair value due to short-term maturities. We maintain our cash and bank balances and short-term investments with high credit quality financial institutions. Our investment portfolio is primarily comprised of time deposits and corporate and treasury bonds. We believe that our credit policies reflect normal industry terms and business risk. We do not anticipate non-performance by the counterparties and, accordingly, do not require collateral.

Trade receivables are generally dispersed across our clients in proportion to the revenues we generate from them. For the years ended December 31, 2018, 2017 and 2016, our top five clients accounted for 32.0%, 28.9% and 33.7%, respectively, of our net revenues. Our top client for the years ended December 31, 2018, 2017 and 2016, accounted for 11.3%, 10.2% and 9.7%, respectively. Our top client for 2018 and 2017 was Walt Disney Parks and Resorts Online; and Southwest Airlines Co. was our top client for 2016. As of December 31, 2018 and 2017, accounts receivable from Walt Disney Parks and Resorts Online represented 8.26% and 10.1% of our total accounts receivable, respectively; whereas accounts receivable from Southwest Airlines Co. in 2016, represented 9.9% of our total accounts receivable.

Credit losses and write-offs of trade receivable balances have historically not been material to our consolidated financial statements.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash and bank balances and our credit facilities. Our credit line in the United States bear interest at fixed rate of 1.75% and at variable rates from 1.78% at 2.8%, respectively. We do not use derivative financial instruments to hedge our risk of interest rate volatility.

Based on our debt position as of December 31, 2018, if we needed to refinance our existing debt, a 1% increase in interest rates would not materially impact us.

We have not been exposed to material risks due to changes in market interest rates. However, our future financial costs related to borrowings may increase and our financial income may decrease due to changes in market interest rates.

Foreign Exchange Risk

Our exchange rate risk arises in the ordinary course of our business primarily from our foreign currency expenses and, to a lesser extent, revenues. We are also exposed to exchange rate risk on the portion of our cash and bank balances, investments and trade receivables that is denominated in currencies other than the U.S. dollar and on other receivables, such as Argentine tax credits.

Our consolidated financial statements are prepared in U.S. dollars. Because the majority of our operations are conducted in Latin America and Asia, we incur the majority of our operating expenses and capital expenditures in non-U.S. dollar currencies, primarily the Argentine peso, Uruguayan peso, Colombian peso, Mexican peso, Indian rupees and Brazilian real. 85.6% of our revenues for the year ended December 31, 2018 was generated in U.S. dollars, with the balance being generated primarily in Euros and, to a lesser extent, other currencies (including the Argentine peso, the Colombian peso and the Mexican peso). The following table shows the breakdown of our revenues by the currencies in which they were generated during the years ended December 31, 2018, 2017 and 2016, respectively.

**Year ended December 31,
(in thousands)**

	2018		2017		2016	
By Currency						
USD	\$ 447,314	85.6%	\$ 354,824	85.8%	\$ 290,636	90.0%
EUR	30,087	5.8%	23,518	5.7%	12,060	3.7%
GBP	6,550	1.3%	4,107	1.0%	4,988	1.5%
ARS	20,651	4.0%	12,856	3.1%	9,948	3.1%
MXN	11,711	2.2%	6,942	1.7%	—	—%
Others	5,997	1.1%	11,192	2.7%	5,224	1.6%
Revenues	\$ 522,310	100.0%	\$ 413,439	100.0%	\$ 322,856	100.0%

A small percentage of our trade receivables is generated from net revenues earned in non-U.S. dollar currencies (primarily Euros, British pounds sterling, the Argentine peso, the Mexican peso, the Uruguayan peso and the Colombian peso).

Our results of operations can be affected if the Argentine peso, Colombian peso, Uruguayan peso, Mexican peso, Euros or British pound appreciate or depreciate against the U.S. dollar.

The following tables illustrate our 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, 2018 and adjusts their translation at the year-end for changes in U.S. dollars against the relevant foreign currency.

Account	Currency	Amount	% Increase	Gain/(loss)		Amount
				Amount	% Decrease	
Net balances	Argentine pesos	10,147	30%	(3,462)	10%	(587)
	Colombian pesos	(7,148)	10%	630	10%	(738)
	Indian rupees	492	10%	(47)	10%	46
	Total	3,491		(2,879)		(1,279)

The following sensitivity analysis includes costs incurred in foreign currencies during the year ended December 31, 2018 and adjusts their translation for the year ended December 31, 2018 for changes in U.S. dollars against the relevant foreign currencies.

Account	Currency	Amount	% Increase	Gain/(loss)		Amount
				Amount	% Decrease	
Costs	Argentine pesos	(127,599)	30%	29,446	10%	(12,760)
	Colombian pesos	(69,944)	10%	6,359	10%	(6,994)
	Indian rupees	(20,533)	10%	1,867	10%	(2,053)
	Total	(218,076)		37,672		(21,807)

The estimated effect in net income for the year ended December 31, 2018 due to a 30% increase in the U.S. dollar against the Argentine peso is a gain of \$26.0 million and such effect due to a 10% decrease in the U.S. dollar against the Argentine peso is a loss of \$13.3 million.

Depreciation of the Argentine Peso

During 2018, the Argentine peso experienced a 102.2% devaluation from 18.60 Argentine peso per U.S. dollar to 37.60 Argentine peso per U.S. dollar. As explained in note 28.9.4 to our audited consolidated financial statements, the Argentine's subsidiaries 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 costs and expenses.

During 2017 and 2016, the Argentine peso experienced a 17% and a 14% devaluation, respectively, from 15.84 and 13.910 Argentine peso per U.S. dollar to 18.60 and 15.84 Argentine peso per U.S. dollar, respectively.

We periodically evaluate the need for hedging strategies with our board of directors, including the use of such instruments to mitigate the effect of foreign exchange rate fluctuations. During the year ended December 31, 2018, our principal Argentine operating subsidiaries, Sistemas Globales S.A. and IAFH Global S.A., entered into foreign exchange forward contracts to reduce their risk of exposure to fluctuations in foreign currency. As of December 31, 2018 and 2017, the foreign exchange forward contracts were recognized, according to IFRS 9. We may in the future, as circumstances warrant, decide to enter into derivative transactions to reduce our exposure to appreciation or depreciation in the value of certain foreign currencies.

Wage Inflation Risk

Argentina has experienced significant levels of inflation in recent years. In November 2015, the INDEC suspended the publication of the CPI. According to the most recent publicly available information based on data from the Province of San Luis, the CPI grew by 31.4% in 2016. According to the most recent publicly available information based on data from the City of Buenos Aires, the CPI grew by 41.0% in 2016. After implementing certain methodological reforms and adjusting certain macroeconomic statistics based of these reforms, in June 2016 the INDEC resumed its publication of the CPI. According to the INDEC, Argentina's rate of inflation for May, June, July, August, September, October, November and December 2016 was 4.2%, 3.2%, 2.2%, 0.2%, 1.3%, 2.6%, 1.8% and 1.4%, respectively, 24.8% in 2017 and 47.6% in 2018, based on the CPI. See "Key Information — Risk Factors — Risks Related to Operating in Latin America — Argentina — Our results of operations may be adversely affected by high and possibly increasing inflation in Argentina." and "Key Information — Risk Factors — Risks Related to Operating in Latin America — Argentina — The credibility of several Argentine economic indexes has been called into question, which may lead to a lack of confidence in the Argentine economy and may in turn limit our ability to access the credit and capital markets." The impact of inflation on our salary costs, or wage inflation, and thus on our statement of profit or loss and other comprehensive income varies depending on the fluctuation in exchange rates between the Argentine peso and the U.S. dollar. In an environment where the Argentine peso is weakening against the U.S. dollar, the impact of wage inflation will be partially offset, whereas in an environment where the Argentine peso is strengthening against the U.S. dollar, the impact of wage inflation will be increased. As of December 31, 2018, approximately 34.1% of our employees were based in Argentina, where wages can be influenced by current inflation rates. Assuming a constant exchange rate and no ability to increase prices, for every 10.0% increase in wage inflation in Argentina we would experience an estimated decrease of approximately \$6.8 million in net income for the year.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

a) Disclosure Controls and Procedures

As of December 31, 2018, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, of the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that Company's disclosure controls and procedures were effective as of December 31, 2018.

b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer that: (i) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements for external reporting in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and (iii) provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedure may deteriorate. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of our internal control over financial reporting as of December 31, 2018. In making this assessment, our management used the criteria established in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment, our management has determined that our internal control over financial reporting was effective as of December 31, 2018.

Our management has excluded Small Footprint, which were acquired on October 15, 2018, from its assessment of internal control over financial reporting as of December 31, 2018. The financial statements of this entity constitute in aggregate 0.1% of our total consolidated assets and 0.4% of related consolidated revenues for the year ended December 31, 2018.

c) Attestation Report of the Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by Deloitte & Co. S.A., an independent registered public accounting firm, as stated in their report which is included below:



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Globant S.A. and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated March 22, 2019, expressed an unqualified opinion on those financial statements.

As described in *Management's Annual Report on Internal Control over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Small Footprint S.R.L., which was acquired on October 15, 2018 and whose financial statements constitute in aggregate 0.1% and 0.4% of net total assets and revenues, respectively of the consolidated financial statement amounts as of and for the year ended December 31, 2018. Accordingly, our audit did not include the internal control over financial reporting at Small Footprint S.R.L.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Deloitte & Co. S.A.

Autonomous City of Buenos Aires, Argentina

March 22, 2019

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte Touche Tomatsu Limited is a private Company limited by guarantee incorporated in England & Wales under Company number 07271800, and its registered office is Hill House, 1 Little new Street, London, EC4a, 3TR, United Kingdom.

d) Changes in internal control over financial reporting

As required by Rule 13a-15(d), under the Securities Exchange Act of 1934, as amended, our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the period covered since the last annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on this evaluation, it has been determined that there has been no change during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

See "Directors, Senior Management and Employees—Board Practices—Board Committees—Audit Committee." Our Board of Directors has determined that Mario Vázquez qualifies as an "audit committee financial expert" under applicable SEC rules.

ITEM 16B. CODE OF ETHICS.

Effective as of July 23, 2014, we adopted a code of business conduct and ethics which sets the guidelines and principles necessary for promoting and assuring good behavior within the organization. A copy of that code is available on our website at investors.globant.com/code-of-ethics. Any amendments to such code will be disclosed on our website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table provides information on the aggregate fees billed by our principal accountants, Deloitte & Co. S.A. and affiliates, classified by type of service rendered for the periods indicated, in thousands of dollars:

	2018	2017
	(\$ in thousands)	
Audit Fees ⁽¹⁾	1,137	928
Audit Related Fees ⁽²⁾	133	6
Others ⁽³⁾	—	19
Total	1,270	953

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

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

(3) "Others" includes other fees billed that do not apply to the other type of classifications included above.

Audit Committee Approval Policies and Procedure

In accordance with the audit committee's charter, all fees and retention terms relating to audit and non-audit services performed by our independent auditors must be pre-approved by the audit committee. The audit committee makes annual recommendations to the general meeting of shareholders of the company regarding the appointment, replacement, base compensation, evaluation and oversight of the work of the independent auditors to be retained to audit the annual financial statements of the company and review the quarterly financial statements of the company.

The audit committee oversees the relationship with the independent auditors, including discussing with the auditors the planning and staffing of the audit and the nature and rigor of the audit process, receiving and reviewing audit reports, reviewing with the auditors any problems or difficulties the auditors may have encountered in carrying out their responsibilities and any board of directors' letters provided by the auditors and the company's response to such letters, and providing the auditors full access to the audit committee and the board of directors to report on all appropriate matters.

The audit committee provides oversight of the company's auditing, accounting and financial reporting principles, policies, controls, procedures and practices, and reviews significant changes to the foregoing as suggested by the independent auditors, internal auditors or the board of directors.

The audit committee approved all of the services described above and determined that the provision of such services is compatible with maintaining the independence of Deloitte & Co. S.A. and affiliates.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE.

Corporate Governance Practices

Our corporate governance practices are governed by Luxembourg law (particularly the law of August 10th, 1915 on commercial companies as amended) and our articles of association.

The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the "Ten Principles") include: (1) mandatory principles, (2) "comply or explain" recommendations and (3) non-binding guidelines. As of the date of this Annual Report, we comply with the mandatory principles in all respects. In certain instances, we have elected to not comply with certain of the recommendations because we comply with similar corporate governance rules of the NYSE as further set out in the following paragraphs, or, other procedures which we have determined to be sufficient.

As a Luxembourg company listed on the NYSE, we are not required to comply with all of the corporate governance listing standards of the NYSE for U.S. listed companies. We, however, believe that our corporate governance practices meet or exceed, in all material respects, the corporate governance standards that are generally required by the NYSE for U.S. listed companies. Below is a summary of the significant ways that our corporate governance practices differ from the corporate governance standards required for listed U.S. companies by the NYSE (provided that our corporate governance practices may differ in non-material ways from the standards required by the NYSE that are not detailed here).

Majority of Independent Directors

Under NYSE standards, U.S. listed companies must have a majority of independent directors. There is no legal obligation under Luxembourg law to have a majority of independent directors on the board of directors; however, the Ten Principles recommend that the board of directors includes an appropriate number of independent directors.

Non-management Directors' Meetings

Under NYSE standards, non-management directors must meet at regularly scheduled executive sessions without management present and, if such group includes directors who are not independent, a meeting should be scheduled once per year including only independent directors. Luxembourg law does not require holding of such meetings. For additional information, see "Directors, Senior Management and Employees—Directors and Senior Management."

Audit Committee

Under NYSE standards, listed U.S. companies are required to have an audit committee composed of independent directors that satisfies the requirements of Rule 10A-3 promulgated under the Exchange Act of 1934. Luxembourg law also provides for an audit committee and related rules. Our articles of association provide that the board of directors may set up an audit committee. The board of directors has set up an Audit Committee and has appointed Messrs. Odeen and Vázquez, and Ms. Rottenberg, with Mr. Vázquez serving as the chairman of our audit committee. Each of Messrs. Odeen and Vázquez, and Ms. Rottenberg satisfies the "independence" requirements within the meaning of Section 303A of the corporate governance rules of the NYSE as well as under Rule 10A-3 under the Exchange Act. For additional information, see "Directors, Senior Management and Employees—Board Practices".

Under NYSE standards, all audit committee members of listed U.S. companies are required to be financially literate or must acquire such financial knowledge within a reasonable period and at least one of its members shall have experience in accounting or financial administration. In addition, if a member of the audit committee is simultaneously a member of the audit committee of more than three public companies, and the listed company does not limit the number of audit committees on which its members may serve, then in each case the board must determine whether the simultaneous service would prevent such member from effectively serving on the listed company's audit committee and shall publicly disclose its decision. Under Luxembourg law, at least one member of the audit committee must be financially literate and the committee members as a whole shall have competence relevant to the sector in which the company is operating.

Standards for Evaluating Director Independence

Under NYSE standards, the board is required, on a case by case basis, to express an opinion with regard to the independence or lack of independence of each individual director. Neither Luxembourg law nor our articles of association require the board to express such an opinion; however, to be considered independent under the so called "Ten Principles" of the Luxembourg Stock Exchange, a director must not be or have been in the previous five years, an executive or managing director or an employee; not receive, or have received, significant additional remuneration from the company or an associated company apart from a fee received as non-executive or supervisory director (including share option or any other performance-related pay scheme), must not be, or have been within the last three years, a partner or employee of the present or former external auditor of the company or an associated company, nor have any significant business relationship with the company, close family relationship with any executive manager or any other relationship with the company, its controlling shareholders or executive managers which is liable to impair the independence of the director's judgment. Finally, to be considered independent under the Ten Principles, a director must not have served on the board as a non-executive director for more than 12 years.

Audit Committee Responsibilities

The NYSE requires certain matters to be set forth in the audit committee charter of U.S. listed companies. Our audit committee charter provides for many of the responsibilities that are expected from such bodies under the NYSE standard; however, the charter does not contain all such responsibilities, including provisions related to setting hiring policies for employees or former employees of independent auditors.

Corporate Governance and Nominating Committee

The NYSE requires that a listed U.S. company has a corporate governance and nominating committee of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee.

The board of directors has set up corporate governance and nominating committee and has appointed Messrs. Galperin, Odeen and Vázquez, with Mr. Vázquez serving as chairman of our corporate governance and nominating committee. Each of Messrs. Galperin, Vázquez and Odeen satisfies the "independence" requirements within the meaning of Section 303A of the corporate governance rules of the NYSE. For additional information, see "Directors, Senior Management and Employees—Board Practices".

Compensation Committee

The NYSE requires that a listed U.S. company have a compensation committee of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee.

The current members of our compensation committee are Messrs. Vázquez, Odeen and Galperin, with Mr. Vázquez serving as chairman. Each of Messrs. Vázquez, Odeen and Galperin satisfies the "independence" requirements within the meaning of Section 303A of the corporate governance rules of the NYSE. For additional information, see "Directors, Senior Management and Employees—Board Practices".

Shareholder Voting on Equity Compensation Plans

Under NYSE standards, shareholders of U.S. listed companies must be given the opportunity to vote on equity compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans. Neither Luxembourg corporate law nor our articles of incorporation require shareholder approval of equity based compensation plans. Luxembourg law only requires approval of the board of directors for the adoption of equity based compensation plans.

The Ten Principles recommend that the criteria for compensation of the executive management in whichever form be subject to the approval of the shareholders. However, as permitted by the Ten Principles, we have decided that the approval of our compensation committee, which is comprised of independent members, is sufficient to set the compensation criteria for our executive management team and that it is not necessary to seek approval from our shareholders for such matters. We believe that the members of our compensation committee have a strong understanding of the achievements and failures of each executive because the compensation committee monitors the performance of executive management as part of the responsibilities delegated to it by our board of directors and shareholders.

Code of Business Conduct and Ethics

Under NYSE standards, listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Effective as of July 23, 2014 we adopted a code of business conduct and ethics applicable to our principal executive, financial and accounting officers and all persons performing similar functions. A copy of that code is available on our website at www.globant.com.

Chief Executive Officer Certification

A chief executive officer of a U.S. company listed on NYSE must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards. In accordance with NYSE rules applicable to foreign private issuers, our chief executive officer is not required to provide NYSE with this annual compliance certification. However, in accordance with NYSE rules applicable to all listed companies, our chief executive officer must promptly notify NYSE in writing after any of our executive officers becomes aware of any noncompliance with any applicable provision of NYSE's corporate governance standards. In addition, we must submit an executed written affirmation annually and an interim written affirmation each time a change occurs to the board or the audit committee.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

PART III.

ITEM 17. FINANCIAL STATEMENTS.

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS.

Our Consolidated Financial Statements are included at the end of this annual report.

ITEM 19. EXHIBITS.

The following exhibits are filed or incorporated by reference as part of this annual report:

Exhibit No.	Description
1.1	Amended and Restated Articles of Association, dated January 22, 2019
2.1	Form of Registration Rights Agreement; incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841), filed with the SEC on July 15, 2014
4.1	Lease, dated May 31, 2010, by and between Laminar S.A. de Inversiones Inmobiliarias and Sistemas Globales S.A.; incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841), filed with the SEC on August 27, 2013
4.2	Globant S.A. 2014 Equity Incentive Plan; incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841), filed with the SEC on May 28, 2014
4.3	Amendment No. 1 to the Globant S.A. 2014 Equity Incentive Plan; incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 (SEC File No. 333-211835), filed with the SEC on June 3, 2016
4.4	Form of Nonstatutory Stock Option Notice; incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841), filed with the SEC on May 28, 2014
4.5	Form of Nonstatutory Stock Option Notice — International; incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841), filed with the SEC on May 28, 2014
4.6	Equityholders Additional Agreement, dated May 7, 2012, by and among Paldwick S.A., Martín Migoya, Martín Gonzalo Umanan, Néstor Augusto Nocetti, Guibert Andrés Englebienne, Riverwood Capital LLC, RW Holdings S.à. r.l., ITO Holdings S.à. r.l., Endeavor Global, Inc. and IT Outsourcing S.L.; incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-190841), filed with the SEC on May 28, 2014
4.7	Credit Agreement, dated August 3, 2017, by and among Globant, LLC, as borrower, certain financial institutions party thereto, as lenders, and HSBC Bank USA, N.A., as administrative agent; incorporated by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 20-F (SEC File No. 001-36535), filed with the SEC on April 13, 2018
4.8	Guaranty, dated August 3, 2017, made by Globant S.A. (Luxembourg) in favor of HSBC Bank USA, N.A., as administrative agent; incorporated by reference to Exhibit 4.8 to the Registrant's Annual Report on Form 20-F (SEC File No. 001-36535), filed with the SEC on April 13, 2018
4.9	Guaranty, dated August 3, 2017, made by Globant, S.A. (Spain) in favor of HSBC Bank USA, N.A., as administrative agent; incorporated by reference to Exhibit 4.9 to the Registrant's Annual Report on Form 20-F (SEC File No. 001-36535), filed with the SEC on April 13, 2018
4.10	Security Agreement, dated August 3, 2017, by and between Globant, LLC, as grantor and HSBC Bank USA, N.A., as administrative agent; incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 20-F (SEC File No. 001-36535), filed with the SEC on April 13, 2018
4.11	Amended and Restated Credit Agreement, dated November 1, 2018, by and among Globant, LLC, as borrower, certain financial institutions party thereto, as lenders, and HSBC Bank USA, N.A., as administrative agent, issuing bank and swingline lender; incorporated by reference to Exhibit 99.1 to the Registrant's Report of Foreign Private Issuer on Form 6-K (SEC File No. 001-36535), furnished to the SEC on November 2, 2018.
4.12	Share Purchase Agreement, dated January 17, 2019, by and among the sellers identified therein and Globant España S.A. (<i>sociedad unipersonal</i>), as purchaser.
8.1	List of Subsidiaries
12.1	Certification of Martín Migoya, Chief Executive Officer of Globant S.A., pursuant to Section 302 of the Sarbanes Oxley Act of 2002
12.2	Certification of Juan Urthiague, Chief Financial Officer of Globant, S.A., pursuant to Section 302 of the Sarbanes Oxley Act of 2002
13.1	Certification of Martín Migoya, Chief Executive Officer of Globant S.A., pursuant to Section 906 of the Sarbanes Oxley Act of 2002
13.2	Certification of Juan Urthiague, Chief Financial Officer of Globant, S.A., pursuant to Section 906 of the Sarbanes Oxley Act of 2002
15.1	Consent of Deloitte & Co. S.A.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: March 29, 2019

GLOBANT S.A.

By: /s/ Juan Ignacio Urthiague

Name: Juan Ignacio Urthiague
Title: Chief Financial Officer

GLOBANT S.A.
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Globant S.A.

Consolidated Financial Statements as of
December 31, 2018 and 2017 and for each of
the three years in the period ended December
31, 2018

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Globant S.A. and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 22, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

/s/ Deloitte & Co. S.A.

Autonomous City of Buenos Aires, Argentina

March 22, 2019

We have served as the Company's auditor since 2009.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte Touche Tomatsu Limited is a private Company limited by guarantee incorporated in England & Wales under Company number 07271800, and its registered office is Hill House, 1 Little new Street, London, EC4a, 3TR, United Kingdom.

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

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

	Notes	For the year ended December 31,		
		2018	2017	2016
Revenues ⁽¹⁾	5	522,310	413,439	322,856
Cost of revenues ^{(2) (4)}	6.1	(318,554)	(263,171)	(191,395)
Gross profit		203,756	150,268	131,461
Selling, general and administrative expenses ^{(3) (4)}	6.2	(133,187)	(110,813)	(80,961)
Net impairment losses on financial assets ⁽⁵⁾		(3,469)	(1,581)	(928)
Other operating expense, net ⁽⁶⁾		(306)	(4,708)	—
Profit from operations		66,794	33,166	49,572
Finance income	7	11,418	7,956	16,215
Finance expense	7	(16,968)	(11,036)	(19,227)
Finance expense, net		(5,550)	(3,080)	(3,012)
Other income, net ⁽⁷⁾		6,220	8,458	3,629
Profit before income tax		67,464	38,544	50,189
Income tax	8.1	(15,868)	(8,081)	(14,327)
Net income for the year		51,596	30,463	35,862
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit and loss:				
- Exchange differences on translating foreign operations		(871)	(265)	1,103
- Net change in fair value on financial assets measured at FVOCI		(12)	(27)	(52)
Total comprehensive income for the year		50,713	30,171	36,913
Net income attributable to:				
Owners of the Company		51,677	30,539	35,876
Non-controlling interest		(81)	(76)	(14)
Net income for the year		51,596	30,463	35,862
Total comprehensive income for the year attributable to:				
Owners of the Company		50,794	30,247	36,927
Non-controlling interest		(81)	(76)	(14)
Total comprehensive income for the year		50,713	30,171	36,913

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

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

	Notes	For the year ended December 31,		
		2018	2017	2016
Earnings per share				
Basic	9	1.45	0.87	1.04
Diluted	9	1.41	0.84	1.01
Weighted average of outstanding shares (in thousands)				
Basic	9	35,746	34,919	34,402
Diluted	9	36,685	36,094	35,413

- (1) Includes transactions with related parties for 5,937, 5,590 and 6,462 for 2018, 2017 and 2016, respectively. See note 22.1.
- (2) Includes depreciation and amortization expense of 4,022, 4,339 and 4,281 for 2018, 2017 and 2016, respectively. See note 6.1.
- (3) Includes depreciation and amortization expense of 16,521, 11,789 and 6,637 for 2018, 2017 and 2016, respectively. See note 6.2.
- (4) Includes share-based compensation expense of 4,248, 5,666 and 917 under cost of revenues; and 8,665, 8,798 and 2,703 under selling, general and administrative expenses for 2018, 2017 and 2016, respectively. See note 6.
- (5) Includes a loss of 3,421, a gain of 5 and a loss of 928 on impairment of trade receivables for 2018, 2017 and 2016, respectively (see note 11). Includes an impairment of tax credits of 48 and 1,586 for 2018 and 2017, respectively (see note 4.4).
- (6) Includes an impairment of intangibles assets of 306 (note 4.7) and 4,708 (note 4.11) for 2018 and 2017, respectively.
- (7) Includes as of December 31, 2018, 2017 and 2016 a gain of 6,700, 6,735 and 418 on remeasurement of the contingent consideration of Pointsource, Clarice, L4, WAE and Ratio explained in note 28.9.1 and the gain of 1,611, 1,727 and 2,981 related to the remeasurement at fair value of the call and put option over non-controlling interest explained in note 28.9.2, and the derecognition of the call option over non-controlling interest of 455 explained in note 24.3. In 2018 includes the loss of 1,038 related to the settlement agreed with WAE former owners (note 28.9.1) In 2016 includes the gain of 225 related to the bargain business combination of Difier S.A. explained in note 24.5. In 2018 includes the impairment of the investment in Colloquia of 800 explained in note 10.2.

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, 2018 AND 2017
(in thousands of U.S. dollars)

	Notes	As of December 31,	
		2018	2017
ASSETS			
Current assets			
Cash and cash equivalents		77,606	52,525
Investments	10.1	8,635	8,147
Trade receivables ⁽¹⁾	11	110,898	80,078
Other receivables	12	15,341	14,357
Other financial assets ⁽²⁾		550	873
Total current assets		213,030	155,980
Non-current assets			
Investments	10.1	527	—
Other receivables	12	34,197	31,736
Deferred tax assets	8.2	16,916	13,186
Investment in associates	10.2	4,000	1,550
Other financial assets ⁽³⁾		345	555
Property and equipment	13	51,460	43,879
Intangible assets	14	11,778	11,365
Goodwill	15	104,846	98,926
Total non-current assets		224,069	201,197
TOTAL ASSETS		437,099	357,177
LIABILITIES			
Current liabilities			
Trade payables	16	17,578	11,640
Payroll and social security taxes payable	17	58,535	40,472
Borrowings	18	—	6,011
Other financial liabilities ⁽⁴⁾		9,347	10,664
Tax liabilities	19	7,399	5,253
Other liabilities		44	20
Total current liabilities		92,903	74,060
Non-current liabilities			
Other financial liabilities	24.10	3,418	18,574
Provisions for contingencies	20	2,862	1,179
Total non-current liabilities		6,280	19,753
TOTAL LIABILITIES		99,183	93,813
Capital and reserves			
Issued capital		43,158	42,271
Additional paid-in capital		109,559	86,728
Other reserves		(2,136)	(1,253)
Retained earnings		187,335	135,658
Total equity attributable to owners of the Company		337,916	263,404
Non-controlling interests		—	(40)
Total equity		337,916	263,364
TOTAL EQUITY AND LIABILITIES		437,099	357,177

(1) Includes balances due from related parties of 993 and 463 as of December 31, 2018 and 2017, respectively. See note 22.1.

(2) Includes convertible notes of 106 (note 22.2) as of December 31, 2018, the fair value of foreign exchange forward contracts of 44 and 73 as of December 31, 2018 and 2017, respectively (note 28.9.4) and a financial asset related to the acquisition of Clarice of 400 and 800 as of December 31, 2018 and 2017, respectively (note 24.2).

GLOBANT S.A.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2018 AND 2017
(in thousands of U.S. dollars)

- (3) Includes 345 of guarantee payments related to the future lease of a property under construction as of December 31, 2018. Includes convertible notes of 100 (note 22.2) and the fair value of the call option on minority interest of 455 as of December 31, 2017 (note 24.3).
- (4) Includes other financial liabilities related to business combinations of 9,335 and 10,664 as of December 31, 2018 and 2017, respectively (note 24.10) and the fair value of foreign exchange forward contracts of 12 as of December 31, 2018 (note 28.9.4).

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, 2018, 2017 AND 2016

(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, 2016	34,208,406	41,050	51,854	69,243	(2,064)	52	160,135	50	160,185
Issuance of shares under share-based compensation plan (see note 30.1)	258,915	311	1,867	—	—	—	2,178	—	2,178
Issuance of shares for payments of Huddle minority interest (note 30.1)	11,213	13	292	—	—	—	305	—	305
Issuance of shares under subscription agreement (see note 30.1)	169,109	202	6,218	—	—	—	6,420	—	6,420
Share-based compensation plan (see note 23)	—	—	2,559	—	—	—	2,559	—	2,559
Other comprehensive income (loss) for the year	—	—	—	—	1,103	(52)	1,051	—	1,051
Net income for the year	—	—	—	35,876	—	—	35,876	(14)	35,862
Balance at December 31, 2016	34,647,643	41,576	62,790	105,119	(961)	—	208,524	36	208,560

	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
Issuance of shares under share-based compensation plan (see note 30.1)	425,640	511	7,926	—	—	—	8,437	—	8,437
Issuance of shares under subscription agreement (see note 30.1)	153,481	184	5,511	—	—	—	5,695	—	5,695
Share-based compensation plan (see note 23)	—	—	10,501	—	—	—	10,501	—	10,501
Other comprehensive income for the year	—	—	—	—	(265)	(27)	(292)	—	(292)
Net income for the year	—	—	—	30,539	—	—	30,539	(76)	30,463
Balance at December 31, 2017	35,226,764	42,271	86,728	135,658	(1,226)	(27)	263,404	(40)	263,364

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(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 30.1)	674,901	810	8,275	—	—	—	9,085	—	9,085
Issuance of shares under subscription agreement (see note 30.1)	63,997	77	3,140	—	—	—	3,217	—	3,217
Share-based compensation plan (see note 23)	—	—	11,537	—	—	—	11,537	—	11,537
Other comprehensive income for the year	—	—	—	—	(871)	(12)	(883)	—	(883)
Acquisition of non-controlling interest (see note 24)	—	—	(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

(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, 2018, 2017 AND 2016
(in thousands of U.S. dollars)

	For the year ended December 31,		
	2018	2017	2016
Cash flows from operating activities			
Net income for the year	51,596	30,463	35,862
Adjustments to reconcile net income for the year to net cash flows from operating activities:			
Share-based compensation expense (note 23)	10,551	12,865	3,620
Current income tax (note 8.1)	23,324	14,053	15,057
Deferred income tax (note 8.1)	(7,456)	(5,972)	(730)
Depreciation of property and equipment	11,230	9,053	6,290
Amortization of intangible assets	9,313	7,075	4,628
Impairment of intangible assets (note 4.7 and 4.11)	306	4,708	—
Net impairment losses on financial assets	3,469	1,581	928
Impairment of investments in associates (note 10.1)	800	—	—
Allowance for claims and lawsuits (note 20)	2,070	527	999
Gain on remeasurement of contingent consideration (note 28.9.1)	(6,700)	(6,735)	(418)
Gain from bargain business combination (note 24.5)	—	—	(225)
Net gain on remeasurement of valuation of call and put option over non-controlling interest and on derecognition of the call option (note 28.9.2)	(1,156)	(1,726)	(2,981)
Accrued interest	270	404	757
Interest received	401	—	—
Net gain arising on financial assets measured at FVPL (note 7)	(2,763)	(303)	(653)
Net gain arising on financial assets measured at FVOCI (note 7)	(258)	(240)	(6,325)
Exchange differences	6,989	2,645	5,959
Changes in working capital:			
Net increase in trade receivables	(36,356)	(25,599)	(5,847)
Net (increase) decrease in other receivables	(10,559)	1,240	(17,067)
Net increase (decrease) in trade payables	2,479	4,341	(1,219)
Net increase in payroll and social security taxes payable	21,885	7,576	3,316
Net increase (decrease) in tax liabilities	939	(700)	(1,846)
Net increase in other liabilities	—	—	(9)
Utilization of provision for contingencies (note 20)	(222)	(1,320)	(400)
Cash provided by operating activities	80,152	53,936	39,696
Income tax paid	(12,955)	(11,383)	(8,216)
Proceeds received from reimbursement of income tax	—	436	—
Net cash provided by operating activities	67,197	42,989	31,480
Cash flows from investing activities			
Acquisition of property and equipment ⁽²⁾	(19,171)	(19,605)	(17,660)
Proceeds from disposals of property and equipment	149	468	50
Acquisition of intangible assets ⁽³⁾	(9,711)	(8,447)	(6,374)
Proceeds (payments) related to forward and future contracts	2,382	(579)	(1,126)
Acquisition of investments measured at FVTPL	(99,482)	(137,788)	(220,391)
Proceeds from investments measured at FVTPL	103,083	140,144	222,759
Acquisition of investments measured at FVOCI	(39,435)	(13,824)	(201,931)
Proceeds from investments measured at FVOCI	35,340	13,176	219,924
Acquisition of investments measured at amortised cost	(527)	—	—
Guarantee payments	(345)	—	—
Payments to acquire investments in associates	(3,250)	(469)	(500)
Acquisition of business, net of cash (note 24) ⁽¹⁾	(4,137)	(19,149)	(16,584)
Payments of earn-outs related to acquisition of business	(11,013)	(11,461)	(6,166)
Net cash used in investing activities	(46,117)	(57,534)	(27,999)

GLOBANT S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(in thousands of U.S. dollars)

	For the year ended December 31,		
	2018	2017	2016
Cash flows from financing activities			
Proceeds from the issuance of shares under the share-based compensation plan (note 30.1)	7,040	5,296	1,863
Proceeds from subscription agreements (note 30.1)	3,217	5,695	6,420
Proceeds from borrowings (note 26)	—	22,000	—
Repayment of borrowings (note 26)	(6,004)	(16,198)	(543)
Convertible notes (note 22.2)	—	(100)	—
Cash provided by financing activities	4,253	16,693	7,740
Interest paid (note 26)	(159)	(95)	(41)
Net cash provided by financing activities	4,094	16,598	7,699
Effect of exchange rate changes on cash and cash equivalents	(93)	(60)	2,632
Increase in cash and cash equivalents	25,081	1,993	13,812
Cash and cash equivalents at beginning of the year	52,525	50,532	36,720
Cash and cash equivalents at end of the year	77,606	52,525	50,532

(1) Cash paid for assets acquired and liabilities assumed in the acquisition of subsidiaries (note 24):

Supplemental information			
Cash paid	4,328	21,300	19,525
Less: cash and cash equivalents acquired	(191)	(2,151)	(2,941)
Total consideration paid net of cash and cash equivalents acquired	4,137	19,149	16,584

(2) In 2018, 2017 and 2016, there were 4,316, 1,264 and 478 of acquisition of property and equipment financed with trade payables, respectively. In 2018, 2017 and 2016, the Company paid 1,264, 478 and 26 related to property and equipment acquired in 2017, 2016 and 2015, respectively. Finally, in 2018, 2017 and 2016 included 3,301, 2,861 and 2,198 of advances paid.

(3) In 2018, 2017 and 2016 there were 217, 344 and 7 of acquisition of intangibles financed with trade payables, respectively. In 2018, 2017 and 2016, the Company paid 344, 7 and 439 related to intangibles acquired in 2017, 2016 and 2015, respectively.

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

GLOBANT S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018 and 2017 and for the three years in the period ended December 31, 2018

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

NOTE 1 – COMPANY OVERVIEW AND BASIS OF PRESENTATION

Globant S.A. is a company organized in the Grand Duchy of Luxembourg, primarily engaged in building digital journeys that matter to millions of users through its subsidiaries (hereinafter the “Company” or “Globant Lux” or “Globant Group”). The Company specializes in providing innovative software solutions services by leveraging emerging technologies and trends.

The Company's principal operating subsidiaries and countries of incorporation as of December 31, 2018 were the following: Sistemas UK Limited and We are London Limited in the United Kingdom, Globant LLC in the United States of America (the “U.S.”), Sistemas Globales S.A., IAFH Global S.A. and Dynaflows S.A. in Argentina, Sistemas Colombia S.A.S. in Colombia, Global Systems Outsourcing S.R.L. de C.V. in Mexico, Sistemas Globales Uruguay S.A. and Difer S.A. in Uruguay, Globant Brasil Consultoria Ltda. in Brazil; Sistemas Globales Chile Asesorias Limitada in Chile, Globant Peru S.A.C. in Peru, Globant India Private Limited in India, Globant Bel LLC in Belarus, Small Footprint S.R.L. in Romania and Software Product Creation S.L. in Spain.

The Globant Group provides services from development and delivery centers located in United States (San Francisco, New York, Seattle, Raleigh, Chicago and Dallas), Argentina (Buenos Aires, Tandil, Rosario, Tucumán, Córdoba, Resistencia, Bahía Blanca, Mendoza, Mar del Plata and La Plata), Uruguay (Montevideo), Colombia (Bogotá and Medellín), Brazil (São Paulo), Peru (Lima), Chile (Santiago), México (México City), India (Pune and Bangalore), Spain (Madrid), Belarus (Minsk), Romania (Cluj) and United Kingdom (London) and it 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) and the United Kingdom (London). The Company also has centers of software engineering talent and educational excellence, primarily across Latin America.

Substantially all revenues are generated in the U.S. and United Kingdom through subsidiaries located in those countries. The Company’s workforce is mainly located in Latin America and to a lesser extent in India and U.S.

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

NOTE 2 – BASIS OF PREPARATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 – Application of new and revised International Financial Reporting Standards

- **Adoption of new and revised standards**

The Company has adopted all of the new and revised standards and interpretations issued by the IASB that are relevant to its operations and that are mandatorily effective at December 31, 2018. The impact of the new and revised standards and interpretations mentioned on these consolidated financial statements is described as follows.

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The Company has initially adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018. The impact of the adoption of other standards and interpretations issued by the IASB that are mandatorily effective at December 31, 2018 is not material and consequently is not described.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial instruments: Recognition and Measurement*. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI); or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL:

- 1) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial asset as at January 1, 2018.

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	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Investments		
Mutual funds	Held for trading	FVTPL
LEBACs ⁽¹⁾	Available for sale	FVOCI
Other financial assets		
Foreign exchange forwards and future contracts	Held for trading	FVTPL
Financial assets related to business combinations	FVTPL	FVTPL
Convertible notes	Loans and receivables	Amortised cost
Call option on minority interest	FVTPL	FVTPL

- (1) LEBACs were initially classified as held-to-maturity investments (HTM). Under IAS 39, HTM were measured at amortised cost using the effective interest method, less any impairment. However, during December, 2015, the Company sold some of those LEBACs and consequently, changed the classification of the remaining LEBACs to Available-for-sale investments, since it was not permitted to classify investments as held-to-maturity in accordance with IAS 39. Changes in the carrying amount of AFS financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method were recognised in profit or loss. Other changes in the carrying amount of AFS financial assets were recognised in other comprehensive income. Consequently, under IFRS 9 LEBACs continue to be measured on the same basis than it was under IAS 39.

All financial assets and financial liabilities continue to be measured on the same basis as is previously adopted under IAS 39.

Additionally, IFRS 9 replaces the 'incurred loss' model in IAS 39, with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company's financial assets that are subject to IFRS 9's new expected credit loss model are: cash and cash equivalents, trade receivables, other receivables, convertible notes and other financial assets related to business combinations. However, the change in the impairment methodology under IFRS 9 did not have a material impact on the Company's consolidated financial statements. Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss. As a result, for the years ended December 31, 2017 and 2016, the Company reclassified an impairment gain that amounted to 5 and a loss of 928, respectively, recognised under IAS 39, from Selling, general and administrative expenses and an impairment loss of 1,586 as of December 31, 2017 from Impairment of tax credits, to Net impairment (losses) gain on financial assets in the statement of profit or loss and other comprehensive income.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, however, as per the management of the Company's assessment, no effect had to be recognised at January 1, 2018. The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's services are set out below.

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Under IFRS 15, an entity recognises revenue when or as performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Company's services are mainly performed under both time-and-material and fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognised as services are performed with the corresponding cost of providing those services reflected as cost of revenues when incurred. The majority of such revenues are billed on an hourly, daily or monthly basis whereby actual time is charged directly to the client. The Company's performance obligations are the hours performed. The Company has assessed that these performance obligations are satisfied over time and that the method currently used to measure the progress towards complete satisfaction of these performance obligations continue to be appropriate under IFRS 15.

The Company recognises revenues from fixed-price contracts in the accounting periods in which services are rendered as described in note 3.3. The Company has assessed that these performance obligations are satisfied over time, 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. Accordingly, the methods used to measure the progress towards complete satisfaction of these performance obligations are appropriate under IFRS 15.

• **New accounting pronouncements**

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

IFRS 16	<i>Leases¹</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments³</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendment to IAS 28	<i>Long-term Interests in Associates and Joint Ventures³</i>
Amendment to IFRS 9	<i>Prepayment Features with Negative Compensation³</i>
Amendments to IFRS 3 and 11 and IAS 12 and 23	<i>Annual improvements 2015-2017 Cycle⁴</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement³</i>
Amendments to References to the Conceptual Framework in IFRS Standards ⁴	
Amendment to IFRS 3	<i>Definition of a business⁵</i>
Amendment to IAS 1 and IAS 8	<i>Definition of material⁶</i>

¹ Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied.

² Effective date deferred indefinitely.

³ Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.

⁴ Effective for annual periods beginning on or after January 1, 2019.

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⁵ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

⁶ Effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

- On January 13, 2016, the IASB issued the IFRS 16 which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, with the distinction between operating and finance leases removed, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value to be accounted for by simply recognizing an expense, typically straight line, over the lease term. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 supersedes IAS 17 and related interpretations. Furthermore, extensive disclosures are required by IFRS 16. As of December 31, 2018, the Company has non-cancellable operating lease commitments of \$55,222 for office space and office equipment. IAS 17 does not require the recognition of any right-of-use or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in note 27. If these arrangements meet the definition of a lease under IFRS 16, the Company will recognize a right-of-use asset and a liability in respect of them unless they qualify of a low value or short-term leases upon the application of IFRS 16. In contrast, for finance leases where the Company is a lessee, the Company recognizes an asset and a related finance lease liability for the lease arrangement. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application being permitted if IFRS 15 has also been applied. The Company has not opted for early application.

The most significant impact is that the Company recognizes new assets and liabilities for its operating leases of offices and delivery and development centers.

The Company will apply the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases under IAS 17 and IFRIC 4.

The lessee applies the election consistently to all of its leases.

The Company will apply IFRS 16 initially on January 1, 2019. The Company has elected the practical expedient to not restate comparative information, and will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings at January 1, 2019. Based on a preliminary assessment, the Company expects to recognise a right-of-use asset of 46,865, the corresponding liability of 48,547 and an adjustment to retained earnings of 1,682 at January 1, 2019, related to lease arrangements other than short-term leases and leases of low-value assets.

- On June 7, 2017, the IASB published IFRIC 23 "Uncertainty over Income Tax Treatments", which was developed by the IFRS Interpretations Committee to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation specifically considers:
 - Whether tax treatments should be considered collectively.
 - Assumptions for taxation authorities' examinations.
 - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
 - The effect of changes in facts and circumstances.

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The interpretation is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted. The Company has not opted for early application. The application of this interpretation did not have a material impact on the Company's Financial Statements.

- On September 11, 2014, the IASB issued amendments to IFRS 10 and IAS 28. These amendments clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
 - require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
 - require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. On December 17, 2015 the IASB issued an amendment that defers the effective date of the September 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded. Earlier application of the September 2014 amendments continues to be permitted.

- On October 12, 2017 the IASB published the amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are to be applied retrospectively but they provide transition requirements similar to those in IFRS 9 for entities that apply the amendments after they first apply IFRS 9. They also include relief from restating prior periods for entities electing, in accordance with IFRS 4 Insurance Contracts, to apply the temporary exemption from IFRS 9. Full retrospective application is permitted if that is possible without the use of hind sight.

The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted. The Company has not opted for early application. The application of this amendment did not have a material impact on the Company's Financial Statements.

- On October 12, 2017 the IASB published the amendment to IFRS 9 "Prepayment Features with Negative Compensation". This amendment modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

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The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted. The Company has not opted for early application. The application of this amendment did not have a material impact on the Company's Financial Statements.

- On December 12, 2017, the IASB issued amendments to the following standards as result of the IASB's annual improvements 2015-2017 project:
 - IFRS 3 (Business combinations): clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
 - IFRS 11 (Joint arrangements): clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
 - IAS 12 (Income tax): clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
 - IAS 23 (Borrowing costs): clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The management of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements. The amendments are all effective for annual periods beginning on or after January 1, 2019.

- On February 7, 2018, the IASB published the following amendments to IAS 19 "Plan Amendment, Curtailment or Settlement":
 - If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
 - In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. The Company has not opted for earlier application. The application of this amendment did not have a material impact on the Company's Financial Statements

- On March 29, 2018, the IASB issued the Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. The management of the Company does not anticipate that the application of these amendments will have a material impact on the Company's consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2020.
- On October 22, 2018, the IASB has issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

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The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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 business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. The Company has not opted for early application.

- On October 31, 2018, the IASB has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted as follows from the final amendments: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Three new aspects of the new definition should especially be noted:

- Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).
- Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The management of the Company does not anticipate that the application of these amendments 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, 2020. Earlier application is permitted. The Company has not opted for early application.

2.2 – Basis of consolidation

These consolidated financial statements include the consolidated financial position, results of operations and cash flows of the Company and its consolidated subsidiaries. Control is achieved where the company has the power over the investee; exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. All intercompany transactions and balances between the Company and its subsidiaries have been eliminated in the consolidation process.

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Non-controlling interest in the equity of consolidated subsidiaries is identified separately from the Company's net liabilities therein. Non-controlling interest consists of the amount of that interest at the date of the original business combination and the non-controlling share of changes in equity since the date of the consolidation. Losses applicable to non-controlling shareholders in excess of the non-controlling interest in the subsidiary's equity are allocated against the interest of the Company, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

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

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

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Company	Country of incorporation	Main Activity	Percentage ownership As of December 31,		
			2018	2017	2016
Sistemas UK Limited	United Kingdom	Customer referral services and software development support	100.00%	100.00%	100.00%
Globant LLC	United States of America	Customer referral services and software development support	100.00%	100.00%	100.00%
Sistemas Colombia S.A.S.	Colombia	Software development and consultancy	100.00%	100.00%	100.00%
Global Systems Outsourcing S.R.L. de C.V.	Mexico	Software development and consultancy	100.00%	100.00%	100.00%
Software Product Creation S.L.	Spain	Software development and consultancy	100.00%	100.00%	100.00%
Globant España S.A. (sociedad unipersonal)	Spain	Investing activities	100.00%	100.00%	100.00%
Sistemas Globales Uruguay S.A.	Uruguay	Software development and consultancy	100.00%	100.00%	100.00%
Sistemas Globales S.A.	Argentina	Software development and consultancy	100.00%	100.00%	100.00%
IAFH Global S.A.	Argentina	Software development and consultancy	100.00%	100.00%	100.00%
Sistemas Globales Chile Ases. Ltda.	Chile	Software development and consultancy	100.00%	100.00%	100.00%
Globers S.A.	Argentina	Travel organization services	100.00%	100.00%	100.00%
Globant Brasil Consultoria Ltda.	Brazil	Software development and consultancy	100.00%	100.00%	100.00%
Huddle Investment LLP ⁽²⁾	United Kingdom	Investing activities	-	-	100.00%
Huddle Group S.A. ⁽³⁾	Argentina	Software development and consultancy	-	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. ⁽⁴⁾	Argentina	Software development and consultancy	100.00%	66.73%	66.73%
We Are London Limited	United Kingdom	Service design consultancy	100.00%	100.00%	100.00%
L4 Mobile LLC ⁽¹⁾	United States of America	Software development and consultancy	-	100.00%	100.00%
Difier S.A.	Uruguay	Software development and consultancy	100.00%	100.00%	100.00%
Globant Bel LLC ⁽⁵⁾	Belarus	Software development and consultancy	100.00%	-	-
Globant Canada Corp. ⁽⁶⁾	Canada	Software development and consultancy	100.00%	100.00%	-
Globant France S.A.S. ⁽⁷⁾	France	Software development and consultancy	100.00%	-	-
Small Footprint S.R.L. ⁽⁸⁾	Romania	Software development and consultancy	100.00%	-	-

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Company	Country of incorporation	Main Activity	Percentage ownership As of December 31,		
			2018	2017	2016
Globant Ventures S.A.S. ⁽⁹⁾	Argentina	Holding and investment activities	100.00%	-	-

- (1) L4 Mobile LLC was acquired on November 14, 2016 (see note 24.6) and was merged into Globant, LLC on January 21, 2018.
- (2) Huddle Investment LLP was dissolved on June 30, 2017.
- (3) On December 31, 2017, Huddle Group S.A. was merged into Sistemas Globales S.A. (currently under registration).
- (4) On October 26, 2018, the sellers exercised the put option on the non-controlling interest of Dynaflows (see note 24.3).
- (5) Globant Bel LLC (previously known as PointSource LLC) was acquired on May 11, 2018. Globant Bel LLC's financial statements were included in the consolidated financial statements as of December 31, 2017, as explained in note 24.8.
- (6) Globant Canada Corp. was incorporated on March 27, 2017.
- (7) Globant France S.A.S. was incorporated on October 1, 2018.
- (8) Small Footprint S.R.L. was acquired on October 15, 2018 (note 24.9).
- (9) Globant Ventures S.A.S. was incorporated on November 20, 2018 (currently under registration).

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.

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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 in expense during the required service period.

3.2 – Goodwill

Goodwill arising in a business combination is carried at cost as established at the acquisition date of the business less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to a unique cash generating unit (CGU).

Goodwill is not amortised and is reviewed for impairment at least annually or more frequently when there is an indication that the business may be impaired. If the recoverable amount of the business is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the business and then to the other assets of the business pro-rata on the basis of the carrying amount of each asset in the business. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income and other comprehensive income. An impairment loss recognized for goodwill is not reversed in a subsequent period.

The Company has not recognized any impairment loss in the years ended December 31, 2018, 2017 and 2016.

3.3 – Revenue recognition

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

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

3.4 – Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Company did not receive any lease incentives in any of the years presented.

There are no situations in which the Company qualifies as a lessor.

3.5 – Foreign currencies

Except in the case of Globant Brasil Consultoria Ltda. (formerly TerraForum Consultoria Ltda.), Globers S.A. and We are London Limited, the Company and the other subsidiaries' functional currency is the U.S. dollar. In preparing these consolidated financial statements, transactions in currencies other than the U.S. dollar ("foreign currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are kept at the original translated cost. Exchange differences are recognized in profit and loss in the period in which they arise.

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In the case of Globant Brasil Consultoria Ltda., Globers S.A. and We are London Limited, the functional currencies are the Brazilian Real, the Argentine Peso and the Great Britain Pound, respectively. Assets and liabilities are translated at current exchange rates, while income and expense are translated at the date of the transaction rate. The resulting foreign currency translation adjustment is recorded as a separate component of accumulated other comprehensive income (loss) in 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 should 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. However, the Company has evaluated this situation and concluded that it has not significant impact on their financial statements considering that the most significant Argentine subsidiaries have the U.S. dollars as their functional currency, except for Globers 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 profit or loss and other comprehensive income because taxable profit excludes items of income or expense that are taxable or deductible in future years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet dates. The current income tax charge is calculated on the basis of the tax laws in force in the countries in which the consolidated entities operate.

Globant S.A, the Luxembourg company, is subject to a corporate income tax rate of 15% if taxable income is lower than EUR 25, or to a corporate income tax rate of 19% if taxable income exceeds EUR 30. If taxable income is between EUR 25 and EUR 30, the Luxembourg company is subject to corporate income tax computed as follows: EUR 3.75 plus 39% of the tax base above EUR 25. The corporate income tax is increased by a contribution of 7% to the unemployment fund. A municipal business tax also may be imposed at rates ranging from 6% to 12% depending on where the undertaking is located. Thus, Luxembourg's effective corporate income tax rate for 2018 is 27.08%. For the year 2019, businesses with taxable income lower than EUR 25 will be subject to corporate income tax at a rate of 15%. Businesses with taxable income between EUR 25 and EUR 30 will be subject to corporate income tax computed as follows: EUR 3.75 plus 33% of the tax base above EUR 25. The corporate tax rate will be 18% for companies with taxable income in excess of EUR 30.

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In 2008, Globant España S.A. elected to be included in the Spanish special tax regime for entities having substantially all of their operations outside of Spain, known as “*Empresas Tenedoras de Valores en el Exterior*” (“ETVE”), on which dividends distributed from its foreign subsidiaries as well as any gain resulting from disposal are tax free. In order to be entitled to the tax exemption, among other requirements, the main activity of Globant España S.A. must be the administration and management of equity instruments from non-Spanish entities and such entities must be subject to a tax regime similar to that applicable in Spain for non-ETVEs companies. During 2018, the Company’s Uruguayan and Argentinian subsidiaries distributed dividends to Globant España S.A. for a total amount of 27,462. During 2016, the Company’s Uruguayan, Colombian and Argentinian subsidiaries distributed dividends to Globant España S.A. for a total amount of 85,064. The subsidiaries did not distribute dividends during 2017. If this tax exemption would not applied, the applicable tax rate should be 25%. The Company’s Spanish subsidiary Software Product Creation S.L. is subject to a 25% corporate income tax rate.

From a taxable income perspective, the Argentine subsidiaries represent the Company’s most significant operations. 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”).

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”), 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 remains in effect until December 31, 2019. On March 2019, a draft bill was introduced for its treatment by the Argentine Congress consisting of a promotional regime for Knowledge Economy. The regime contains tax benefits similar to the ones provided by the Software Promotion Law and is addressed to software companies as well as other companies involved in biotechnology, audiovisual production, exportable professional services, robotic automation, aerospace and satellite industry, among others. Such bill has not yet been passed.

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

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

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

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Regarding the rest of the Company's Argentine subsidiaries, Globers Travel, Dynaflows, and Globant Ventures SAS as they are not included within the Software Promotion Regime, are subject to a corporate income tax rate of 30% and will be applying the reduced tax rate incorporated by the Law No. 27,430 during next fiscal years.

The Company's Uruguayan subsidiary Sistemas Globales Uruguay S.A. is domiciled in a tax free zone and has an indefinite tax relief of 100% of the income tax rate and an exemption from VAT. Aggregate income tax relief arising under Sistemas Globales Uruguay S.A. for years ended December 31, 2018, 2017 and 2016 were 11,095, 2,488, 1,231, 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. Difier S.A is 100% export-oriented.

The Colombian subsidiary, Sistemas Colombia S.A.S. is 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. Until December 31, 2017, the Company's Colombian subsidiary Sistemas Colombia S.A.S. was subject to federal corporate income tax at the rate of 34% and a surcharge at the rate of 6% calculated on net income before income tax. The Law 1.943 gradually reduce the corporate tax rates and eliminate the surcharge from January 1, 2019 and onwards.

The Company's U.S. subsidiary Globant LLC is 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. For certain eligible pass-through entities, the Tax Act provides for a qualified business income deduction. The Tax Act introduces various changes to the Internal Revenue Code.

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

On December 13, 2018, the Internal Revenue Service ("IRS") published a proposed regulation that provide guidance regarding the BEAT application. Currently, the Treasury and the IRS are receiving public comments. The document will be official once it is published in the Federal Register.

The Company's English subsidiaries Sistemas UK Limited and We are London Limited are subject to corporate income tax at the rate of 18%. The rate is reduced to 17% as from April 1, 2019. For the years 2017 and 2016, the corporate income tax rates were 19% and 20%, respectively.

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The Company's Chilean subsidiary Sistemas Globales Chile Ases. Ltda. is subject to corporate income tax at the rate of 27%. For the years 2017 and 2016, the corporate income tax rates were 25.5% and 27.0%, respectively.

The Company's Brazilian subsidiary Globant Brasil Consultoria Ltda., applies the taxable income method called "Lucro real". Under this method, taxable income is based upon a percentage of profit accrued by the Company, adjusted according to the add-backs and exclusions provided in the relevant tax law. The rate applicable to the taxable income derived from the subsidiary's activity is 24% plus 10% if the net income before income tax is higher than 240,000 reais for the years 2017 and onwards.

The Company's Peruvian subsidiary, Globant Peru S.A.C. is subject to corporate income tax at the rate of 29.5%. For the years 2017 and 2016, the corporate income tax rates were 29.5% and 25.25%, respectively.

The Company's Mexican subsidiary, Global Systems Outsourcing S.R.L. de C.V., is subject to corporate income tax at the rate of 30%.

The Company's Indian subsidiary Globant India Private Limited is primarily export-oriented and is eligible for certain income tax holiday benefits granted by the government of India for export activities conducted within Special Economic Zones, or SEZs. The services provided by our Pune development center are eligible for a deduction of 100% of the profits or gains derived from the export of services for the first five years from the financial year in which the center commenced the provision of services, 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 Company's subsidiary located in Belarus is resident of the High Technology Park ("HTP"). HTP residents are exempted from corporate 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.

The Company's subsidiary located in Romania is subject to income tax at the rate of 16%.

The Company's subsidiary located in Canada is subject to federal income tax at the rate of 15%. The rate is increased by the state income tax rate which is 11% in the case of the state of British Columbia where the subsidiary is incorporated.

The corporate tax rate in France for most companies is 33.33%. The Finance Bill for 2017 contains provisions for the progressive reduction of the corporate income tax rate from the 33.33% rate to 28% over the period 2017 to 2020. Also, there is a reduced tax rate of 15% for companies whose turnover does not exceed EUR 7,63 million, but only for the first EUR 38,120 of taxable income. In 2019 the reduced rate will be applicable to small and medium-size enterprises. To qualified as a small and medium-size enterprise, a company must employ less than 250 employees and have an annual turnover not exceeding EUR 50 millions.

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According to the Finance Bill, the Company's subsidiary located in France is subject to tax at a rate of 28% during 2018. The rate applies for the first EUR 500.000.

3.7.1.2 – Deferred tax

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

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

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

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

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 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).

The Company does not have unrecognized tax benefits or reserve for uncertain tax treatments that require disclosure in its consolidated financial statements.

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3.7.2. – Other taxes

On December 4, 2018, Argentina approved the budget bill for 2019 by the Law 27,467. The Law amends the Customs Code to allow for duties to be applied to the exportation of services. The Executive Power will be allowed to impose export duties of up to 30% on services until December 31, 2020. However, the maximum rate is 12% for goods that were not subject to export duties before September 2, 2018 (i.e., the date Argentina imposed new export duties on goods through a decree).

On January 2, 2019, the Argentine Executive Power issued Decree No. 1201/2018 establishes an export duty on exports of services at a rate of 12% with a maximum limit of Argentine pesos (ARS) 4 per each U.S. dollar of the amount arising from the invoice or equivalent document.

According to the Law and the Decree, a service is considered exported when it was rendered from Argentina, and whose effective use or exploitation.

3.8 – Property and equipment

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

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

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

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

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

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

3.9 – Intangible assets

Intangible assets include licenses, customer relationships and non-compete agreements. The accounting policies for the recognition and measurement of these intangible assets are described below.

3.9.1 – Intangible assets acquired separately

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

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3.9.2 – Intangible assets acquired in a business combination

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

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

3.9.3 – Internally-generated intangible assets

Intangible assets arising from development are recognized if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the ability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.9.4 – Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized. No intangible asset has been derecognized in the last three years.

3.10 – Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit or the business, as the case may be.

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.

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If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income for the year.

As of December 31, 2018 and 2017 the Company recorded an impairment loss of 306 related to internally-generated intangible assets and 4,708 related to the intangible assets acquired in business combinations. In 2016 no impairment losses were recorded.

3.11 – Provisions for contingencies

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

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

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

3.12 – Financial assets

On initial recognition, a financial asset is classified as measured at: (i) amortised 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 – Amortised cost and effective interest method

A financial asset is measured at amortised cost if both of the following conditions are met, and 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 amortised 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.

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3.12.2 – Financial assets measured at FVOCI

A financial asset is measured at FVOCI if both of the following conditions are met, and 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 derecognised. When a financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised 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 amortised cost or FVOCI as described above, are measured at FVPL.

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

3.12.4 - Derivative financial instruments

The Company enters into foreign exchange forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

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 Dynaflo S.A, which can be exercised from October 22, 2020 till October 21, 2021. At the same moment, the Company has also agreed on a put option with the non-controlling shareholders which gives them the right to sell its remaining 33.27% interest on October 22, 2018 or October 22, 2020. As of December 31, 2018, the sellers exercised the put option, as explained in note 24.3, and the Company derecognized the call option. As of December 31, 2017, the Company accounted for the call option at its fair value of 455, in a similar way to a call option over an entity's own equity shares and the initial fair value of the option was recognized in equity.

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Clarice Subscription agreement

On May 14, 2015, the Company signed a subscription agreement as described in note 24.2. According to this agreement, the Company will receive a fixed amount of money in exchange of a variable number of shares of the Company. According to IAS 32:11, a financial asset has been recognized in order to reflect the contractual right to receive cash. As of December 31, 2018 and 2017, the Company has recorded 400 and 800 as current financial assets, respectively.

3.12.7 – Impairment of financial assets

The Company recognises 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 recognises 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 recognises 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.

Significant increase in credit risk since initial recognition

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with such risk at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- internal credit rating
- external credit rating (as far as available)
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- actual or expected significant adverse changes in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Regardless of the analysis above, 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.

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Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition, or if an external rating is not available, if the counterparty has a strong financial position and there is no past due amounts. All of the Company's current and non current investments are considered to have low credit risk.

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 reorganisation;
- 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.

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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 collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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.

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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 amortised 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 amortised 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.

3.15 – Reimbursable expenses

Out-of-pocket and travel expenses are recognized as expense in the statements of income for the year. Reimbursable expenses are billed to customers and recorded net of the related expense.

3.16 - Share-based compensation plan

The Company has a share-based compensation plan for executives and employees of the Company and its subsidiaries. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set forth in note 23.

The fair value determined at the grant date of the equity-settled share-based payments is recognised 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.

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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 and the income related to the valuation of the financial assets measured at fair value through other comprehensive income.

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

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

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

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

1. Revenue recognition

In accounting for fixed-price contracts the Company applies 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.

These methods are followed where reasonably dependable estimates of revenues and costs can be made. Fixed-price contracts generally correspond for services over a period of 12 months or less. Some fixed-price contracts are recurring contracts that establish a fixed amount per month and do not require the Company to apply significant judgment in accounting for those types of contracts. In consequence, the use of estimates is only applicable for those contracts that are on-going at the year end and that are not recurring.

Revisions to these estimates may result in increases or decreases to revenues and income and are reflected in the consolidated financial statements in the periods in which they are first identified. If the estimates indicate that a contract loss will be incurred, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated costs of the contract exceed the estimated total revenues that will be generated by the contract and are included in cost of revenues in the consolidated statement of income and other comprehensive income. Contract losses for the periods presented in these consolidated financial statements were immaterial.

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2. Goodwill impairment analysis

Goodwill is measured as the excess of the cost of an acquisition over the sum of the amounts assigned to tangible and intangible assets acquired less liabilities assumed. The determination of the fair value of the tangible and intangible assets involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

The Company evaluates goodwill for impairment at least annually or more frequently when there is an indication that the unit may be impaired. When determining the fair value of the Company's cash generating unit, the Company utilizes the income approach using discounted cash flow. The income approach considers various assumptions including increase in headcount, headcount utilization rate, income from each country and revenue per employee, income tax rates and discount rates. The assumptions considered by the Company as of December 31, 2018 are the following: projected cash flows for the following five years, the average growth rate considered was 20.0% and the rate used to discount cash flows was 16.94%. The long-term rate used to extrapolate cash flows beyond the projected period was 3%.

Any adverse changes in key assumptions about the businesses and their prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge. Based upon the Company's evaluation of goodwill, no impairments were recognized during 2018, 2017 and 2016.

3. Income taxes

Determining the consolidated provision for income tax expenses, deferred income tax assets and liabilities requires significant judgment. The provision for income taxes 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.

4. Impairment of financial assets

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.

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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, 2018, 2017 and 2016, the Company recorded an impairment of trade receivables for an amount of 3,421, a recovery of 5 and an impairment of 928, 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, 2018 and 2017, the Company recorded an impairment of tax credits for an amount of 48 and 1,586, 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.

5. Share-based compensation plan

The Company's grants under its share-based compensation plan with employees are measured based on fair value of the Company's shares at the grant date and recognized as compensation expense on a straight-line basis over the requisite service period, with a corresponding impact reflected in additional paid-in capital.

Determining the fair value of the share-based awards at the grant date requires judgments. The Company calculated the fair value of each option award on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the fair value of the Company's shares, expected volatility, expected term, risk-free interest rate and dividend yield.

Fair value of the shares: For 2014 Equity Incentive Plan, the fair value of the shares is based on the quote market price of the Company's shares at the grant date. For 2012 Equity Incentive Plan, as the Company's shares were not publicly traded the fair value was determined using the market approach technique based on the value per share of private placements. The Company had gone in the past through a series of private placements in which new shares have been issued. The Company understood that the price paid for those new shares was a fair value of those shares at the time of the placement. In January 2012, Globant España S.A. had a capital contribution from a new shareholder, which included cash plus share options granted to the new shareholder, therefore, the Company considered that amount to reflect the fair value of their shares. The fair value of the shares related to this private placement resulted from the following formula: cash minus fair value of share options granted to new shareholder divided by number of newly issued shares. The fair value of the share options granted to the new shareholder was determined using the same variables and methodologies as the share options granted to the employees. After the reorganization in December 2012, shares of Globant S.A (Luxembourg) were sold by existing shareholders in a private placement to WPP. The fair value of the shares related to this private placement results from the total amount paid by WPP to the existing shareholders.

Expected volatility: 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.

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

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

Dividend yield: The Company has never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

6. Call option over non-controlling interest

As of December 31, 2017, the Company held a call option to acquire the 33.27% of the remaining interest in Dynaflows S.A., which could be exercised from October 22, 2020 until October 21, 2021. The Company calculated the fair value of this option using the Black-Scholes option model. The Black-Scholes model requires the input of highly subjective assumptions, including the expected volatility, maturity, risk-free interest rate, value of the underlying asset and dividend yield.

Expected volatility: The Company has considered annualized volatility as multiples of EBITDA and Revenue of publicly traded companies in the technology business in the U.S., Europe and Asia since 2008.

Maturity: The combination between the call and put options (explained in note 24.3) implied that, assuming no liquidity restrictions as part of the Company at the moment that the option was exercisable and considering that both parties wanted to maximize their benefits, the Company would acquire the minority shareholders shares at the date that this option was exercisable. Therefore, the Company has assumed that the maturity date of call option is October 22, 2020.

Risk free rate: The risk-free rate for periods within the contractual life of the option was based on the Argentinean bonds (BONAR) with a quote in the U.S. market with maturities similar to the expected term of the option.

Value of the underlying assets: The Company considered a multiple of EBITDA and Revenue resulting from the implied multiple in Dynaflows adjusted by the lack of control.

Dividend yield: The Company did not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

As of December 31, 2018, the Company derecognized the call option (see note 24.3).

7. Recoverability of internally generated intangible assets

During the year, the Company considered the recoverability of its internally generated intangible asset which are included in the consolidated financial statements as of December 31, 2018 and 2017 with a carrying amount of 7,855 and 6,395, respectively.

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A detailed recoverability analysis has been carried out by the Company, considering both, revenue from customers in case of the assets sold to third parties and internal usage for those assets that are used internally, and, as a result, the Company has recognized an impairment of 306 as of December 31, 2018. In 2017 and 2016 no impairment losses were recorded.

8. Fair value measurement and valuation processes

Certain assets and liabilities of the Company are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, 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. If necessary the Company engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 28.8.

9. Useful lives of property, equipment and intangible assets

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

10. Provision for contingencies

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

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

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

11. Recoverability of intangible assets acquired in business combinations, other than goodwill

The Company evaluates intangible assets acquired in business combinations for impairment at least annually or more frequently when there is an indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. The determination of the fair value of intangible assets acquired in business combinations involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. When determining the fair value, we utilize the income approach using discounted cash flow.

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A total amount of 4,708 of impairment loss related to the intangible assets acquired in business combinations was recognized as of December 31, 2017 and is included as other operating expenses. The impairment was recognized as a result of the Company's evaluation of such intangible assets, upon which the Company projected lower future cash flows from the related customer relationships. In 2018 and 2016 no impairment losses were recorded.

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 media and entertainment, travel and hospitality, professional services, technology and telecommunications, banks, financial services and insurance and consumer, retail and manufacturing, 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 25, the Company operates in a single operating and reportable segment.

By Industry vertical	For the year ended December 31,		
	2018	2017	2016
Media and Entertainment	133,093	99,640	67,912
Travel & Hospitality	89,212	68,400	63,414
Banks, Financial Services and Insurance	114,439	94,994	59,786
Technology & Telecommunications	67,310	60,648	51,378
Professional Services	52,318	40,660	42,286
Consumer, Retail & Manufacturing	54,087	36,025	28,710
Other Verticals	11,851	13,072	9,370
TOTAL	522,310	413,439	322,856

By Currency	For the year ended December 31,		
	2018	2017	2016
United States dollar (USD)	447,314	354,824	290,636
European euro (EUR)	30,087	23,518	12,060
Pound sterling (GBP)	6,550	4,107	4,988
Argentine peso (ARS)	20,651	12,856	9,948
Mexican peso (MXN)	11,711	6,942	—
Others	5,997	11,192	5,224
TOTAL	522,310	413,439	322,856

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By Contract Type	For the year ended December 31,		
	2018	2017	2016
Time and material contracts	431,295	376,718	297,476
Fixed-price contracts	90,980	36,687	25,349
Others	35	34	31
TOTAL	522,310	413,439	322,856

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

6.1 - Cost of revenues

	For the year ended December 31,		
	2018	2017	2016
Salaries, employee benefits and social security taxes	(293,171)	(239,013)	(176,320)
Shared-based compensation expense	(4,248)	(5,666)	(917)
Depreciation and amortization expense	(4,022)	(4,339)	(4,281)
Travel and housing	(6,623)	(6,631)	(6,586)
Office expenses	(2,082)	(1,692)	(1,084)
Professional services	(5,248)	(5,005)	(1,754)
Promotional and marketing expenses	(1,575)	(244)	(170)
Recruiting, training and other employee expenses	(1,382)	(415)	(216)
Taxes	(203)	(166)	(67)
TOTAL	(318,554)	(263,171)	(191,395)

6.2 - Selling, general and administrative expenses

	For the year ended December 31,		
	2018	2017	2016
Salaries, employee benefits and social security taxes	(47,805)	(41,956)	(29,842)
Shared-based compensation expense	(8,665)	(8,798)	(2,703)
Rental expenses	(17,185)	(13,739)	(12,032)
Office expenses	(11,602)	(11,800)	(10,200)
Professional services	(13,754)	(9,885)	(7,599)
Travel and housing	(6,259)	(4,460)	(5,054)
Taxes	(6,126)	(6,140)	(5,010)
Depreciation and amortization expense	(16,521)	(11,789)	(6,637)
Recruiting, training and other employee expenses	(1,507)	(941)	(761)
Promotional and marketing expenses	(3,763)	(1,305)	(1,123)
TOTAL	(133,187)	(110,813)	(80,961)

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NOTE 7 – FINANCE INCOME / EXPENSE

	For the year ended December 31,		
	2018	2017	2016
Finance income			
Interest gain	407	479	60
Gain arising from financial assets measured at fair value through PL	3,869	923	3,619
Gain arising from financial assets measured at fair value through OCI (*)	258	240	6,325
Foreign exchange gain	6,884	6,314	6,211
Subtotal	11,418	7,956	16,215
Finance expense			
Interest expense on borrowings	(152)	(95)	(41)
Loss arising from financial assets measured at fair value through PL	(1,106)	(620)	(2,966)
Foreign exchange loss	(14,321)	(9,043)	(14,831)
Other interest	(525)	(788)	(776)
Other	(864)	(490)	(613)
Subtotal	(16,968)	(11,036)	(19,227)
TOTAL	(5,550)	(3,080)	(3,012)

(*) As of December 31, 2018 and 2017 includes 12 and 27, respectively, related to the gain recognized as Other comprehensive income as of December 31, 2017 and 2016, respectively.

NOTE 8 – INCOME TAXES

8.1 – INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	For the year ended December 31,		
	2018	2017	2016
Tax expense:			
Current tax expense	(23,324)	(14,053)	(15,057)
Deferred tax gain ⁽¹⁾	7,456	5,972	730
TOTAL INCOME TAX EXPENSE	(15,868)	(8,081)	(14,327)

(1) As of December 31, 2017, includes 1,004 of deferred tax gain related to changes in tax rates.

Substantially all revenues are generated in the U.S. and United Kingdom through subsidiaries located in those countries. The Company's workforce is mainly located in Latin America and to a lesser extent in India and U.S.

The following table provides a reconciliation of the statutory tax rate to the effective tax rate. As the operations of the Argentine subsidiaries are the most significant source of net taxable income of the Company, the following reconciliation has been prepared using the Argentine tax rate:

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	For the year ended December 31,		
	2018	2017	2016
Profit before income tax	67,464	38,544	50,189
Tax rate (note 3.7.1.1)	30%	35%	35%
Income tax expense	(20,239)	(13,490)	(17,566)
Permanent differences			
Argentine Software Promotion Regime (note 3.7.1.1)	6,844	3,541	7,189
Effect of different tax rates of subsidiaries operating in countries other than Argentina	4,352	2,019	1,069
Non-deductible expenses	1,130	1,187	2,301
Tax loss carry forward not recognized	(1,462)	(374)	(878)
Exchange difference	(8,777)	(860)	(6,593)
Other	2,284	(104)	151
INCOME TAX EXPENSE RECOGNIZED IN PROFIT AND LOSS	(15,868)	(8,081)	(14,327)

8.2 – DEFERRED TAX ASSETS

	As of December 31,	
	2018	2017
Share-based compensation plan	4,731	5,772
Provision for vacation and bonus	6,624	1,309
Intercompany trade payables	2,207	3,126
Property and equipment	716	756
Goodwill	(1,005)	(479)
Contingencies	546	—
Others	1,236	297
Loss carryforward ⁽¹⁾	1,861	2,405
TOTAL DEFERRED TAX ASSETS	16,916	13,186

(1) As of December 31, 2018 and 2017, the detail of the loss carryforward is as follows:

Company	2018		2017	
	Loss carryforward	Expiration date	Loss carryforward	Expiration date
Globant S.A.	547	does not expire	737	does not expire
Dynaflows S.A.	96	2020	80	2020
Globant Brasil Consultoria Ltda. ⁽²⁾	887	does not expire	1,219	does not expire
We Are London Limited	116	does not expire	253	does not expire
Sistemas UK Limited	215	does not expire	116	does not expire
	1,861		2,405	

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

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As of December 31, 2018, no deferred tax liability has been recognised 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:

2018	Opening balance	Recognised in profit or loss (*)	Recognised in other comprehensive	Recognised directly in equity	Acquisitions/ disposals	Closing balance
Deferred tax assets/(liabilities) in relation to:						
Share-based compensation plan	5,772	915	—	2,367	(4,323)	4,731
Provision for vacation and bonus	1,309	5,315	—	—	—	6,624
Intercompany trade payables	3,126	(919)	—	—	—	2,207
Property and equipment	756	(40)	—	—	—	716
Goodwill	(479)	(526)	—	—	—	(1,005)
Contingencies	—	546	—	—	—	546
Others	297	939	—	—	—	1,236
Subtotal	10,781	6,230	—	2,367	(4,323)	15,055
Loss carryforward	2,405	321	(165)	—	(700)	1,861
TOTAL	13,186	6,551	(165)	2,367	(5,023)	16,916

(*) Includes foreign exchange loss of 905.

2017	Opening balance	Recognised in profit or loss	Recognised in other comprehensive	Recognised directly in equity	Acquisitions/ disposals	Closing balance
Deferred tax assets/(liabilities) in relation to:						
Share-based compensation plan	4,919	1,026	—	1,400	(1,573)	5,772
Provision for vacation and bonus	1,339	(30)	—	—	—	1,309
Intercompany trade payables	—	3,126	—	—	—	3,126
Property and equipment	(298)	1,054	—	—	—	756
Goodwill	(169)	(310)	—	—	—	(479)
Contingencies	31	(31)	—	—	—	—
Others	130	167	—	—	—	297
Subtotal	5,952	5,002	—	1,400	(1,573)	10,781
Loss carryforward	1,739	970	—	—	(304)	2,405
TOTAL	7,691	5,972	—	1,400	(1,877)	13,186

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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,		
	2018	2017	2016
Net income for the year attributable to owners of the Company	51,677	30,539	35,876
Weighted average number of shares (in thousands) for the purpose of basic earnings per share	35,746	34,919	34,402
Weighted average number of shares (in thousands) for the purpose of diluted earnings per share	36,685	36,094	35,413
BASIC EARNINGS PER SHARE	\$ 1.45	\$ 0.87	\$ 1.04
DILUTED EARNINGS PER SHARE	\$ 1.41	\$ 0.84	\$ 1.01

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,		
	2018	2017	2016
Shares deemed to be issued in respect of employee options	205,940	603,159	1,021,250

NOTE 10 – INVESTMENTS

10.1 – Investments

Current	As of December 31,	
	2018	2017
Mutual funds ⁽¹⁾	4,050	7,620
Bills issued by the Argentine Central Bank ("LEBACs") ⁽²⁾	—	527
Bills issued by the Treasury of the Argentine Republic ("LETES") ⁽²⁾	1,015	—
Bills issued by the Treasury Department of the U.S. ("T-Bills") ⁽²⁾	3,493	—
Capitalizable bills issued by the Treasury of the Argentine Republic ("LECAPs") ⁽²⁾	77	—
TOTAL	8,635	8,147

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

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

Non current	As of December 31,	
	2018	2017
Contribution to risk funds ⁽³⁾	527	—
TOTAL	527	—

(3) 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. As of December 31, 2018, the Company has recorded 527 as a non current investment, measured at amortised cost.

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10.2 – Investments in associates

CHVG investment

As of December 31, 2018 and 2017, the Company owns the 40% of total shares of CHVG S.A. ("CHVG") and accounted for this investment using the equity method. On January 15, 2019, the Company sold the shares of CHVG S.A for a total amount of 10 (ARS 390).

Collokia investment

As of December 31, 2017, the Company has a 19.5% of participation in Collokia LLC for an amount of 800.

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, indications that the investment in Collokia may not be recovered arose and the Company performed an impairment test. As a consequence, an impairment loss 800 was recognized and is included in Other income, 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 U.S." 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 U.S. 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 Pecuniam 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, 2018, 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.

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The Company's share on the profit or loss or other comprehensive income of all the above-mentioned investments for the years ended December 31, 2018, 2017 and 2016 were not significant individually nor in the aggregate, except for the impairment recognized in Colloquia in 2018.

NOTE 11 – TRADE RECEIVABLES

	As of December 31,	
	2018	2017
Accounts receivable ⁽¹⁾	101,754	71,846
Unbilled revenue	13,101	8,841
Subtotal	114,855	80,687
Less: Allowance for doubtful accounts	(3,957)	(609)
TOTAL	110,898	80,078

(1) Includes amounts due from related parties of 993 and 463 as of December 31, 2018 and 2017 (see note 22.1).

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, 2018 and 2017.

December 31, 2018	Trade receivables - days past due					
	< 30	31 - 60	61 - 90	91-120	> 120	Total
Expected credit loss rate	0.06%	1.90%	4.40%	11.90%	85.90%	
Estimated total gross carrying amount at default	17,815	6,843	2,814	2,778	3,801	34,051
Lifetime ECL	107	130	124	331	3,265	3,957

December 31, 2017	Trade receivables - days past due					
	< 30	31 - 60	61 - 90	91-120	> 120	Total
Expected credit loss rate	0.19%	0.84%	2.74%	8.58%	100.00%	
Estimated total gross carrying amount at default	18,513	4,140	878	902	438	24,871
Lifetime ECL	35	35	24	77	438	609

The movements in the allowance are calculated based on lifetime expected credit loss model for 2018 and incurred loss model for 2017 and 2016.

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The following table shows the movement in ECL that has been recognised for trade receivables in accordance with the simplified approach:

	As of December 31,		
	2018	2017	2016
Balance at beginning of year	(609)	(617)	(438)
Additions, net of recoveries	(3,421)	5	(928)
Write-off of receivables	73	3	749
Balance at end of year	(3,957)	(609)	(617)

The average credit period on sales is 65 days. No interest is charged on trade receivables. 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.

NOTE 12 – OTHER RECEIVABLES

	As of December 31,	
	2018	2017
Other receivables		
Current		
Tax credit - VAT	5,202	3,984
Tax credit - Software Promotion Regime (note 3.7.1.1)	3,555	4,813
Income tax credits	1,410	2,869
Other tax credits	276	153
Advances to suppliers	611	155
Prepaid expenses	3,982	1,931
Loans granted to employees	49	186
Other	256	266
TOTAL	15,341	14,357

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	As of December 31,	
	2018	2017
Non-current		
Advances to suppliers (note 21)	28,799	25,498
Tax credit - VAT	1,031	3,325
Income tax credits	1,259	2,129
Tax credit - Software Promotion Regime (note 3.7.1.1)	749	132
Other tax credits	170	105
Guarantee deposits	1,681	1,347
Loans granted to employees	208	—
Prepaid expenses	475	—
Other	500	500
Subtotal	34,872	33,036
Allowance for impairment of tax credits	(675)	(1,300)
TOTAL	34,197	31,736

Roll forward of the allowance for impairment of tax credits

	As of December 31,	
	2018	2017
Balance at beginning of year	1,300	—
Additions (note 4.4)	48	1,586
Foreign exchange	(673)	(286)
Balance at end of year	675	1,300

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NOTE 13 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 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	23,381	5,810	33,275	37	6,981	2,354	11,167	83,005
Additions related to business combinations (note 24)	—	5	43	—	—	—	—	48
Additions	7,055	719	1,083	—	—	—	10,065	18,922
Transfers	6	845	9,596	—	6,420	—	(16,867)	—
Disposals	(353)	(229)	(2,005)	—	—	—	—	(2,587)
Translation	(36)	(8)	(88)	—	—	—	—	(132)
Values at end of year	<u>30,053</u>	<u>7,142</u>	<u>41,904</u>	<u>37</u>	<u>13,401</u>	<u>2,354</u>	<u>4,365</u>	<u>99,256</u>
Depreciation								
Accumulated at beginning of year	14,609	3,694	20,421	13	389	—	—	39,126
Additions	4,641	832	5,529	8	220	—	—	11,230
Disposals	(346)	(224)	(1,868)	—	—	—	—	(2,438)
Translation	(31)	(6)	(85)	—	—	—	—	(122)
Accumulated at end of year	<u>18,873</u>	<u>4,296</u>	<u>23,997</u>	<u>21</u>	<u>609</u>	<u>—</u>	<u>—</u>	<u>47,796</u>
Carrying amount	<u>11,180</u>	<u>2,846</u>	<u>17,907</u>	<u>16</u>	<u>12,792</u>	<u>2,354</u>	<u>4,365</u>	<u>51,460</u>

Property and equipment as of December 31, 2017 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	18,097	5,117	29,723	34	6,981	2,354	3,899	66,205
Additions related to business combinations (note 24)	116	55	3	3	—	—	15	192
Additions	5,244	324	2,275	—	—	—	9,687	17,530
Transfers	98	477	1,431	—	—	—	(2,006)	—
Disposals	(166)	(222)	(152)	—	—	—	(428)	(968)
Translation	(8)	59	(5)	—	—	—	—	46
Values at end of year	<u>23,381</u>	<u>5,810</u>	<u>33,275</u>	<u>37</u>	<u>6,981</u>	<u>2,354</u>	<u>11,167</u>	<u>83,005</u>
Depreciation								
Accumulated at beginning of year	11,219	3,136	15,921	4	249	—	—	30,529
Additions	3,529	717	4,658	9	140	—	—	9,053
Disposals	(133)	(218)	(149)	—	—	—	—	(500)
Translation	(6)	59	(9)	—	—	—	—	44
Accumulated at end of year	<u>14,609</u>	<u>3,694</u>	<u>20,421</u>	<u>13</u>	<u>389</u>	<u>—</u>	<u>—</u>	<u>39,126</u>
Carrying amount	<u>8,772</u>	<u>2,116</u>	<u>12,854</u>	<u>24</u>	<u>6,592</u>	<u>2,354</u>	<u>11,167</u>	<u>43,879</u>

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NOTE 14 – INTANGIBLE ASSETS

Intangible assets as of December 31, 2018 included the following:

	<u>Licenses and internal developments</u>	<u>Customer relationships</u>	<u>Non-compete agreement</u>	<u>Total</u>
Useful life (years)	5	1 - 4	3	
Cost				
Values at beginning of year	27,381	10,153	586	38,120
Additions related to business combinations (note 24)	—	173	—	173
Additions from separate acquisitions	3,480	—	—	3,480
Additions from internal development	6,104	—	—	6,104
Translation	(8)	570	—	562
Values at end of year	<u>36,957</u>	<u>10,896</u>	<u>586</u>	<u>48,439</u>
Amortization and impairment				
Accumulated at beginning of year	17,325	8,844	586	26,755
Additions	8,556	757	—	9,313
Impairment loss recognised in profit or loss (note 4.7)	306	—	—	306
Translation	(8)	295	—	287
Accumulated at end of year	<u>26,179</u>	<u>9,896</u>	<u>586</u>	<u>36,661</u>
Carrying amount	<u>10,778</u>	<u>1,000</u>	<u>—</u>	<u>11,778</u>

Intangible assets as of December 31, 2017 included the following:

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	Licenses and internal developments	Customer relationships	Non-compet agreement	Total
Useful life (years)	5	3 - 10	3	
Cost				
Values at beginning of year	18,591	9,634	586	28,811
Additions related to business combinations (note 24)	7	517	—	524
Additions from separate acquisitions	3,429	—	—	3,429
Additions from internal development	5,355	—	—	5,355
Translation	(1)	2	—	1
Values at end of year	<u>27,381</u>	<u>10,153</u>	<u>586</u>	<u>38,120</u>
Amortization and impairment				
Accumulated at beginning of year	11,935	2,499	586	15,020
Additions	5,391	1,684	—	7,075
Impairment loss recognised in profit or loss (note 4.11)	—	4,708	—	4,708
Translation	(1)	(47)	—	(48)
Accumulated at end of year	<u>17,325</u>	<u>8,844</u>	<u>586</u>	<u>26,755</u>
Carrying amount	<u>10,056</u>	<u>1,309</u>	<u>—</u>	<u>11,365</u>

NOTE 15 – GOODWILL

	As of December 31,	
	2018	2017
Cost		
Balance at beginning of year	98,926	65,180
Additions related to new acquisitions (note 24)	6,244	33,699
Translation	(324)	47
Balance at end of year	<u>104,846</u>	<u>98,926</u>

NOTE 16 – TRADE PAYABLES

	As of December 31,	
	2018	2017
Suppliers	6,137	7,258
Advanced payments from customers	291	—
Expenses accrual	11,150	4,382
TOTAL	<u>17,578</u>	<u>11,640</u>

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NOTE 17 – PAYROLL AND SOCIAL SECURITY TAXES PAYABLE

	As of December 31,	
	2018	2017
Salaries	4,434	5,069
Social security tax	7,548	6,755
Provision for vacation, bonus and others	46,181	28,378
Directors fees	315	216
Other	57	54
TOTAL	58,535	40,472

NOTE 18 – BORROWINGS

	As of December 31,	
	2018	2017
Current		
Bank and financial institutions (note 26)	—	6,011
TOTAL	—	6,011

NOTE 19 – TAX LIABILITIES

	As of December 31,	
	2018	2017
Income tax	4,526	3,328
Periodic payment plan	28	13
VAT payable	1,208	861
Software Promotion Law - Annual and monthly rates	523	231
Wage withholding taxes	558	279
Other	556	541
TOTAL	7,399	5,253

NOTE 20 – PROVISIONS FOR CONTINGENCIES

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

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

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	As of December 31,	
	2018	2017
Reserve for labor claims	678	49
Reserve for regulatory claims	2,184	1,130
TOTAL	2,862	1,179

Roll forward is as follows:

Reserve for labor claims	As of December 31,		
	2018	2017	2016
Balance at beginning of year	49	1,138	650
Additions	926	187	1,343
Recovery	—	—	(344)
Utilization of provision for contingencies	(222)	(1,288)	(400)
Foreign exchange	(75)	12	(111)
Balance at end of year	678	49	1,138

Reserve for regulatory claims	As of December 31,		
	2018	2017	2016
Balance at beginning of year	1,130	807	—
Additions ⁽¹⁾	1,144	340	—
Additions related to business combinations (note 24)	—	—	817
Utilization of provision for contingencies	—	(32)	—
Foreign exchange	(90)	15	(10)
Balance at end of year	2,184	1,130	807

(1) Certain of our non- U.S. subsidiaries are currently under examination by the Internal Revenue Service ("IRS") regarding payroll and employment taxes primarily in connection with services performed by employees of certain of our subsidiaries in the United States from 2013 to 2015. On May 1, 2018, the IRS issued 30-day letters to those subsidiaries proposing total assessments plus penalties and interest for employment taxes for those years. Our subsidiaries filed protests of these proposed assessments with the IRS which have been sent to the Office of Appeals within the IRS for further examination.

NOTE 21 – ADVANCES TO ACQUIRE BUILDINGS

On December 4, 2015, our Argentine subsidiaries Sistemas Globales S.A. and IAFH Global S.A., entered into a Purchase Agreement with IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA") to acquire four floors representing approximately 4,896 square meters in a building to be constructed in a premium business zone of the City of Buenos Aires, Argentina.

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In consideration for the property the subsidiaries agreed to pay IRSA the following purchase price: (i) AR\$ 180,279 on the date of signing of the purchase agreement, equivalent to 18,779 at such date; (ii) 8,567 during a three-year term beginning in June 2016; and (iii) the remaining 3,672 at the moment of transfer of the property ownership, after finalization of the building.

As explained in note 4.4, during the years 2018 and 2017, the Company estimated the future use of some tax credits and concluded that the value-added tax related to the advance payments to IRSA which amounted to 363 and 1,660, respectively, will not be recoverable and were included as advances to suppliers paid to IRSA.

As of December 31, 2018 and 2017, 28,799 and 25,498 are included in these consolidated financial statements as other receivables non-current.

NOTE 22 – RELATED PARTIES BALANCES AND TRANSACTIONS

22.1 – 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. Outstanding receivable balances as of December 31, 2018 and 2017 are as follows:

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
Grey Global Group Inc.	—	104
Group M Worldwide Inc	—	44
JWT	—	77
Kantar Retail	—	23
Mercado Libre S.R.L.	440	9
TNS	56	206
Morgan Stanley Investment Management Inc.	497	—
Total	<u>993</u>	<u>463</u>

During the year ended December 31, 2018, 2017 and 2016, the Company recognized revenues for 5,937, 5,590 and 6,462, respectively, as follows:

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	For the year ended December 31,		
	2018	2017	2016
Added Value	—	13	790
Burson Marsteller	—	—	59
Grey Global Group Inc.	472	1,238	1,182
Group M Worldwide Inc	102	521	822
IBOPE Argentina	—	—	244
JWT	204	1,043	919
Kantar Group	216	791	674
Kantar Retail	39	93	93
Ogilvy & Mather Brasil Communication	82	1,677	611
JP Morgan Chase & Co.	1,784	—	—
JP Morgan Chase S.A.	48	—	—
JP Morgan Services Argentina S.R.L.	1,503	—	—
TNS	8	30	579
Morgan Stanley Investment Management Inc.	964	—	—
Young & Rubicam	—	—	366
Mercado Libre S.R.L.	515	143	100
Mirum Inc.	—	41	—
Coretech	—	—	23
Total	5,937	5,590	6,462

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22.2 – Loan agreement to Collokia

On May, 5, 2017, the Company and Collokia LLC, signed a loan agreement whereby the Company provides a financing facility of 100. Interest on the entire outstanding principal balance is computed at an annual rate of 2.8%. Collokia shall repay the loan in full within 18 months from the date that this agreement has been signed off. The Company has the right to convert any portion of the outstanding principal into preferred units of Collokia. As of December 31, 2018 and 2017, the carrying amount of the loan agreement amounted to 106 and 100, respectively, and was included as other financial assets current and other financial assets non current, respectively.

22.3 – Compensation of key management personnel

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

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Salaries and bonuses	5,140	4,507	4,432
Total	<u>5,140</u>	<u>4,507</u>	<u>4,432</u>

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

During 2016, the Company granted 260,000 and 82,500 share options at a strike price of \$29.01 and \$32.36, respectively.

During 2017, the Company granted 12,836 and 62,162 restricted stock units at a grant price of \$34.96 and \$37.00, respectively.

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.

NOTE 23 – EMPLOYEE BENEFITS

23.1 – 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).

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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 2018 and 2017, other share-based compensation agreements were signed for a total of 221,000 and 85,000 options granted, respectively.

During the year 2017, as part of the 2014 Equity Incentive Plan, the Company granted awards to certain employees in the form of Restricted Stock Units ("RSUs"), having a par value of \$1.20 each, with a specific period of vesting. Each RSU is equivalent in value to one share of the company's common stock and represents the Company's commitment to issue one share of the Company's common stock at a future date, subject to the term of the RSU agreement.

Until the RSUs vest, they are an unfunded promise to issue shares of stock to the recipient at some point in the future. The RSUs carry neither rights to dividends nor voting rights. RSU's vesting is subject to the condition that the employee must remain in such condition at of the vesting date.

The Company may determine a percentage of RSU, as part of the full year compensation package payment.

These RSUs agreements have been recorded as Equity Settled transactions in accordance to IFRS 2, and they were measured at fair value of shares at the grant date.

The following shows the evolution of the share options for the years ended at December 31, 2018 and 2017:

	<u>As of December 31, 2018</u>		<u>As of December 31, 2017</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
Balance at the beginning of year	2,155,851	23.02	2,658,595	22.21
Options granted during the year	221,000	46.45	85,000	39.69
Forfeited during the year	(78,716)	36.89	(249,035)	30.08
Exercised during the year	(511,668)	13.76	(338,709)	15.63
Balance at end of year	1,786,467	27.96	2,155,851	23.02

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The following shows the evolution of the RSUs for the years ended at December 31, 2018 and 2017:

	As of December 31, 2018		As of December 31, 2017	
	Number of RSU	Weighted average grant price	Number of RSU	Weighted average grant price
Balance at the beginning of year	164,859	37.58	—	—
RSU granted during the year	564,995	46.29	254,328	37.07
Forfeited during the year	(30,783)	44.14	(2,538)	36.59
Issued during the year	(163,233)	43.13	(86,931)	36.11
Balance at end of year	535,838	44.70	164,859	37.58

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, 2018 (\$) (*)
2017	36.30	1,500	54	18
	37.00	93,228	3,449	2,068
	42.00	6,750	284	109
	43.42	—	—	(34)
2018	46.00	407,750	18,757	3,038
	50.92	10,000	509	28
	52.74	4,000	211	8
	55.07	4,000	220	23
	56.87	6,000	341	20
Subtotal		533,228	23,825	5,278
Non employees RSU				
2017	38.21	—	—	39
2018	46.00	2,174	100	65
	57.39	436	25	2
Subtotal		2,610	125	106
Total		535,838	23,950	5,384

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

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<u>Grant date</u>	<u>Exercise price (\$)</u>	<u>Number of stock options</u>	<u>Number of stock options vested as of December 31, 2018</u>	<u>Fair value at grant date (\$)</u>	<u>Fair value vested (\$)</u>	<u>Expense as of December 31, 2018 (*)</u>
2006	0.95	1,103	1,103	6	6	8
2007	0.71	—	—	—	—	170
	1.40	—	—	—	—	4
2010	2.48	1,304	1,304	5	5	10
	3.38	13,223	13,223	44	44	138
2011	2.71	—	—	—	—	42
2013	12.22	24,999	24,999	65	65	—
2014	10.00	281,037	281,037	935	935	569
	13.20	—	—	—	—	31
2015	22.77	30,000	30,000	221	221	18
	28.31	372,707	228,270	2,581	1,582	1,487
	29.34	15,972	15,290	103	103	6
	34.20	13,500	9,375	116	81	57
2016	29.01	222,500	92,500	1,534	638	580
	32.36	455,612	190,300	3,659	1,542	1,455
2017	43.42	—	—	—	—	(30)
	38.16	30,000	10,000	273	91	91
	36.30	15,000	3,750	127	32	32
2018	44.97	20,000	—	358	—	175
	46.00	180,000	—	3,636	—	1,167
	55.07	10,000	—	241	—	48
	50.92	6,000	—	134	—	14
Subtotal		1,692,957	901,151	14,038	5,345	6,072
Non employees stock options						
2012	6.77	22,170	22,170	35	35	—
2013	12.22	22,170	22,170	52	52	—
2014	10.00	22,170	22,170	43	43	—
2016	39.37	27,000	13,500	248	124	62
Subtotal		93,510	80,010	378	254	62
Total		1,786,467	981,161	14,416	5,599	6,134

(*) Includes social security taxes.

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Deferred income tax asset arising from the recognition of the share-based compensation plan amounted to 4,731 and 5,772 for the years ended December 31, 2018 and 2017, respectively.

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

	As of December 31, 2018		As of December 31, 2017	
	Number of options exercised	Exercise price	Number of options exercised	Exercise price
Granted in 2006	9,900	0.95	4,600	0.95
Granted in 2007	200,000	0.71	—	—
Granted in 2007	616	1.40	800	1.40
Granted in 2010	1,793	2.48	1,623	2.48
Granted in 2010	19,732	3.38	22,377	3.38
Granted in 2011	6,031	2.71	26,194	2.71
Granted in 2012	—	—	1,651	6.77
Granted in 2012	—	—	3,991	7.04
Granted in 2013	—	—	2,395	14.40
Granted in 2014	66,146	10.00	149,337	10.00
Granted in 2014	3,769	13.20	1,918	13.20
Granted in 2015	111,843	28.31	90,787	28.31
Granted in 2015	3,000	34.20	—	—
Granted in 2015	1,200	29.34	9,911	29.34
Granted in 2016	18,750	29.01	18,750	29.01
Granted in 2016	68,888	32.36	4,375	32.36
Balance at end of the year	511,668		338,709	

The average market price of the share amounted to 52.82 and 38.77 for year 2018 and 2017, respectively.

The following tables summarizes the RSU vested during the year 2018:

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	<u>As of December 31, 2018</u>		<u>As of December 31, 2017</u>	
	<u>Number of RSUs vested</u>	<u>Grant price</u>	<u>Number of RSUs vested</u>	<u>Grant price</u>
Granted in 2017	500	36.30	37,546	34.96
Granted in 2017	45,906	37.00	49,385	37.00
Granted in 2017	2,671	38.21	—	—
Granted in 2017	2,250	42.00	—	—
Granted in 2018	107,463	45.50	—	—
Granted in 2018	4,443	53.29	—	—
Balance at end of the year	<u>163,233</u>		<u>86,931</u>	

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23.3 - 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 2018 for 2014 plan	Granted in 2017 for 2014 plan	Granted in 2016 for 2014 plan
Stock price	46.45	39.69	31.89
Expected option life	6 years	6 years	6 years
Volatility	40%	19%	20%
Risk-free interest rate	3.00%	2.00%	1.95%

See Note 4 for a description of the assumptions.

NOTE 24 – BUSINESS COMBINATIONS

24.1 Acquisition of Huddle Group

On October 11, 2013, the Company entered into a Stock Purchase Agreement to purchase 86.25% of the capital interests of Huddle Investment LLP, a company organized and existing under the laws of England ("Huddle UK"). Huddle UK owned, directly or indirectly, 100% of the capital stock and voting rights of the following subsidiaries: Huddle Group S.A., a corporation (*sociedad anónima*) organized and existing under the laws of the Republic of Argentina; Huddle Group S.A., a corporation (*sociedad anónima*) organized and existing under the laws of the Republic of Chile; and Huddle Group Corp., a corporation organized and existing under the laws of the State of Washington.

The aggregate purchase price under the Stock Purchase Agreement was 8,395. Such purchase price was payable to the Sellers in seven installments. Such payments were made as follows:

- On October 21, 2013 and November 4, 2013, the Company paid a total of 3,436 including interest.
- Second installment: On April 21, 2014, the Company paid a total of 2,156, including interests.
- Third installment: Based on the gross revenue and gross profit achieved by the Huddle Group for the year 2013, the Company paid on April 22, 2014, 861.
- Fourth installment: On October 25, 2014, the Company paid 870, including interests.
- Fifth installment: On April 2, 2015, the Company paid 647, including interests.
- Sixth installment: On March 31, 2016, the Company paid 187, including interests.
- Seventh installment: On October 19, 2018, the Company paid 115, including interests.

The consideration transferred for Huddle Group acquisition was calculated as follows:

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Purchase price	Amount
Down payment	3,019
	(a)
Installment payment	5,117(b)
Total consideration	8,136

(a) Net present value of future installment payments including interest.

(b) The outstanding balance as of December 31, 2017 amounted to 110, classified as current. As of December 31, 2018, the consideration was fully settled.

Minority interest purchase agreement

On October 11, 2013, the Company entered into a Stock Purchase Agreement to purchase an additional 13.75% of the capital interests of Huddle UK, which was amended on October 23, 2014. The consideration for the purchase of the minority interest amounted to 650 and was payable in three installments. Such payments were made as follows:

- First installment: the amount of 100 was paid on October 23, 2014.
- Second installment: the amount of 225 was paid on February 28, 2015.
- Third installment: On January 22, 2016, the Company granted 11,213 treasury shares at a price of \$27.2 per share to Mr. Spitz to cancel the remaining liability of 305. The Company withholds the remaining amount of 20 as an escrow.

As a consequence of this amendment, a call and put option were recalled and the Company increased its percentage of shares in Huddle UK to 100%. The carrying amount of the non-controlling interest was adjusted to reflect this transaction. The difference between the amount by which the non-controlling interest was adjusted, and the fair value of the consideration paid was recognized directly in equity and attributed to the owners of the parent.

24.2 Acquisition of Clarice Technologies

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

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

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 20,184.

On May 16, 2017, the Company signed an amendment to the SPA. Based on this amendment, purchase price may be subject to adjustments based on the future performance of Clarice and was payable to the sellers as follows:

1. **First Closing:** As of the closing date, the sellers transferred 10,200 shares representing 76.13% of the shares to the Company for an aggregate consideration of 9,324 paid by the Company to the sellers on May 14, 2015.
2. **Staggered Acquisition:** The remaining 23.87% of the shares shall be transferred to the Company and the remaining purchase price shall be paid to each of the Sellers in three tranches, in the following manner, provided that the remaining purchase price paid out to each of the sellers shall be the higher of the following:

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- 2.1 Fair Market Value of such shares, calculated in accordance with the methodology prescribed by the Reserve Bank of India by an appointed chartered accountant; or
- 2.2 The consideration as detailed below:
- 2.2.1 The second share transfer tranche, comprising 1,249 shares representing 9.32% of the shares of Globant India was transferred by the sellers to the Company on July 15, 2016. Based on the targets achieved by Globant India for the period between May 15, 2015 and May 15, 2016, the Company paid on July 15, 2016, 4,208 and recognized as of December 31, 2016 a gain of 418 arisen on the remeasurement of the liability, included in "Other income, net".
 - 2.2.2 The third Share transfer tranche, comprising 920 of the shares representing 6.87% of the shares of Globant India, was transferred by the sellers to the Company on March, 2018. Based on the targets achieved by Globant India for the period between January 1, 2017 and December 31, 2017, the Company paid on March 2018, 3,128.
 - 2.2.3 The fourth share transfer tranche comprising the transfer of 550 shares representing 4.11% of the shares of Globant India was transferred by the sellers to the Company on March 14, 2019. 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.
 - 2.2.4 The fifth share transfer tranche comprising the transfer of 277 shares representing 2.07% of the shares of Globant India shall be transferred by the sellers to the Company no later than on January 31, 2020, in consideration for payment of the minimum share price for such shares, defined as 970.78 per share for this tranche, plus an amount of 1,316, subject to the achievement of certain targets by Globant India.

The Company has concluded that as in the same SPA all parties have agreed the transfer of the 100% of the shares of Clarice in different stages, the transaction should be considered as one, and therefore the Company has accounted the acquisition for the 100% of the shares of Clarice and the consideration involved is the sum of the amount paid at closing date and the installments payables in years 2016, 2017, 2018, 2019 and 2020.

The consideration transferred for Globant India acquisition was calculated as follows:

Purchase price	Amount
Down payment	9,324
Installment payment	2,483(a)
Contingent consideration	8,377(a)
Total consideration	<u>20,184</u>

(a) As of December 31, 2018 and 2017 included 3,127 and 3,119 as Other financial liabilities current, and 1,527 and 4,497 as Other financial liabilities non-current, respectively.

On February 23, 2017, the Company signed an amendment of the SPA with one of the shareholders where they agreed on the acquisition of the shares held by the employee for an amount of 600 and the termination of the employment agreement.

As a consequence of the amendments to the SPA and remeasurement of the fair value of the contingent considerations, the Company recorded a loss of 1,173 and a gain of 418 as of December 31, 2017 and 2016, respectively.

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Clarice sellers' subscription agreement

On May 14, 2015, the Company signed two agreements whereas agreed to issue to the subscribers, as detailed below, and the subscribers agree to subscribe from the Company the number of shares set forth below:

First agreement

First tranche

The first tranche for 38,984 common shares were subscribed by two employees and their spouses for a total amount of 800.

Second and third tranches

Regarding second tranche, on July 25, 2016, the Company issued 20,896 common shares for an amount of 800.

Regarding the third tranche, the Company will issue additional shares at a price equal to the volume weighted average trading price ("VWAP") (derived from the trading price of the shares as quoted in the NYSE) for the 60-trading period ending on the second trading day prior to the third tranche issue date. Such numbers of shares will be allocated among the subscribers in the proportion in which they were allocated in the First tranche. The number of the third Tranche shares to be issued to each of the subscribers shall be the lower of (i) 80% of the maximum amount of shares that such subscriber is eligible to purchase under applicable law and (ii) the quotient obtained by dividing 200 by the third tranche 60-day VWAP.

Total estimated amount is 400 for third tranche.

Second agreement

First tranche

The first tranche for 4,873 common shares was subscribed by one employee for a total amount of 100.

Second and third tranches

Regarding second tranche, on July 25, 2016, the Company issued 2,612 common shares for an amount of 100.

Based on the amendment to the SPA signed on February 23, 2017, third tranche was canceled and no shares were issued.

As of December 31, 2016, 23,508 shares were issued for a total amount of 900.

Both agreements are forward contracts to issue and sell a variable number of shares for a fixed amount of cash, thus according to IAS 32, the Company recorded a financial liability and a financial asset for the shares to be issued and the payment to be received, respectively, for an amount of 400 and 800 as of December 31, 2018 and 2017, respectively.

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24.3 Acquisition of Dynaflo

On October 22, 2015, the Company acquired from Alfonso Amat, Wayra Argentina S.A., BDCINE S.R.L., Laura A. Muchnik, Facundo Bertranou, Mora Amat and Fabio Paliouff (jointly "the Sellers") 9,014 shares, which represents 38.5% of the capital stock of Dynaflo S.A. Before this acquisition, the Company had 22.7% of the capital stock of Dynaflo and classified it as investment in associates. Through this transaction, the Company gained the control of Dynaflo S.A. As a consequence, the Company accounted for this acquisition in accordance with IFRS 3 as a business combination achieved in stages and as such, the Company remeasured its previously held equity interest in Dynaflo at its acquisition date fair value and recognize the resulting gain for an amount of 625 in Other income and expense, net.

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

- The first installment amounted to ARS 13,316 (1,402) paid at the closing date.
- The second installment amounted to 414 paid on April 22, 2016.

On the same date, the Company made a capital contribution of 868 (ARS 8,250) to Dynaflo by issuing 9,190 shares.

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

The consideration transferred for Dynaflo acquisition was calculated as follows:

Purchase price	Amount
Down payment	1,402
Installment payment	414
Total consideration	1,816(a)

(a) As of December 31, 2018 and 2017 the consideration was fully settled.

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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 Dynaflores effective on the third or fifth anniversary from the date of acquisition, pursuant to which the non-controlling shareholders shall have the right (the "Put Option") to sell and the Company shall purchase all, but not less than all the shareholder's non-controlling interest. The aggregate purchase price to be paid by the Company upon exercise of the Put Option shall be equal to the price resulting from valuing the Company at the following:

In case the put option is exercised in the third anniversary, 50% of the total of: 1) eight (8) times EBITDA multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option; plus 2) four (4) times Revenue multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option.

In case the put option is exercised in the fifth anniversary, the total of: 1) eight (8) times EBITDA multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option; plus 2) four (4) times Revenue multiplied by 0.50 according to the Company's most recent audited annual financial statements at the time of the delivery of such exercise of the Put Option.

The Company implemented the IFRIC Interpretation DI/2012/2 "Put Options Written on Non-controlling Interests" issued in May 2012 that requires a financial liability initially measured at the present value of the redemption amount in the parent's consolidated financial statements for written puts on non-controlling interest. Subsequently, the financial liability was measured in accordance with IAS 39 and IFRS 9.

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 Dynaflores 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, 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. The Company calculated the fair value of call option on the grant date using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the maturity, exercise price, spot, risk-free and standard deviation. See Note 4 for a description of the assumptions.

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

The carrying amount of the non-controlling interest was adjusted to reflect this transaction. The difference between the amount by which the non-controlling interest was adjusted, and the fair value of the consideration paid was recognized directly in equity and attributed to the owners of the parent.

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As of December 31, 2017, the Company has accounted for the call option at its fair value of 455 in a similar way to a call option over an entity's own equity shares and the initial fair value of the option was recognized in equity.

24.4 Acquisition of WAE

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

The aggregate purchase price under the Stock Purchase Agreement (SPA) amounted to 19,851, of which 12,131 relates to WAE UK and 7,720 relates to WAE US. Such purchase price may be subject to adjustments based on the future performance of WAE and is payable to the sellers as follows:

1. Up-front payment: As of the closing date, the Company paid an aggregate consideration of 8,500 to the sellers.
2. First earn-out payment: On August 16, 2017, the Company paid an amount of 5,000 to the sellers.
3. Second earn-out payment: Not later than August 20, 2018, the amount of 5,000, provided that such amount shall be reduced in proportion to the percentage of targets achievement by WAE during the period commencing on June 1, 2017 and ending on May 31, 2018. However, the Company and the sellers of WAE have entered into discussions concerning circumstances that may have impacted the calculation of targets on the base of which the final amount of Year 2 Deferred Consideration should have been calculated. For that reason, in July, 2018, the Company and the sellers of WAE signed a final settlement in order to avoid future claims on this matter. As of 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.

Additionally, the Company shall pay to the sellers an amount of 575 in cash on the first earn-out payment date and/or the second earn-out payment date related to the corporation tax saved by WAE UK prior to such date as a result of any deduction obtained under income tax law applicable to United Kingdom attributable to the exercise of the stock options plan granted by WAE UK to the option holders. This amount is considered by the Company as part of the consideration amount. On October 2017, the Company paid 436 in cash related to the corporation tax saved to be reimbursed to the sellers.

Finally, as part of the total consideration the Company computed the working capital adjustment defined in the SPA. Total adjustment amounted to 1,357.

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

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

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Purchase price	Amount
Down payment	8,500
Working capital adjustment	1,352
Installment payment	551(a)
Contingent consideration	9,448(a)
Total consideration	19,851

(a) As of December 31, 2017 included 924 as Other financial liabilities current, related to Year 1 Deferred Consideration payment. As of December 31, 2018, the consideration was fully settled.

24.5 Acquisition of Difier

On November 14, 2016, the Company entered into a Stock Purchase Agreement ("SPA") with 3Cinteractive corp. ("3C") to purchase the 100% of the capital stock of Difier S.A., a Uruguayan company ("Difier"). Difier is engaged in the business of providing information technology services to 3C, who has been and remains the only customer of Difier.

The aggregate purchase price under the SPA amounted to 25 and was paid as of the closing date. Jointly with this SPA, the Company signed with 3C a consulting services agreement representing a customer relationship, to provide software services in the United States and other jurisdictions for the following four years. The fair value of this agreement was recognized as an intangible asset as of the date of acquisition for an amount of 652, which originated a gain for a bargain business combination of 225 included in "Other income, net" as of December 31, 2016.

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

24.6 Acquisition of L4

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

The aggregate purchase price under the Stock Purchase Agreement ("SPA") amounted to 20,388.

On January 30, 2018, the Company signed an amendment to the SPA. Considering this amendment, purchase price may be subject to adjustments based on the future performance of L4 and is payable to the seller as follows:

Up-front payment: As of the closing date, the Company paid an aggregate consideration of 11,000 to the seller.

1. First earn-out payment: On February 15, 2017, the Company paid an aggregate consideration of 990 to the sellers.
2. Second earn-out payment: On February 15, 2018, the Company paid an aggregate consideration of 1,850.

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3. **Third and fourth earn-out payment:** Not later than February 15, 2019, the amount of 1,160, provided that such amount shall be reduced in proportion to the percentage of targets achievement by L4 during the period commencing on January 1, 2018 and ending on December 31, 2018. Not later than February 15, 2020, the amount of 1,160, provided that such amount shall be reduced in proportion to the percentage of targets achievement by L4 during the period commencing on January 1, 2019 and ending on December 31, 2019. However, as of December 31, 2018, the Company remeasured the fair value of the contingent consideration related to these 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, net.

The fair value of the consideration transferred for L4 acquisition at the acquisition date was calculated as follows:

Purchase price	Amount
Down payment	11,000
Working capital adjustment	817(a)
Contingent consideration	8,571(a)
Total consideration	<u>20,388</u>

(a) As of December 31, 2017 included 1,845 as Other financial liabilities current and 1,803 as Other financial liabilities non-current. As of December 31, 2018, the fair value of the contingent consideration was zero.

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

24.7 Acquisition of Ratio

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

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

The aggregate purchase price under the Stock Purchase Agreement ("SPA"), amended on March 2, 2018, amounted to 9,529. Such purchase price may be subject to adjustments based on the future performance of Ratio and is payable to the seller as follows:

1. **Up-front payment:** As of the closing date, the Company paid an aggregate consideration of 5,800 to the seller.
2. **First earn-out payment:** On February 15, 2018, the Company paid the aggregate consideration 1,669 to the sellers.
3. **Second earn-out payment:** On February 15, 2019, the Company paid the aggregate consideration of 2,019, to the sellers.
4. **Third earn-out payment:** Not later than February 15, 2020, the amount of 865, considering the targets achievement by Ratio during the period commencing on January 1, 2019 and ending on December 31, 2019.

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The fair value of the consideration transferred for Ratio acquisition was calculated as follows:

Purchase price at acquisition date	Amount
Down payment	5,800
Working capital adjustment	(97)
Contingent consideration	3,826 ^(a)
Total consideration	9,529

(a) As of December 31, 2018 included 1,992 and 851 as Other financial liabilities current and non-current, respectively. As of December 31, 2017 included 1,666 and 2,216 as Other financial liabilities current and non-current, respectively.

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

24.8 Acquisition of PointSource

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

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

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

On 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. The amended purchase price is payable to the seller as follows:

1. **Up-front payment:** The Company paid the first payment of 15,500 in two installments:
 - a. As of the closing date, the Company paid an aggregate consideration of 3,100 to the seller.
 - b. On June 7, 2017, the Company paid the second portion of the first payment for a total amount of 12,400.
2. **First earn-out payment:** On February 22, 2018, the Company paid the aggregate consideration of 2,206 to the sellers.
3. **Second earn-out payment:** On February 28, 2019, the Company paid the aggregate consideration of 750 to the sellers.
4. **Third earn-out payment:** Not later than February 29, 2020, the fixed-amount of 1,450 and 1,198 subject to the achievement of targets during the period commencing on January 1, 2019 and ending on December 31, 2019.

Additionally, as part of the total consideration the Company computed the working capital adjustment for a total amount of 3,756.

Equity purchase agreement

On June 1, 2017, the Company signed an equity purchase agreement to have the option to acquire the 100% of the shares of PointSource Limited Liability Company (PS Belarus), a company established in accordance with the laws of the Republic of Belarus and totally owned by Christopher L. Hugill, Chief Executive Officer (CEO) of PointSource.

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Additionally, PointSource and PS Belarus are parties in a subcontractor agreement, dated as of July 1, 2015, pursuant to which PS Belarus performs services to PointSource as an independent contractor. Considering that the Company owned 100% of PointSource which is the only customer of PS Belarus and that the CEO of PointSource is the wholly-owned shareholder of PS Belarus, the Company concluded that has the control over PS Belarus and has to consolidated in 100% as the following factors are met:

- (a) PointSource has power over PS Belarus;
- (b) PointSource has the ability to use its power over PS Belarus to affect the amounts of its return as it is the only customer.

The fair value of the consideration transferred for PointSource acquisition was calculated as follows:

Purchase price at acquisition date	Amount
Down payment	15,500
Working capital adjustment	3,756
Contingent consideration	9,373 ^(a)
Total consideration	28,629

- (a) As of December 31, 2018 included 746 and 1,040 as Other financial liabilities current and non-current, respectively. As of December 31, 2017, included 2,200 and 7,261 as Other financial liabilities current and non-current, respectively.

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

24.9 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. **Up-front payment:** As of the closing date, the Company paid an aggregate consideration of 4,331 to the seller.
2. **First earn-out payment:** On March 1, 2019, the Company paid the aggregate consideration of 3,066 to the sellers.
3. **Second earn-out payment:** Not later than February 15, 2020, the amount of 2,110 considering the billable headcount target achievement by Small Footprint during the period commencing on January 1, 2019 and ending on December 31, 2019, 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 will be recognized in expense during the required service period.
4. **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 will be recognized in expense during the required service period.

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

Purchase price at acquisition date	Amount
Down payment	3,840
Working capital adjustment	488
Contingent consideration	3,029
Total consideration	7,357

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

24.10 Outstanding balances

Outstanding balances of financial liabilities related to the abovementioned acquisitions as of December 31, 2018 and 2017 are as follows:

	As of December 31, 2018		As of December 31, 2017	
	Other financial liabilities - current	Other financial liabilities - non current	Other financial liabilities - current	Other financial liabilities - non current
Huddle Group	—	—	110	—
Clarice	3,127	1,527	3,119	4,497
Subscription agreement	400	—	800	—
Put option on minority interest of Dynaflo	—	—	—	2,797
WAE	—	—	924	—
L4	—	—	1,845	1,803
Ratio	1,992	851	1,666	2,216
PointSource	746	1,040	2,200	7,261
Small Footprint	3,070	—	—	—
Total	9,335	3,418	10,664	18,574

The significant inputs are disclosed in note 28.9.1.

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24.11 Purchase Price Allocation

As of December 31, 2018 and 2017, fair values of the assets acquired, liabilities assumed and goodwill or bargain gain determined at the date of acquisition in the business combinations are as follows:

	<u>2018 acquisitions</u>	<u>2017 acquisitions</u>
Current Assets		
Cash and cash equivalents	191	2,151
Investments	—	5
Trade receivables	1,066	3,170
Other receivables	45	2,893
Non current assets		
Property and equipment	48	192
Intangibles	173	524
Other receivables	—	151
Goodwill ⁽¹⁾	6,244	33,699
Current liabilities		
Trade and other payables	—	(3,310)
Tax liabilities	—	(22)
Payroll and social security	—	(1,295)
Other liabilities	(410)	—
Total consideration	<u><u>7,357</u></u>	<u><u>38,158</u></u>

(1) As of December 31, 2018, 6,244 is not deductible for tax purposes. As of December 31, 2017, 33,699, is deductible for tax purposes.

Goodwill has arisen because the consideration paid for these acquisitions included amounts in relation to the benefit of expected synergies, revenue growth, customer relationships, future market development and the assembled workforce of acquired companies. Only the customer contracts are recognized as intangible, in the acquisitions of Pointsource and Small footprint. 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.

24.12 Impact of acquisitions on the results of the Company

The net income for the year ended December 31, 2016 includes 2,312 attributable to the business generated by WAE. Revenue for the year ended December 31, 2016 includes 7,475 related to the business of that company. Had the business combination been effected at January 1, 2016, the consolidated revenue of the Company would have been 326,175 and the net profit for the year ended December 31, 2016 would have been 35,739.

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The net income for the year ended December 31, 2016 includes a loss of 7 attributable to the business generated by Difier. Revenue for the year ended December 31, 2016 includes 444 related to the business of that company. Had the business combination been effected at January 1, 2016, the consolidated revenue of the Company would have been 324,229 and the net profit for the year ended December 31, 2016 would have been 36,095.

The net income for the year ended December 31, 2016 includes a gain of 823 attributable to the business generated by L4. Revenue for the year ended December 31, 2016 includes 3,422 related to the business of that company. Had the business combination been effected at January 1, 2016, the consolidated revenue of the Company would have been 335,307 and the net profit for the year ended December 31, 2016 would have been 37,014.

Had the three business combinations made in 2016, as described above, been performed on January 1, 2016, the consolidated revenue of the Company would have been 339,999 and the net profit for the year ended December 31, 2016 would have been 35,354.

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

The net income for the year ended December 31, 2017 includes a gain of 812 and 383 attributable to the business generated by Ratio and Pointsource, respectively, determined based on the information available as of June 30, 2017. Revenue for the year ended December 31, 2017 includes 4,188 and 2,108 related to the business of Ratio and Pointsource, respectively, computed also with the information available as of June 30, 2017. Since then, the business of the two entities were fully integrated within the business of our subsidiary Globant LLC; furthermore, during the last semester of 2017 both entities were formally merged into our subsidiary Globant LLC. Consequently, it has not been possible to determine a reasonable estimate of the total amounts related to the revenue and net income attributable to the separate businesses of Ratio and Pointsource for the full year included in the consolidated income for the year ended December 31, 2017.

As explained in note 24.9, on October 15, 2018, the Company purchased the assets of Small Footprint Inc. and the shares of Small Footprint S.R.L. From the acquisition date and onwards, the business of Small Footprint Inc. was fully integrated within the business of the Company's subsidiary Globant LLC. Consequently, it has not been possible to determine a reasonable estimate of the total amounts related to the net income attributable to the separate business of Small Footprint as of December 31, 2018. Had the business combination been effected at January 1, 2018, the consolidated revenue of the Company would have been 523,114 and the net profit for the year ended December 31, 2018 would have been 52,910.

NOTE 25 – SEGMENT INFORMATION

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

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

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

	For the year ended December 31,		
	2018	2017	2016
North America			
United States of America	400,029	322,658	258,388
Canada	7,061	2,956	2,535
<i>Subtotal North America</i>	<u>407,090</u>	<u>325,614</u>	<u>260,923</u>
Europe			
Spain	30,298	23,831	12,929
Netherlands	1,023	69	159
United Kingdom	12,970	9,996	10,305
Luxembourg	1,109	1,000	961
Germany	623	1,540	2,478
Sweden	—	1,317	1,251
Italy	—	—	718
Others	217	731	505
<i>Subtotal Europe</i>	<u>46,240</u>	<u>38,484</u>	<u>29,306</u>
Asia			
India	1,063	673	1,132
Indonesia	1,686	—	—
Others	318	27	133
<i>Subtotal Asia</i>	<u>3,067</u>	<u>700</u>	<u>1,265</u>
Latin America and others			
Argentina	24,241	14,886	10,216
Brazil	238	358	2,344
Colombia	5,362	3,553	3,177
Chile	21,246	19,243	13,425
Uruguay	529	231	84
Mexico	11,949	7,418	966
Perú	1,718	2,627	852
Others	630	325	298
<i>Subtotal Latin America and others</i>	<u>65,913</u>	<u>48,641</u>	<u>31,362</u>
TOTAL	<u>522,310</u>	<u>413,439</u>	<u>322,856</u>

One single customer accounted for 11.3% and 10.2% of revenues for the years ended December 31, 2018 and 2017. However, no single customer accounted for 10% or more of revenues for the year ended December 31, 2016.

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

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	As of December 31,	
	2018	2017
Argentina	70,349	69,511
Spain	46,803	38,454
United States of America	58,083	57,071
Brazil	1,512	1,870
Uruguay	781	555
Luxembourg	4,353	5,316
Colombia	12,942	7,997
México	6,121	3,460
India	4,159	2,206
Chile	874	1,037
Other countries	1,176	534
TOTAL	207,153	188,011

NOTE 26 – BORROWINGS

26.1 – Bank and financial institutions

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

	As of December 31,	
	2018	2017
Banco Santander Rio (Argentina)	—	4
HSBC Bank and Citibank - Syndicated loan (United States)	—	6,007
TOTAL	—	6,011

Such balances were included as current borrowings in the consolidated statement of financial position.

On November 1, 2018, Globant LLC, the Company's U.S. subsidiary, entered into an Amended and Restated 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 amends and restates the existing Credit Agreement dated as of August 3, 2017, which provided for a secured revolving credit facility under which the Company may borrow up to 40,000 in advances. Under the A&R Credit Agreement, Globant LLC may borrow (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 may request 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 is 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 LIBOR plus 1.75%. Globant LLC's obligations under the A&R Credit Agreement are 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 also 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 2.50 to 1.00; Globant LLC or any of its subsidiaries shall not incur in any indebtedness; Globant LLC or any of its subsidiaries shall not assume any Lien; restricted payments not to exceed 10,000 per year; advances to officers, directors and employees of the Borrower and Subsidiaries in an aggregate amount not to exceed 50 outstanding at any time; 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.

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On December 19, 2017, Globant LLC has borrowed 6,000 under the original credit facility. This loan matured on July 23, 2018 and was included as a current borrowing as of December 31, 2017. As of December 31, 2018, the Company has not borrowed any loan from the A&R Credit Agreement.

Movements in borrowings are analyzed as follows:

	As of December 31,		
	2018	2017	2016
Balance at the beginning of year	6,011	217	548
Borrowings related to business combination (note 24)	—	—	250
Proceeds from new borrowings ⁽¹⁾	—	22,000	—
Payment of borrowings	(6,163)	(16,293)	(584)
Accrued interest	152	95	41
Foreign exchange	—	(8)	(38)
TOTAL	—	6,011	217

(1) The Company, through its Argentine subsidiary, Sistemas Globales S.A. and IAFH Global S.A., entered into 6 loan agreements with Santander Rio for a total amount of \$16,000. These loans matured before December 31, 2017. On December 19, 2017, Globant LLC has borrowed \$6,000 under the credit facility mentioned above. This loan matured on July 23, 2018.

NOTE 27 – OPERATING AND FINANCE LEASES

The Company is obligated under various operating leases for office space and office equipment. Total lease expense incurred under these leases was approximately 16,335; 13,972 and 12,032 for the years ended December 31, 2018, 2017 and 2016, respectively.

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The undiscounted amounts of future fixed minimum annual lease commitments are as follows at December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	16,051
2020	14,097
2021	8,356
2022	6,500
2023 onwards	10,218
Total	<u>55,222</u>

NOTE 28 – FINANCIAL INSTRUMENTS

28.1 - Categories of financial instruments

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents	77,606	52,525
Financial assets measured at FVPL	4,050	7,620
Financial assets measured at FVOCI	4,585	527
Other financial assets ⁽²⁾	895	1,428
Assets measured at amortised cost	160,963	126,171
Financial liabilities		
Other financial liabilities ⁽¹⁾	12,765	29,238
<u>Amortised cost</u>		
Trade payables	17,578	11,640
Payroll and social security taxes	58,535	40,472
Borrowings	—	6,011
Tax liabilities	7,399	5,253
Other liabilities	44	20

(1) As of December 31, 2018, other financial liabilities include 3,070, 3,873 and 2,844 related to contingent liability arisen in Small Footprint, Clarice and Ratio acquisitions, respectively, which are measured at fair value (see note 28.9.1).

(2) As of December 31, 2018, other financial assets include foreign exchange forward contracts of 44 measured at fair value through profit and loss, convertible notes of 106 measured at fair value through profit and loss, financial asset related to the acquisition of Clarice of 400 which is measured at fair value through profit and loss, and 345 of guarantee payments related to the future lease of a property under construction measured at amortised cost.

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.

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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 28.9.4.

28.3 - Foreign currency risk management

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

Except in Globant Brasil Consultoria Ltda. (formerly TerraForum Consultoria Ltda.), Globers S.A. and We are London Limited, the subsidiary's functional currency is the U.S. dollar. In 2018, 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. Operating expenses are also significantly incurred in Indian Rupee and Great Britain Pound.

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Foreign exchange sensitivity analysis

The Company is mainly exposed to Argentine pesos, Colombian pesos and Indian rupees.

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, 2018 and adjusts their translation at the year-end for changes in U.S. dollars against the relevant foreign currency.

Account	Currency	Amount	Gain/(loss)			
			% Increase	Amount	% Decrease	Amount
Net balances	Argentine pesos	10,147	30%	(3,462)	10%	(587)
	Colombian pesos	(7,148)	10%	630	10%	(738)
	Indian rupees	492	10%	(47)	10%	46
	Total	3,491		(2,879)		(1,279)

The following sensitivity analysis includes costs incurred in foreign currencies during the year ended December 31, 2018 and adjusts their translation for the year ended December 31, 2018 for changes in U.S. dollars against the relevant foreign currencies.

Account	Currency	Amount	Gain/(loss)			
			% Increase	Amount	% Decrease	Amount
Costs	Argentine pesos	(127,599)	30%	29,446	10%	(12,760)
	Colombian pesos	(69,944)	10%	6,359	10%	(6,994)
	Indian rupees	(20,533)	10%	1,867	10%	(2,053)
	Total	(218,076)		37,672		(21,807)

The estimated effect in net income for the year ended December 31, 2018 due to a 30% increase in the U.S. dollar against the Argentine peso is a gain of 25,984 and such effect due to a 10% decrease in the U.S. dollar against the Argentine peso is a loss of 13,347.

The estimated effect in net income for the year ended December 31, 2018 due to a 10% increase in the U.S. dollar against the Colombian peso and Indian rupees is a gain of 6,989 and 1,820, respectively, and such effect due to a 10% decrease in the U.S. dollar against the Colombian peso and Indian rupees is a loss of 7,732 and 2,007, respectively.

Depreciation of the Argentine Peso

During 2018, the Argentine peso experienced a 102.2% devaluation from 18.60 Argentine peso per U.S. dollar to 37.60 Argentine peso per U.S. dollar. As explained in note 28.9.4, the Argentine's subsidiaries 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 costs and expenses.

During 2017 and 2016, the Argentine peso experienced a 17% and a 14% devaluation, respectively, from 15.84 and 13.910 Argentine peso per U.S. dollar to 18.60 and 15.84 Argentine peso per U.S. dollar, respectively.

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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 of 1.75% and at variable rates from 1.78% at 2.8%, respectively. The Company does not use derivative financial instruments to hedge its risk of interest rate volatility.

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 26.1.

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

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

	Expected Maturity Date				
	2019	2020	2021	Thereafter	Total
Other financial liabilities	9,347	3,418	—	—	12,765
TOTAL	9,347	3,418	—	—	12,765

28.6 - Concentration of credit risk

The Company derives revenues from clients in the U.S. (approximately 77%) and clients related from diverse industries. For the years ended December 31, 2018, 2017 and 2016, the Company's top five clients accounted for 32.0%, 28.9% and 33.7% of its revenues, respectively. One single customer accounted for 11.3% and 10.2% of revenues for the years ended December 31, 2018 and 2017. However, no single customer accounted for 10% or more of revenues for the years ended December 31, 2016.

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, 2018 and 2017, approximate to their fair values.

	December 31, 2018		December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets				
Other receivables				
Guarantee deposits	1,681	1,539	1,347	1,226
Tax credit - VAT (*)	356	326	2,025	2,096
Income tax credits	1,259	1,153	2,129	2,059
Tax credit - Software Promotion Regime	749	686	132	45
Other tax credits	170	157	105	56
	4,215	3,861	5,738	5,482

(*) Net of allowance for impairment of tax credits.

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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, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	—	4,050	—	4,050
Bills issued by the Treasury of the Argentine Republic ("LETES")	—	1,015	—	1,015
Bills issued by the Treasury Department of the U.S. ("T-Bills")	—	3,493	—	3,493
Capitalizable bills issued by the Treasury of the Argentine Republic ("LECAPs")	—	77	—	77
Foreign exchange forward contracts	—	44	—	44
Convertibles notes	—	106	—	106
Financial liabilities				
Contingent consideration	—	—	9,767	9,767
Foreign exchange forward contracts	—	12	—	12

	As of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	—	7,620	—	7,620
Bills issued by the Argentine Central Bank ("LEBACs")	—	527	—	527
Foreign exchange forward contracts	—	73	—	73
Call option on minority interest (see note 24.3)	—	—	455	455
Convertibles notes	—	100	—	100
Financial liabilities				
Contingent consideration	—	—	23,905	23,905
Put option on minority interest (see note 24.3)	—	—	2,797	2,797

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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 24.2, the acquisition of Clarice included a contingent consideration agreement which was payable on a deferred basis and which will be subject to the occurrence of certain events relating to the acquired company's capacity.

As of December 31, 2017, the Company remeasured the fair value of the contingent consideration related to Clarice described above, considering the new targets established by the amendment signed on May 16, 2017 to Globant India Private Ltd. (formerly Clarice Technologies PVT Ltd.) Share Purchase Agreement dated on May 14, 2015. Loss arising from the change in fair value amounted to 1,173 and includes a loss arising from the change in fair value of the contingent consideration for an amount of 1,401.

As of December 31, 2018 and 2017, the nominal value of contingent consideration related to Clarice amounted to 3,947 and 6,291, respectively. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 1,316 and 3,947 as of December 31, 2018 and 2,193 and 6,578 as of December 31, 2017. The fair value of the contingent consideration related to Clarice arrangement of 3,873 and 6,099 as of December 31, 2018 and 2017, respectively, was estimated by discounting to present value using a risk-adjusted discount rate.

As described in note 24.4, the acquisition of WAE (jointly We are London Limited and We are Experience, Inc.) included a contingent consideration agreement which was payable on a deferred basis and was subject to the occurrence of certain events relating to the acquired company's gross revenue and gross profit.

As of December 31, 2017, the Company remeasured the fair value of the contingent consideration related to WAE described above. Gain arising from the change in fair value of the contingent consideration amounted to 3,850 and is included as Other income, net.

As of December 31, 2017, the nominal value of contingent consideration related to WAE amounted to 829 and such amount was related to Year 1 Deferred Consideration payment. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was 816 as of December 31, 2017. The fair value of the contingent consideration arrangement of 816 as of December 31, 2017 was estimated by discounting to present value using a risk-adjusted discount rate.

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During 2018, the Company and the sellers of WAE have entered into discussions concerning circumstances that may have impacted the calculation of targets on the base of which the final amount of Year 2 Deferred consideration should have been calculated. For that reason, in July, 2018, the Company and the sellers of WAE signed a final settlement in order to avoid future claims on this matter. Loss arising from the settlement agreement amounted to 1,038 as of December 31, 2018 and was disclosed as Other income, net. In July, 2018, the Company paid a total amount of 1,867.

As described in note 24.6, the acquisition of L4 included a contingent consideration agreement which is payable on a deferred basis and which will be subject to certain events relating to the acquired company's gross revenue and gross profit.

As of December 31, 2017, the Company remeasured the fair value of the contingent consideration related to L4 described above, considering the new targets established by the amendment signed on January 30, 2018 to the SPA dated on November 14, 2016. Gain arising from the change in fair value of the contingent consideration amounted to 4,058 and is included as Other income, net.

As of December 31, 2017, the nominal value of contingent consideration related to L4 amounted to 3,750. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 4,320 and an unlimited maximum amount, given that such payment may be increased proportionally to the targets achievements, as of December 31, 2017. The fair value of the contingent consideration arrangement of 3,653 as of December 31, 2017 was estimated by discounting to present value using a risk-adjusted discount rate.

As of December 31, 2018, the Company remeasured the fair value of the contingent consideration related to L4 described above, considering the non achievement of targets established by the Share Purchase Agreement. Gain arising from the change in fair value amounted to 1,848 and is included as Other income, net.

As described in note 24.7, the acquisition of Ratio, included a contingent consideration agreement which is payable on a deferred basis and which will be subject to certain events relating to the acquired company's gross revenue and gross margin.

As of December 31, 2018 and 2017, the nominal value of contingent consideration related to Ratio amounted to 2,860 and 3,923, respectively. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 2,570 and an unlimited maximum amount, given that such payment may be increased proportionally to the targets achievements, as of December 31, 2018 and between 2,746 and an unlimited maximum amount, given that such payment may be increased proportionally to the targets achievements, as of December 31, 2017. The fair value of the contingent consideration arrangement of 2,844 and 3,876 as of December 31, 2018 and 2017 was estimated by discounting to present value using a risk-adjusted discount rate.

As of December 31, 2018, the Company remeasured the fair value of the contingent consideration related to the acquisition of Ratio. Loss arising from the change in fair value amounted to 654 and is included as Other income, net.

As described in note 24.8, the acquisition of PointSource, included a contingent consideration agreement which was payable on a deferred basis and which was subject to certain events relating to the acquired company's gross revenue and gross margin.

As of December 31, 2017, the nominal value of contingent consideration related to PointSource amounted to 9,626. The potential undiscounted amount of all future payments that the Company could be required to make under this agreement was between 3,850 and an unlimited maximum amount, given that such payment may be increased proportionally to the targets achievements, as of December 31, 2017. The fair value of the contingent consideration arrangement of 9,461 as of December 31, 2017 was estimated by discounting to present value using a risk-adjusted discount rate.

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On 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 achievement. As of December 31, 2018, the fixed-payment amounted to 1,786 and is included in other financial liabilities. 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 and is included as Other income, net.

As described in note 24.9, the acquisition of Small Footprint 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 billable headcount.

As of December 31, 2018, the nominal amount of the contingent consideration related to Small Footprint amounted to 3,066. Such amount was paid on March 1, 2019. The fair value of the contingent consideration arrangement of 3,070 as of December 31, 2018 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,		
	2018	2017	2016
Gain on remeasurement of the contingent consideration of PointSource	5,506	—	—
(Loss) gain on remeasurement of the contingent consideration of Clarice	—	(1,173)	418
Gain on remeasurement of the contingent consideration of L4	1,848	4,058	—
Gain on remeasurement of the contingent consideration of WAE	—	3,850	—
Loss on remeasurement of the contingent consideration of Ratio	(654)	—	—
TOTAL	6,700	6,735	418

28.9.2 Put and call option on minority interests

As described in note 24.3, 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 Dynaflo.

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 Dynaflo 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 described in note 24.3, the Company also agreed on a call option over non-controlling interest. The fair value of the call option on minority interest of 455 as of December 31, 2017 was estimated by using the Black & Scholes method considering the EBITDA and Revenue of the Dynaflo's most recent audited annual financial statements at the time of the delivery of such exercise of the call option to present value using a risk-adjusted discount rate.

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

As of December 31, 2017 and 2016, the Company recorded a gain of 1,727 and 2,981, respectively, related to the remeasurement at fair value of the put and call option described above.

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

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

	Financial Assets	Financial liabilities	
	Call option on minority interest	Contingent consideration	Put option on minority interest
December 31, 2016	319	23,314	4,388
Fair value remeasurement ⁽¹⁾	136	(6,878)	(1,591)
Acquisition of business ⁽¹⁾	—	13,199	—
Payments ⁽²⁾	—	(5,990)	—
Interests ⁽¹⁾	—	260	—
December 31, 2017	<u>455</u>	<u>23,905</u>	<u>2,797</u>
	Financial Assets	Financial liabilities	
	Call option on minority interest	Contingent consideration	Put option on minority interest
December 31, 2017	455	23,905	2,797
Fair value remeasurement ⁽¹⁾	—	(6,700)	(1,611)
Reclassification to amortised cost ⁽¹⁾	—	(1,778)	—
Derecognition of call option ⁽¹⁾	(455)	—	—
Acquisition of business ⁽¹⁾	—	3,029	—
Payments ⁽²⁾	—	(8,947)	(1,186)
Interests ⁽¹⁾	—	258	—
December 31, 2018	<u>—</u>	<u>9,767</u>	<u>—</u>

(1) Non-cash transactions.

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

28.9.4 Foreign exchange futures and forward contracts

During the years ended December 31, 2018, 2017 and 2016, the Argentinian subsidiaries, Sistemas Globales S.A. and IAFH Global S.A. acquired foreign exchange futures contracts with SBS Sociedad de Bolsa S.A. (SBS) in U.S. dollars, with the purpose of hedging the possible decrease of assets' value held in Argentine Pesos due to the risk of exposure to fluctuations in foreign currency. The foreign exchange futures contracts were recognized, according to IFRS 9, as financial assets at fair value through profit or loss. For the years ended December 31, 2018, 2017 and 2016 the Company recognized a gain of 594, and a loss of 421 and 1,126, respectively.

These futures contracts have daily settlements, in which the futures value changes daily. Sistemas Globales S.A. and IAFH Global S.A. recognize daily variations in SBS primary accounts, and the gains or losses generated by each daily position through profit or loss. Thus, at the closing of each day, according to the future price of the exchange rate U.S. Dollar – Argentine peso, the companies perceive a gain or loss for the difference. As future contracts have daily settlements, hence fair value as of December 31, 2018, 2017 and 2016 was zero.

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The most frequently applied valuation techniques include forward pricing models. The models incorporate various inputs including: foreign exchange spot, interest rates curves of the respective currencies and the term of the contract.

NOTE 29 — CONTINGENCIES

On February 10, 2012, Federación Argentina de Empleados de Comercio y Servicios ("FAECYS") filed a lawsuit against our Argentine subsidiary, Sistemas Globales S.A., in which FAECYS demanded the application of its collective labor agreement to the employees of that subsidiary. According to FAECYS's claim, Sistemas Globales should have withheld and transferred to FAECYS an amount of 0.5% of the gross monthly salaries of Sistemas Globales' employees.

On April 16, 2018, the lower court dismissed the complaint filed by FAECYS, and such decision was subsequently confirmed by the court of appeals.

NOTE 30 — CAPITAL AND RESERVES

30.1 Issuance of common shares

On 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 certain employees. Options were exercised at an average price of 13.76 per share amounting to a total of 7,040.

On 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 agree 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 agree 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 24.2.

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 24.8.

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 24.7.

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On December 31, 2017, 338,709 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by some employees. Options were exercised at an average price of 15.63 per share amounting to a total of 5,296.

On December 31, 2017, 254,328 Restricted Stock Units (RSU) were granted to certain employees and directors of the Company. During 2017, 86,931 RSUs were vested at an average price of 36.11 per share amounting to a total of 3,141 (non-cash transaction).

On August 17, 2017, the Company issued 34,219 common shares for a total amount of 1,435 as part of the subscription agreement stated in the stock purchase agreement signed with WAE's sellers, as part of the business combination explained in note 24.4.

On June 1, 2017, the Company issued 84,953 common shares for a total amount of 3,100 as part of the subscription agreement stated in the stock purchase agreement signed with PointSource's sellers, as part of the business combination explained in note 24.8.

On March 1, 2017, the Company issued 34,309 common shares for a total amount of 1,160 as part of the subscription agreement stated in the stock purchase agreement signed with Ratio's sellers, as part of the business combination explained in note 24.7.

On December 31, 2016, 243,915 common shares were issued after vested options arising from the 2012 and 2014 share-based compensation plan were exercised by some employees. Options were exercised at an average price of 7.64 per share amounting to a total of 1,863.

On November 14, 2016, the Company issued 70,380 common shares for an amount of 2,970 as part of the subscription agreement stated in the Stock Purchase Agreement signed with L4's sellers, explained in note 24.6.

On July 25, 2016, the Company issued 23,508 common shares for an amount of 900 as part of the subscription agreement signed with Clarice's sellers, explained in note 24.2.

On May 23, 2016, the Company issued 75,221 common shares for an amount of 2,550 as part of the subscription agreement stated in the Stock Purchase Agreement signed with WAE's sellers, as part of the business combination explained in note 24.4.

On January 22, 2016, the Company granted 11,213 treasury shares at a price of \$ 27.2 per share to Mr. Spitz to cancel the remaining liability of 305, related to the acquisition of the minority interest of Huddle Group. The Company withholds the remaining amount of 20 as an escrow.

On April 30, 2015, the Company granted to one employee 30,000 common shares to be carried out in two tranches: 15,000 shares delivered during April 2015 and the remaining 15,000 shares were delivered on April 1, 2016. Shares were granted at a price of 21.01 per share amounting to a total of 315 per year.

30.2 Public offerings

On August 2, 2016, the Company applied to the Luxembourg Stock Exchange for listing on the Official List of the Luxembourg Stock Exchange and for the admission to trading on its regulated market of 34,594,324 existing common shares, issued in registered form, with a nominal value of US\$ 1.20 each, representing the entire share capital of the Company at that moment. The fees estimated in connection with the listing of the common shares amounted to 162 and are including within professional services.

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On August 11, 2016, the Company applied to the Luxembourg Financial Sector Supervisory Authority (Commission de Surveillance du Secteur Financier) (the "CSSF") in its capacity as competent authority, for the approval of the Company's prospectus, which was approved by the CSSF on August 11, 2016.

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.

As of December 31, 2018, 32,496,961 common shares of the Company's share capital are registered with the SEC and quoted in the New York Stock Exchange.

NOTE 31 — APPROPRIATION OF RETAINED EARNINGS UNDER SUBSIDIARIES' LOCAL LAWS

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

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, 2018, the legal reserve amounted to 765 for all Argentine subsidiaries and as of that date was fully constituted.

As of December 31, 2018, the legal reserve amounted to 42 for the Company's Uruguayan subsidiary and as of that date was fully constituted.

According to the ByLaws of Sistemas Colombia S.A.S., the Colombian subsidiary of the Company must appropriate at least 10% of the net income of the year to a legal reserve until such reserve equal 50% of its share capital. As of December 31, 2018, there was a legal reserve of 0.4 that was fully constituted.

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, 2018, the legal reserve amounted to 7,922 for all Spanish subsidiaries.

In accordance with Brazilian Law, there is no requirement for limited liability companies to allocate profits for the creation of a legal reserve. The Company's Brazilian subsidiary did not have a legal reserve as of December 31, 2018.

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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, 2018, the legal reserve amounted to 437. Dividends paid by the Company to the holders of our common shares are as a rule subject to a 15% withholding tax in Luxembourg, unless a reduced withholding tax rate applies pursuant to an applicable double tax treaty or an exemption pursuant to the application of the participation exemption, and, to the extent withholding tax applies, we are responsible for withholding amounts corresponding to such taxation at its source.

In accordance with Peru corporate law, the Peruvian subsidiary of the Company must reserve at least 10% of its net income of the year to a legal reserve, until such reserve equals 20% of its respective amount capital stock. As of December 31, 2018, there was no legal reserve constituted.

According to Mexican Law, the Mexican subsidiary of the Company must appropriate at least 5% of net income of the year to a legal reserve, until such reserve equals the fifth portion of their respective share capital amounts. As of December 31, 2018, the legal reserve amounted to 68 for the Company's Mexican subsidiary.

Regarding India Law, the Companies Act, 2013 does not mandate any fixed quantum of profits to be transferred / allocated to the reserves of a company. As of December 31, 2018, the legal reserve amounted to 17 for the Company's Indian subsidiary.

In UK there is no requirement for the UK's Company subsidiary to allocate profits for the creation of a legal reserve. As of December 31, 2018, there was no legal reserve constituted.

In Chile there is no requirement for the Chilean subsidiary of the Company to allocate profits for the creation of a legal reserve. As of December 31, 2018, 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, 2018, there was no legal reserve constituted.

In accordance with the law of Belarus, the Belorussian subsidiary must allocate an amount up to 25% of annual payroll reserve fund for salaries. The source for creating this fund is the profit remaining at the disposal of the company after paying taxes and other obligatory payments. As of December 31, 2018, there was no legal reserve constituted.

In the United States there is no requirement for the Company's U.S. subsidiary to allocate profits for the creation of a legal reserve. As of December 31, 2018, 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 of the company. As of December 31, 2018, the reserve fund of the company was of Romanian Leu ("RON") 56.

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, 2018, there was no legal reserve constituted.

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NOTE 32 – SUBSEQUENT EVENTS

The Company evaluated transactions occurring after December 31, 2018 in accordance to IAS 10 'Events after the reporting period'.

32.1 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 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). The transaction closed on February 1, 2019.

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 \$48,557. 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.
- **Earn-out payments:** the remaining amount of 7,618 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.

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 \$865,323 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.

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 to 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.

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

32.2 Loan agreement with Wolox

On January 4, 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.

NOTE 33 – APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved by the Board of Directors on March 22, 2019.

Martín Migoya
President

F-98

« GLOBANT S.A. »
société anonyme
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R.C.S. Luxembourg, section B numéro 173.727

STATUTS COORDONNES à la date du 22 janvier 2019

A. NAME - DURATION - PURPOSE - REGISTERED OFFICE

Article 1 Name

There exists a company in the form of a joint stock company (*société anonyme*) under the name of “**GLOBANT S.A.**” (the “**Company**”) which shall be governed by the law of 10 August 1915 concerning commercial companies, as amended (the “**Law**”), as well as by the present articles of association.

Article 2 Duration

The Company is incorporated for an unlimited duration. It may be dissolved at any time and without cause by a resolution of the general meeting of shareholders, adopted in the manner required for an amendment of these articles of association.

Article 3 Object

3.1. The Company's primary purpose is the creation, holding, development and realization of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio.

3.2. The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company and lend funds or otherwise assist any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of companies as the Company.

3.3. The Company may borrow in any form and may issue any kind of notes, bonds and debentures and generally issue any debt, equity and/or hybrid or other securities of any kind in accordance with Luxembourg law.

3.4. The Company may carry out any commercial, industrial, financial, real estate, technical, intellectual property or other activities which it may deem useful in accomplishment of these purposes.

Article 4 Registered office

4.1 The Company's registered office is established in the city of Luxembourg, Grand Duchy of Luxembourg. The Company's registered office may be transferred by a resolution of the board of directors within the same municipality.

4.2 It may be transferred to any other municipality in the Grand Duchy of Luxembourg by means of a resolution of the general meeting of shareholders.

4.3 Branches or other offices may be established either in the Grand Duchy of Luxembourg or abroad by a resolution of the board of directors.

B. SHARE CAPITAL - COMMON SHARES - REGISTER OF COMMON SHARES - OWNERSHIP AND TRANSFER OF COMMON SHARES

Article 5 Share capital

5.1. The Company has a share capital of forty-three million three hundred twenty-four thousand five hundred seventy-six U.S. dollars and eighty cent (USD 43,324,576.80) represented by thirty-six million one hundred three thousand eight hundred fourteen (36,103,814) common shares having a nominal value of one U.S. dollar and twenty cents (USD 1.20) per common share.

5.2. The Company's issued share capital may be (i) increased by a resolution of the board of directors (or delegate thereof) in accordance with articles 6.1 and 6.2 of these articles of association or (ii) increased or reduced by a resolution of the general meeting of shareholders, adopted in the manner required for an amendment of these articles of association.

Article 6 Authorized capital

6.1 The Company's authorized capital, excluding the Company's share capital, is set at seven million five hundred fifty-five thousand two hundred twenty-seven U.S. dollars and sixty cents (USD 7,555,227.60) consisting in six million two hundred ninety-six thousand twenty-three (6,296,023) common shares having a nominal value of one U.S. dollar and twenty cents (USD 1.20) per common share.

6.2 The board of directors is authorized to issue common shares, to grant options to subscribe for common shares and to issue any other instruments convertible into, or giving rights to, common shares within the limit of the authorized share capital, to such persons and on such terms as it shall see fit, and specifically to carry out such issue or issues without reserving a pre-emptive subscription right for the existing shareholders during a period of time from the date of the extraordinary general meeting of shareholders held on 8 May 2017 and ending on the fifth (5th) anniversary of the date of publication in the Recueil Electronique des Sociétés et Associations of the minutes of the extraordinary general meeting of shareholders held on 8 May 2017. Such common shares may be issued above, at or below market value, above or at nominal value, or by way of incorporation of available reserves (including premium). The general meeting has authorized the board of directors to waive, suppress or limit any pre-emptive subscription rights of shareholders to the extent the board deems such waiver, suppression or limitation advisable for any issue or issues of common shares within the scope of the Company's authorized (un-issued) share capital. This authorization may be renewed, amended or extended by resolution of the general meeting of shareholders adopted in the manner required for an amendment of these articles of association. Upon an issue of shares within the authorized share capital, the board shall have the present articles of association amended accordingly.

6.3 The authorized capital of the Company may be increased or reduced by a resolution of the general meeting of shareholders adopted in the manner required for amendments of these articles of association.

Article 7 Common shares

7.1 The Company's share capital is divided into common shares, each of them having the same nominal value. The common shares of the Company are shall remain in registered form only.

7.2 The Company may have one or several shareholders.

7.3 No fractional common shares shall be issued or exist.

7.4 Within the limits and conditions laid down by the Law, the Company may repurchase its own common shares and may hold them in treasury.

7.5 A register of common shares will be kept by the Company and will be available for inspection by any shareholder. Ownership of registered common shares will be established by inscription in the said register or in the event separate registrars have been appointed pursuant to article 7.6, in such separate register(s). Without prejudice to the conditions for transfer by book entries provided for in article 7.8 of these articles of association, a transfer of registered common shares shall be carried out by means of a declaration of transfer entered in the relevant register, dated and signed by the transferor and the transferee or by their duly authorized representatives or by the Company upon notification of the transfer or acceptance of the transfer by the Company. The Company may accept and enter in the relevant register a transfer on the basis of correspondence or other documents recording the agreement between the transferor and the transferee.

7.6 The Company may appoint registrars in different jurisdictions who will each maintain a separate register for the registered common shares entered therein and the holders of common shares may elect to be entered in one of the registers and to be transferred from time to time from one register to another register. The board of directors may however impose transfer restrictions for common shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein. A transfer to the register kept at the Company's registered office may always be requested.

7.7 Subject to the provisions of article 7.8 and article 7.10, the Company may consider the person in whose name the registered common shares are registered in the register of shareholders as the full owner of such registered common shares. In the event that a holder of registered common shares does not provide an address in writing to which all notices or announcements from the Company may be sent, the Company may permit a notice to this effect to be entered into the register of shareholders and such holder's address will be deemed to be at the registered office of the Company or such other address as may be so entered by the Company from time to time, until a different address shall be provided to the Company by such holder in writing. The holder may, at any time, change his address as entered in the register of shareholders by means of written notification to the Company.

7.8 The common shares may be held by a holder (the "**Holder**") through a securities settlement system or a Depository (as this term is defined below). The Holder of common shares held in such fungible securities accounts has the same rights and obligations as if such Holder held the common shares directly. The common shares held through a securities settlement system or a Depository shall be recorded in an account opened in the name of the Holder and may be transferred from one account to another in accordance with customary procedures for the transfer of securities in book-entry form. However, the Company 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 Depository recorded in the register of shareholders or in accordance with the instructions of such securities settlement system or Depository. Such payment will grant full discharge of the Company's obligations in this respect.

7.9 In connection with a general meeting, the board of directors may decide that no entry shall be made in the register of shareholders and no notice of a transfer shall be recognized by the Company and the registrar(s) during the period starting on the Record Date (as hereinafter defined) and ending on the closing of such general meeting.

7.10 All communications and notices to be given to a registered shareholder shall be deemed validly made if made to the latest address communicated by the shareholder to the Company in accordance with article 7.7 or, if no address has been communicated by the shareholder, the registered office of the Company or such other address as may be so entered by the Company in the register from time to time according to article 7.8.

7.11 Where common shares are recorded in the register of shareholders in the name of or on behalf of a securities settlement system or the operator of such system and recorded as book-entry interests in the accounts of a professional depository or any sub-depository (any depository and any sub-depository being referred to hereinafter as a “**Depository**”), the Company - subject to having received from the Depository a certificate in proper form - will permit the Depository of such book-entry interests to exercise the rights attaching to the common shares corresponding to the book-entry interests of the relevant Holder, including receiving notices of general meetings, admission to and voting at general meetings, and shall consider the Depository to be the holder of the common shares corresponding to the book-entry interests for purposes of this article 7 of the present articles of association. The board of directors may determine the formal requirements with which such certificates must comply.

Article 8 Ownership of common shares

8.1 The Company will recognize only one holder per common share. If a common share is owned by several persons, they must designate a single person to be considered as the sole owner of such common share in relation to the Company. The Company is entitled to suspend the exercise of all rights attached to a common share held by several owners until one (1) owner has been designated.

8.2 The common shares are freely transferable. All rights and obligations attached to any common share are passed to any transferee thereof.

C. GENERAL MEETING OF SHAREHOLDERS

Article 9 Powers of the general meeting of shareholders

The shareholders exercise their collective rights in the general meeting of shareholders. Any regularly constituted general meeting of shareholders of the Company represents the entire body of shareholders of the Company. It shall have the broadest powers to authorize, order, carry out or ratify acts relating to the Company.

Article 10 Convening general meetings of shareholders

10.1 The general meeting of shareholders of the Company may at any time be convened by the board of directors, to be held at such place and on such date as specified in the convening notice of such meeting.

10.2 The general meeting of shareholders must be convened by the board of directors, upon request in written indicating the agenda, addressed to the board of directors by one or several shareholders representing at least ten percent (10%) of the Company's issued share capital. In such case, a general meeting of shareholders must be convened and shall be held within a period of one (1) month from receipt of such request. Shareholder(s) holding at least five percent (5%) of the Company's issued share capital may request the addition of one or several items to the agenda of any general meeting of shareholders and propose resolutions. Such requests must be received at the Company's registered office by registered mails at least twenty-two (22) days before the date of such meeting.

10.3 The annual general meeting of shareholders shall be held within six (6) months of the end of each financial year in Luxembourg, at the registered office of the Company or at such other place as may be specified in the convening notice of such meeting.

10.4 Other general meetings of shareholders may be held at such place and time as may be specified in the respective notice of meeting.

10.5 General meetings of shareholders shall be convened in accordance with the provisions of the Law and if the common shares of the Company are listed on a foreign stock exchange, in accordance with the requirements of such foreign stock exchange applicable to the Company.

10.6 If the common shares of the Company are not listed on any foreign stock exchange, all shareholders recorded in the register of shareholders on the date of the general meeting of the shareholders are entitled to be admitted to the general meeting of shareholders.

10.7 If the common shares of the Company are listed on a stock exchange, all shareholders recorded in any register of shareholders of the Company 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.

10.8 Any shareholder, Holder or Depositary, as the case may be, who wishes to attend the general meeting must inform the Company thereof no later than on the fourteenth day preceding the date of such general meeting, or by any other date which the board of directors may determine and as specified in the convening notice, in a manner to be determined by the board of directors in the convening notice. In case of common shares held through the operator of a securities settlement system or with a Depositary designated by such Depositary, a holder of common shares wishing to attend a general meeting of shareholders should receive from such operator or Depositary a certificate certifying the number of common shares recorded in the relevant account on the Record Date. The certificate should be submitted to the Company no later than three (3) business days prior to the date of such general meeting. If the shareholder votes by means of a proxy, the proxy shall be deposited at the registered office of the Company or with any agent of the Company, duly authorized to receive such proxies, at the same time. The 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.

10.9 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.

Article 11 Conduct of general meetings of shareholders

11.1 A board of the meeting shall be formed at any general meeting of shareholders, composed of a chairman, a secretary and a scrutineer, each of whom shall be appointed by the general meeting of shareholders and who do not need to be shareholders. The board of the meeting shall ensure that the meeting is held in accordance with applicable rules and, in particular, in compliance with the rules in relation to convening the meeting, quorum, if any, and majority requirements, vote tallying and representation of shareholders.

11.2 An attendance list must be kept for any general meeting of shareholders.

11.3 Each common share entitles the holder thereof to one vote, subject to the provisions of the Law. Unless otherwise required by applicable law or by these articles of association, resolutions at a general meeting of shareholders duly convened are adopted by a simple majority of the votes validly cast, regardless of the proportion of the issued share capital of the Company present or represented at such meeting. Abstention and nil votes will not be taken into account.

11.4 A shareholder may act at any general meeting of shareholders by appointing another person, shareholder or not, as his proxy in writing by a signed document transmitted by mail or facsimile or by any other means of communication authorized by the board of directors. One person may represent several or even all shareholders.

11.5 Shareholders who participate in a general meeting of shareholders by conference call, video-conference or by any other means of communication authorized by the board of directors, which allows such shareholder's identification and which allows that all the persons taking part in the meeting hear one another on a continuous basis and may effectively participate in the meeting, are deemed to be present for the computation of quorum and majority, subject to such means of communication being made available at the place of the meeting.

11.6 Each shareholder may vote at a general meeting of shareholders through a signed voting form sent by mail or facsimile or by any other means of communication authorized by the board of directors and delivered to the Company's registered office or to the address specified in the convening notice. The shareholders may only use voting forms provided by the Company which contain at least the place, date and time of the meeting, the agenda of the meeting, the proposals submitted to the resolution of the meeting, as well as for each proposal three boxes allowing the shareholder to vote in favor of or against the proposed resolution or to abstain from voting thereon by ticking the appropriate boxes. The Company will only take into account voting forms received no later than three (3) business days prior to the date of the general meeting of shareholders to which they relate. The board of directors may set a shorter period for the submission of the voting forms.

11.7 The board of directors may determine further conditions that must be fulfilled by the shareholders for them to take part in any general meeting of shareholders.

Article 12 Amendments of the articles of association

Subject to the provisions of the Law and of these articles of association, any amendment of the articles of association requires a majority of at least two-thirds (2/3) of the votes validly cast at a general meeting at which at least half (1/2) of the issued share capital is represented. In case the second condition is not satisfied, a second meeting may be convened in accordance with the Law, which may validly deliberate regardless of the proportion of the issued share capital of the Company represented at such meeting and at which resolutions are taken at a majority of at least two-thirds (2/3) of the votes validly cast. Abstention and nil votes will not be taken into account for the calculation of the majority.

Article 13 Adjourning general meetings of shareholders

The board of directors may adjourn any general meeting of shareholders already commenced, including any general meeting convened in order to resolve on an amendment of the articles of association, for a period of four (4) weeks. The board of directors must adjourn any general meeting of shareholders already commenced if so required by one or several shareholders representing in the aggregate at least twenty per cent (20%) of the Company's issued share capital. By such an adjournment of a general meeting of shareholders already commenced, any resolution already adopted in such meeting will be cancelled. For the avoidance of doubt, once a meeting has been adjourned pursuant to the second sentence of this article 13, the board of directors shall not be required to adjourn such meeting a second time.

Article 14 Minutes of general meetings of shareholders

The board of any general meeting of shareholders shall draw up minutes of the meeting which shall be signed by the members of the board of the meeting as well as by any shareholder who requests to do so. Any copy and excerpt of such original minutes to be produced in judicial proceedings or to be delivered to any third party shall be signed by the chairman or the co-chairman of the board of directors or by any two of its members.

D. MANAGEMENT

Article 15 Board of directors

15.1 The Company shall be managed by a board of directors, whose members may but do not need to be shareholders of the Company. The board of directors is vested with the broadest powers to take any actions necessary or useful to fulfill the Company's corporate purpose, with the exception of the actions reserved by law or these articles of association to the general meeting of shareholders.

15.2 In accordance with article 60 of the Law, the Company's daily management and the Company's representation in connection with such daily management may be delegated to one or several members of the board of directors or to any other person(s) appointed by the board of directors, who may but are not required to be shareholders or not, acting alone or jointly. Their appointment, revocation and powers shall be determined by a resolution of the board of directors.

15.3 The board of directors may also grant special powers by notarized proxy or private instrument to any person(s) acting alone or jointly with others as agent of the Company.

15.4 The board of directors is composed of a minimum of seven (7) directors and a maximum of fifteen (15) directors. The board of directors must choose from among its members a chairman of the board of directors. It may also choose a co-chairman and it may choose a secretary, who does not need to be a shareholder or a member of the board of directors.

Article 16 Election and removal of directors and term of the office

16.1 Directors shall be elected by the general meeting of shareholders, and shall be appointed for a period up to four (4) years; provided however that directors shall be elected on a staggered basis, with one third (1/3) 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. Each elected director shall hold office until his or her successor is elected. If a legal entity is elected director of the Company, such legal entity must designate an individual as permanent representative who shall execute this role in the name and for the account of the legal entity. The relevant legal entity may only remove its permanent representative if it appoints a successor at the same time. An individual may only be a permanent representative of one director and may not be a director at the same time.

16.2 Any director may be removed at any time without cause or prior notice by the general meeting of shareholders.

16.3 Directors shall be eligible for re-election indefinitely.

16.4 If a vacancy in the office of a member of the board of directors because of death, legal incapacity, bankruptcy, retirement or otherwise occurs, such vacancy may be filled on a temporary basis by a person designated by the remaining board members until the next general meeting of shareholders, which shall resolve on a permanent appointment.

Article 17 Convening meetings of the board of directors

17.1 The board of directors shall meet following notice validly given by the chairman or by any two (2) of its members at the place indicated in the notice of the meeting as described in the next paragraph.

17.2 Written notice of any meeting of the board of directors must be given to the directors at least five (5) days in advance of the date scheduled for the meeting by mail, facsimile, electronic mail or any other means of communication, except in case of emergency, in which case the nature and the reasons of such emergency must be indicated in the notice. Such convening notice is not necessary in case of assent to waive such requirement of each director in writing by mail, facsimile, electronic mail or by any other means of communication, a copy of such document being sufficient proof thereof. Also, a convening notice is not required for a board meeting to be held at a time and location determined in a prior resolution adopted by the board of directors. No convening notice shall furthermore be required in case all members of the board of directors are present or represented at a meeting of the board of directors or in the case of resolutions in writing pursuant to these articles of association.

Article 18 Conduct of meetings of the board of directors

18.1 The chairman of the board of directors shall preside at all meetings of the board of directors. In the absence of the chairman, the board of directors may appoint another director as chairman pro tempore.

18.2 The board of directors can act and deliberate validly only if at least the majority of its members are present or represented at a meeting of the board of directors.

18.3 Resolutions are adopted with the approval of a majority of the members present or represented at a meeting of the board of directors. In case of a tie, the chairman of the board of directors shall have a casting (deciding) vote. In the absence of the chairman of the board of directors, the director who has been appointed as chairman pro tempore of the meeting shall not have a casting (deciding) vote.

18.4 Any director may act at any meeting of the board of directors by appointing any other director as proxy in writing by mail, facsimile, electronic mail or by any other means of communication. Any director may represent one or several other directors.

18.5 Any director who participates in a meeting of the board of directors by conference-call, videoconference or by any other means of communication which allows such director's identification and which allows that all the persons taking part in the meeting hear one another on a continuous basis and may effectively participate in the meeting, is deemed to be present for the computation of quorum and majority. A meeting of the board of directors held through such means of communication is deemed to be held at the Company's registered office.

18.6 The board of directors may unanimously pass resolutions in writing which shall have the same effect as resolutions passed at a meeting of the board duly convened and held. Such resolutions in writing are passed when dated and signed by all directors on a single document or on multiple counterparts, a copy of a signature sent by mail, facsimile or a similar means of communication being sufficient proof thereof. The single document showing all signatures or the entirety of the signed counterparts, as the case may be, will form the instrument giving evidence of the passing of the resolutions and the date of the resolutions shall be the date of the last signature.

18.7 The secretary or, if no secretary has been appointed, the chairman which was present at a meeting, shall draw up minutes of the meeting of the board of directors, which shall be signed by the chairman or by the secretary, as the case may be, or by any two directors.

Article 19 Committees of the board of directors

The 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 who may be but do not need to be members of the board of directors (subject always, if the common shares of the Company are listed on a foreign stock exchange, to the requirements of such foreign stock exchange applicable to the Company and/or of such regulatory authority competent in relation to such listing), determine the purpose, powers and authorities as well as the procedures and such other rules as may be applicable thereto.

Article 20 Dealings with third parties

The Company will be bound towards third parties in all circumstances by (i) the sole signature of the chairman of the board of directors, (ii) joint signatures of any two directors or (iii) by the joint signatures or the sole signature of any person(s) to whom such signatory power has been granted by the board of directors, within the limits of such authorization.

With respect to matters that constitute daily management of the Company, the Company will be bound towards third parties by the sole signature of (i) the *administrateur délégué* or *délégué à la gestion journalière* (“**Chief Executive Officer**” or “**CEO**”), (ii) the *directeur financier* (“**Chief Financial Officer**” or “**CFO**”) or (iii) any other person(s) to whom such power in relation to the daily management of the Company has been delegated in accordance with article 15 hereof, acting alone or jointly in accordance with the rules of such delegation, if any has(ve) been appointed.

Article 21 Indemnification

21.1 The members of the board of directors are not held personally liable for the indebtedness or other obligations of the Company. As agents of the Company, they are responsible for the performance of their duties. Subject to the exceptions and limitations listed in article 21.2 and mandatory provisions of law, every person who is, or has been, a member of the board of directors or officer of the Company shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding which he becomes involved as a party or otherwise by virtue of his being or having been such a director or officer and against amounts paid or incurred by him in the settlement thereof. The words “claim”, “action”, “suit” or “proceeding” shall apply to all claims, actions, suits or proceedings (civil, criminal or otherwise including appeals) actual or threatened and the words “liability” and “expenses” shall include without limitation attorneys’ fees, costs, judgments, amounts paid in settlement and other liabilities.

21.2 No indemnification shall be provided to any director or officer (i) against any liability to the Company or its shareholders by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office (ii) with respect to any matter as to which he shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company or (iii) in the event of a settlement, unless the settlement has been approved by a court of competent jurisdiction or by the board of directors.

21.3 The right of indemnification herein provided shall be severable, shall not affect any other rights to which any director or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect or limit any rights to indemnification to which corporate personnel, including directors and officers, may be entitled by contract or otherwise under law. The Company shall specifically be entitled to provide contractual indemnification to and may purchase and maintain insurance for any corporate personnel, including directors and officers of the Company, as the Company may decide upon from time to time.

21.4 Expenses in connection with the preparation and representation of a defense of any claim, action, suit or proceeding of the character described in this article 21 shall be advanced by the Company prior to final disposition thereof upon receipt of any undertaking by or on behalf of the officer or director, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this article.

Article 22 Conflicts of interest

22.1 Any director who has, directly or indirectly, a conflicting interest in a transaction submitted to the approval of the board of directors which conflicts with the Company's interest, must inform the board of directors of such conflict of interest and must have his declaration recorded in the minutes of the board meeting. The relevant director may not take part in the discussions on and may not vote on the relevant transaction. A special report shall be made on any transactions in which any of the directors may have had an interest conflicting with that of the Company, at the next general meeting, before any resolution is put in vote.

22.2 No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact that any one or more of the directors or officers of the Company 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 the Company 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.

E. AUDITORS

Article 23 Auditor(s)

23.1 The Company's annual accounts shall be audited by one or more approved independent auditors (*réviseurs d'entreprises agréés*), appointed by the general meeting of shareholders at the board of directors' recommendation (acting on the recommendation of the audit committee, if any). The general meeting of shareholders shall determine the number of auditor(s) and the term of their office which shall not exceed one (1) year and may be renewed for successive one (1) year periods.

23.2 An auditor may be dismissed at any time with cause (or with his approval) by the general meeting of shareholders. An auditor may be reappointed.

F. FINANCIAL YEAR – PROFITS – INTERIM DIVIDENDS

Article 24 Financial year

The Company's financial year shall begin on the first (1) January of each year and shall terminate on the thirty-first (31st) December of the same year.

Article 25 Profits

25.1 At the end of each financial year, the accounts are closed and the board of directors shall draw up or shall cause to be drawn up an inventory of assets and liabilities, the balance sheet and the profit and loss accounts in accordance with the Law.

25.2 From the Company's annual net profits five per cent (5%) at least shall be allocated to the Company's legal reserve. This allocation ceases to be mandatory as soon and as long as the aggregate amount of the Company's legal reserve amounts to ten per cent (10%) of the Company's issued share capital. Sums contributed to the Company by shareholders may also be allocated to the legal reserve. In the case of a share capital reduction, the Company's legal reserve may be reduced in proportion so that it does not exceed ten per cent (10%) of the issued share capital.

25.3 The annual general meeting of shareholders determines upon proposal of the board of directors how the remainder of the annual net profits will be allocated.

25.4 Dividends which have not been claimed within five (5) years after the date on which they became due and payable revert back to the Company.

Article 26 Interim dividends – Share premium and additional premiums

26.1 The board of directors may declare and pay interim dividends in accordance with the provisions of the Law.

26.2 Any share premium, additional premiums or other distributable reserve may be freely distributed to the shareholders (including by interim dividends) subject to the provisions of the Law.

G. LIQUIDATION

Article 27 Liquidation

27.1 In the event of the Company's dissolution, the liquidation shall be carried out by one or several liquidators, individuals or legal entities, appointed by the general meeting of shareholders resolving on the Company's dissolution which shall determine the liquidator's/liquidators' powers and remuneration. Unless otherwise provided, the liquidator or liquidators shall have the most extensive powers for the realization of the assets and payment of the liabilities of the Company.

27.2 The surplus resulting from the realization of the assets and the payment of all liabilities shall be distributed among the shareholders in proportion to the number of common shares of the Company held by them.

H. GOVERNING LAW

Article 28 Governing law

All matters not governed by these articles of association shall be determined in accordance with the Law.

SHARE PURCHASE AGREEMENT

Between

Marseilles Investments Limited
Scott Lee Hoing
Andres Wladimir Snaider
Top Oak LLC
Carlos Eduardo Morais
MB MARCOMM LLC
CloudFour Tech SAS,

as Sellers

and

Globant España S.A. (*sociedad unipersonal*),

as Purchaser

Dated as of January 17, 2019

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SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT (this “**Agreement**”), is entered into as of January 17, 2019 by and among, each of the selling shareholders identified as a Group A Seller or as a Group B Seller on Schedule B attached hereto (each such Seller, an “**Individual Seller**”, and jointly, the “**Sellers**”); **Globant España S.A. (sociedad unipersonal)** (“**Globant**” or the “**Purchaser**” and, together with the Sellers, each a “**Party**” and jointly, the “**Parties**”); and **Avanxo (Bermuda) Limited**, a company duly organized and existing under the Laws of the Islands of Bermuda, with registered office at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda (“**Avanxo**”, and together with its Subsidiaries (unless otherwise specifically stated herein), the “**Company**”).

WHEREAS, Sellers own collectively 100% of the issued and outstanding share capital stock, shares, special shares, partnership or membership interests, units of participation, equity securities, equity interests, other securities or other similar interests (however designated) or any other contractual obligation which would entitle any person to acquire any such interest in Avanxo and, indirectly, in any Subsidiary (as defined below) or otherwise entitle any person to share in the equity, capital, profit, earnings, losses or gains of Avanxo or any Subsidiary thereof (collectively and as applicable to Avanxo and/or any Subsidiary (as defined below), the “**Shares**”), as described in **Exhibit A** hereto.

WHEREAS, Avanxo owns or, at Closing will directly or indirectly own 100% of the Shares in the Subsidiaries, as described in **Exhibit B** hereto.

WHEREAS, upon the terms and subject to the conditions set forth herein, Purchaser desires to purchase from the Sellers, and the Sellers desire to sell to Purchaser, the Shares (the “**Transaction**”).

NOW, THEREFORE, in consideration of and subject to the promises and the mutual agreements, terms and conditions herein contained, the benefits to be derived therefrom and other good and valuable consideration, the Parties hereby agree as follows:

ARTICLE 1. PURCHASE AND SALE OF SHARES

1.1. **Purchase and Sale.** At Closing, and on the terms and subject to the conditions of this Agreement, Sellers shall sell, transfer and deliver to Purchaser and/or its nominees, and Purchaser and/or its nominees shall purchase from Sellers, free and clear of all liens, encumbrances, mortgages, pledges, charges, options, rights, community property interests, security interests, agreements, claims or restrictions of any nature whatsoever, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership, recorded or unrecorded (individually a “**Lien**” and collectively the “**Liens**”), the Shares together with all rights attached or accruing to the Shares on the Closing Date, including without limitation, the right to receive all dividends, distributions, capital contributions or any return of capital declared, paid or made by the Company on or after the Closing Date, leaving the Sellers without any shareholding or membership interest of any nature whatsoever in Avanxo.

1.2. **Purchase Price.** Subject to any adjustment as set forth herein, including those adjustments contemplated in Sections 1.3 and 1.4, to the extent applicable, and adjustments for Losses, the total aggregate consideration for the purchase by Purchaser of one hundred percent (100%) of the Shares, together with the goodwill and for all the other obligations of Sellers in accordance with this Agreement, including any non-competition and non-solicitation obligations assumed by the Sellers in this Agreement, shall be of \$48,557,247 (the “**Purchase Price**”), calculated on a fully diluted basis, including any and all warrants, options and rights with respect thereto, whether or not currently exercisable and assuming a debt-free/cash-free balance sheet, payable to the Group A Sellers and the Group B Sellers in accordance with Section 1.4 and in proportion to their respective ownership of Shares of the Company within the same group of Sellers, as described in **Schedule B** hereto (such ownership percentage, the “**Sellers’ Ownership Percentage**”).

1.3. **Payments.** Subject to the conditions set forth in this Agreement, the Purchase Price shall be payable to the Sellers, in each case in proportion to each of the Sellers’ Ownership Percentage, as applicable to each Group A Seller or Group B Seller, as follows:

1.3.1. Payment to the Group A Sellers.

- (a) The total aggregate amount of the Purchase Price payable to the Group A Sellers will be an amount of up to \$37,477,812 (the “**Group A Payment**”). At Closing, the Purchaser shall pay to the Group A Sellers an amount equal to the Group A Payment less any deduction or withholding as provided herein.
- (b) From the Group A Payment, an amount equal to \$3,747,781 shall be deposited directly by Purchaser on behalf of Group A Sellers to an escrow fund of Group A Sellers and shall be held in escrow (the “**Group A Sellers Escrow Amount**”) as indicated below in this Agreement. The Group A Sellers Escrow Amount shall be deposited by the Purchaser into an escrow fund (the “**Escrow Fund**”) pursuant to the **Escrow Agreement** and shall be held in escrow until the twenty-four (24) month anniversary of the Closing Date and subsequently disbursed in accordance with the terms, conditions and provisions thereof. Any Group A Sellers Escrow Amount that shall be transferred to the Group A Sellers, shall be subject to any deduction or withholding as set forth in this Agreement (including, but not limited to the provisions of ARTICLE 6).
- (c) All amounts of the Group A Payment shall be payable in immediately available funds to the accounts of the Group A Sellers (the “**Group A Sellers’ Accounts**”) previously informed by each of the Group A Sellers to the Purchaser at least ten (10) Business Days before the Closing Date.

1.3.2. Payments to the Group B Sellers. Earn Out Payments:

- (a) The total aggregate amount of the Purchase Price payable to the Group B Sellers will be an amount of \$11,079,435, subject to any adjustment or deduction as provided herein, which shall be paid in accordance with the following payment schedule:
 - (i) The amount of up to \$3,461,292 (subject to adjustments and deductions as provided herein) shall be paid at Closing (“**Group B First Payment**”);

- (ii) The remaining amount of up to \$7,618,143, subject to adjustments and deductions as provided herein (the “**Earn Out Payments**”), shall be paid to the Group B Sellers subject to the achievement of the Revenue Target, Gross Margin Target and Operating Margin Target, as described in **Exhibit C** hereto. Each of the foregoing, shall be measured with respect to the Company and based on the Purchaser’s audited financial statements, and accounting information, as prepared by Globant and audited by external auditors in accordance with Globant’s internal policies and procedures, consistently applied in accordance with international financial reporting standards (“**IFRS**”) to the extent not specifically modified pursuant to the provisions of this Agreement. In case of discrepancy between IFRS and the provisions of this Agreement, the latter shall prevail.
 - (iii) From the Group B First Payment, an amount equal to \$1,107,943 shall be deposited directly by Purchaser on behalf of Group B Sellers to an escrow fund of Group B Sellers and shall be held in escrow (the “**Group B Sellers Escrow Amount**”, and together with the Group A Sellers Escrow Amount, the “**Escrow Amount**”) until the twenty-four (24) month anniversary of the Closing Date and subsequently disbursed in accordance with the terms, conditions and provisions thereof. Any Group B Sellers Escrow Amount that shall be transferred to the Group B Sellers, shall be subject to any deduction or withholding as set forth in this Agreement (including, but not limited to the provisions of ARTICLE 6).
- (b) All amounts of the Purchase Price payable to the Group B Sellers will be payable in immediately available funds to the accounts (the “**Group B Sellers’ Accounts**”) previously informed by each of the Group B Sellers to the Purchaser, at least ten (10) Business Days before the Closing Date.
- (c) At Globant’s sole and exclusive option, each of the Group B Sellers (or their designees) shall subscribe at Closing and at the time of payment of any amount payable under the Earn Out Payments the number of shares of Globant restricted common stock (the “**G Shares**”) that may be purchased in accordance with the calculation of the G Shares price per share set forth in paragraph (d) below for a total purchase price equal to 25% of the Group B First Payment or of any Earn Out Payment, as applicable (the “**G Shares Amount**”) by executing subscription agreements substantially in the form of **Exhibit D** hereto (the “**Subscription Agreement**”).
 - (i) Subject to Globant’s exercise of the option provided in Section 1.3.2(c) herein, in order to determine the number of G Shares that the Group B Sellers are entitled to receive with respect to the G Shares Amount corresponding to the Group B First Payment, G Shares shall be valued at the price per share resulting on the volume weighted average trading price for the sixty (60) trading day period prior to Closing as quoted in the New York Stock Exchange (NYSE:GLOB). G Shares issued in accordance herewith shall be subject to a twelve (12) month lock-up period as of Closing and as provided in the applicable Subscription Agreement, during which the Group B Sellers shall not, without the prior written consent of Globant, offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the G Shares.

- (ii) Subject to Globant's exercise of the option as provided in Section 1.3.2(c) herein, in order to determine the number of G Shares that the Group B Sellers will be entitled to receive with respect to the G Shares Amount in connection with any Earn Out Payment, G Shares shall be valued at the price per share resulting on the volume weighted average trading price of the sixty (60) trading day period prior to the correspondent date of payment of the applicable Earn Out Payment as quoted in the New York Stock Exchange (NYSE:GLOB). G Shares issued in accordance herewith shall be subject to a twelve (12) month lock-up period as of the correspondent date of payment and as provided in the applicable Subscription Agreement, during which the Group B Sellers shall not, without the prior written consent of Globant, offer, pledge, sell, announce the intention to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the G Shares.

1.3.3. Earn Out Payments. Earn Out Report. Dispute Resolution.

- (a) Within sixty (60) calendar days after the closing of each Earn Out Period, the Purchaser shall prepare and deliver to the Group B Sellers a report stating in reasonable detail the Purchaser's determination of the applicable Earn Out Payment (the "**Earn Out Report**") based on the Company's financial statements on a consolidated basis and Exhibit C.
- (b) Within ten (10) Business Days from the date of delivery of the Earn Out Report, and irrespectively of whether the Group B Sellers deliver an Earn Out Objection Notice (as set forth in the next subsection), the Purchaser shall pay to the Group B Sellers the Earn Out Payment in immediately available funds by means of a deposit in the Group B Sellers Account.
- (c) Unless the Group B Sellers (acting jointly) object to Purchaser's determination of the Earn Out Payment as set forth in an Earn Out Report by the delivery to Purchaser of a written notice setting forth the basis for such objection (an "**Earn Out Objection Notice**") within twenty (20) Business Days after the Group B Sellers' receipt of the Earn Out Report (or if, at any time, Sellers, acting jointly, deliver to Purchaser a written notice expressly accepting the Earn Out Report), the Earn Out Report shall be conclusive and binding for all purposes of this Agreement, in the absence of any manifest error.
- (d) In the event that the Group B Sellers (acting jointly) timely deliver an Earn Out Objection Notice, Purchaser and the Group B Sellers shall first use diligent good faith efforts to resolve such dispute between themselves and the Purchaser shall deliver in due time to the Group B Sellers copy of all the relevant information used to prepare the Earn Out Report. If they are unable to resolve such dispute within thirty (30) calendar days after the delivery of the Earn Out Objection Notice, then the dispute shall be submitted to a financial arbitrator (the "**Financial Arbitrator**") (acting as arbitrator and not as an expert) for determination as follows:
 - (i) The Group B Sellers, will nominate, within the ten (10) Business Days following the failure to resolve directly the dispute, two (2) firms from the list of accounting firms listed in **Schedule C** under items 1 to 4 thereof.

- (ii) The Purchaser will have a term of ten (10) Business Days following the receipt of the nomination for Financial Arbitrators to elect one of the firms from the two (2) firms designated by the Group B Sellers. If the Purchaser fails to choose a firm within the given time, the Group B Sellers will choose the Financial Arbitrator from the two (2) firms designated by the Group B Sellers. In case the designated firm is not able to act as a Financial Arbitrator, the other firm designated by the Group B Sellers shall be deemed chosen by the Purchaser or the Group B Sellers, as the case may be, to act as Financial Arbitrator. In case this second firm is not able to act as a Financial Arbitrator, Purchaser or Group B Sellers, as the case may be, shall choose from the other two firms listed in **Schedule C** under items 1 to 4. In case none of the firms listed under items 1 to 4 of **Schedule C** are able to act as Financial Arbitrators, the Group B Sellers shall nominate the firms listed under items 5 and 6 of **Schedule C** for Purchaser to elect one of such two (2) firms. In case the designated firm is not able to act as a Financial Arbitrator, the other firm designated by the Group B Sellers shall be deemed chosen by the Purchaser to act as a Financial Arbitrator. If neither of such firms are able to act as Financial Arbitrators, Purchaser and Group B Sellers shall jointly agree on the nomination of a reputable firm to act as Financial Arbitrator. If they cannot reach an agreement on who the Financial Arbitrator shall be, within the ten (10) Business Days following the date on which the last of the firms listed on Schedule C, refused to act as Financial Arbitrator, then the Arbitration provision in Section 10.12 shall apply.
- (iii) The Purchaser and the Group B Sellers (acting jointly) shall submit to the Financial Arbitrator, within fifteen (15) Business Days after the date of the engagement of the Financial Arbitrator, copies of (A) the applicable Earn Out Report, (B) the Earn Out Objection Notice, and (C) a list of all unresolved objections raised by the Group B Sellers with respect to the calculation of the Earn Out Payment in the applicable Earn Out Report (the “**Unresolved Earn Out Objections**”). Each of the Purchaser and the Group B Sellers (acting jointly) shall submit to the Financial Arbitrator (with a copy delivered to the other Parties on the same day), within the thirty (30) calendar days following the date of the engagement of the Financial Arbitrator, a memorandum (which may include supporting exhibits) setting forth their respective positions on the Unresolved Earn Out Objections. It is hereby clarified that, in the context of a dispute submitted to the Financial Arbitrator, the Purchaser shall –at its exclusive discretion– be allowed to request, and the Financial Arbitrator shall be required to conduct, a complete examination of the determination of the applicable Earn Out Payment. For purposes thereof, it is understood that the Purchaser’s initial determination of the Earn Out Payment set forth in the Earn Out Report shall in no case be deemed an acknowledgement or recognition of a minimum payment in favor of the Group B Sellers. Accordingly, the calculation of the applicable Earn Out Payment determined by the Financial Arbitrator may result in a lesser amount than the Earn Out Payment as initially calculated by the Purchaser. The Financial Arbitrator may, at its discretion, conduct a meeting concerning the Unresolved Earn Out Objections, at which meeting Purchaser and the Group B Sellers (or their designees) shall have the right to present additional documents, materials and other information and to have present their respective advisors, counsel and accountants. In connection with the resolution of the Unresolved Earn Out Objections, and except as set forth in the previous sentence, there shall be no other hearings or oral examinations, testimony, depositions, discovery or other similar proceedings. Each of the Purchaser and the Group B Sellers (acting jointly) shall make available to the other Party and the Financial Arbitrator, as the case may be, such documents, books, records, work papers, facilities, personnel and other information as the Financial Arbitrator may reasonably request to review the Earn Out Report and to resolve the Unresolved Earn Out Objections.

- (iv) Within the sixty (60) calendar days following the date of the engagement of the Financial Arbitrator, the Financial Arbitrator shall prepare and distribute to the parties a written report setting forth the Financial Arbitrator's determination of the Earn Out Payment and the Financial Arbitrator's reasons therefor (the "**Financial Arbitrator Determination**"). Purchaser shall then be obligated to make the applicable Earn Out Payment pursuant to this Agreement as if such Earn Out Payment calculation (made pursuant to the Financial Arbitrator Determination) had been set forth in the original applicable Earn Out Report. The decision rendered by the Financial Arbitrator and set forth in the Financial Arbitrator Determination shall be final, conclusive and binding upon the parties, judgment thereon may be entered and enforced in any court of competent jurisdiction, and such decision shall not be subject to appeal by any Party.
- (v) The fees and expenses of the Financial Arbitrator in connection with the resolution of disputes pursuant to this Agreement shall be allocated among the Purchaser and the Group B Sellers in a proportion to be determined taking into consideration the proportional difference between the Financial Arbitrator's final determination of the Earn Out Payment *vis-à-vis* the respective positions of the parties on the Unresolved Earn Out Objections as set forth in the memorandum referred in paragraph (a) above. For example, if, when submitting the Unresolved Earn Out Objections to the Financial Arbitrator, the Group B Sellers' (acting jointly) claim that the applicable Earn Out Payment is \$2,000 greater than the amount determined by Purchaser when submitting the dispute to the Financial Arbitrator, and the Financial Arbitrator ultimately resolves the dispute by determining in favor of the Group B Sellers \$1,300 of the \$2,000 contested, then the costs and expenses of arbitration will be allocated 65% (i.e., $1,300 \div 2,000$) to Purchaser and 35% (i.e., $700 \div 2,000$) to the Group B Sellers. Subject to the foregoing sentence, each Party shall be responsible for its own fees and expenses incurred in connection with this Section 1.3.3(d)(v). Within the Group B Sellers, each Group B Seller shall be responsible for its portion of the fees and expenses of the Financial Arbitrator on a pro rata basis according to each Group B Sellers' Ownership Percentage.

Any difference between any amount paid by the Purchaser as Earn Out Payment and the final amount of the Earn Out Payment (as determined pursuant to the Financial Arbitrator Determination) shall be paid in immediately available funds to the Group B Sellers or the Purchaser, as applicable, within five (5) Business Days from the date in which the Financial Arbitrator Determination is notified to the Group B Sellers and the Purchaser, in the Group B Sellers Account or the account designated in writing by the Purchaser at least three (3) Business Days prior to such payment, as the case may be.

1.4. Adjustment for other Variables.

1.4.1. Working Capital Adjustment.

- (a) The Purchase Price has been established considering that at Closing the Company shall have the required net working capital to conduct their operations in the ordinary course of business in an amount of not less than the average Working Capital of the Company for the six (6) full calendar months prior to the Closing Date (the “**Target Net Working Capital**”). In this Agreement, the term “**Net Working Capital**” refers to current assets minus current liabilities; where current assets are comprised of accounts receivable, prepaid expenses and other current assets, and current liabilities are comprised of accounts payable and accrued expenses (including payment of reasonable fees, expenses and costs associated to the auditing of the financial statements of Avanxo Argentina S.A. and Avanxo Colombia, for the applicable fiscal periods until and including 2018 and payment of reasonable fees, expenses and costs associated with the preparation and issuance of any applicable transfer pricing reports in connection with intercompany operations performed by and between Avanxo and its Subsidiaries, in compliance with transfer pricing rules and regulations for the applicable periods until and including the Closing Date and, for purposes of calculating the Definitive Working Capital (as defined below) only, excluding any accounting provisions regarding the 2018 Bonus Payments, and excluding liabilities relating to services not yet rendered as of the Closing Date but already collected), as determined in accordance with IFRS consistently applied and to the extent not specifically modified pursuant to the provisions of this Agreement. In case of discrepancy between IFRS and the provisions of this Agreement, the latter shall prevail. An example of the calculation and items to be reflected in the Target Net Working Capital are included in **Schedule 1.4.1 (a)** attached hereto.
- (b) Within ninety (90) calendar days following Closing, the Purchaser shall review and confirm that the Net Working Capital of the Company at Closing was at least equal to the Target Net Working Capital and shall calculate and determine the actual Net Working Capital of the Company at Closing (the “**Definitive Net Working Capital**”) in accordance with IFRS consistently applied and to the extent not specifically modified pursuant to the provisions of this Agreement. In case of discrepancy between IFRS and the provisions of this Agreement, the latter shall prevail.
- (c) If the Definitive Net Working Capital is greater than the Target Net Working Capital, then the amount that results from subtracting the Target Net Working Capital from the Definitive Net Working Capital, shall be paid by Purchaser to the Sellers, in proportion to the Sellers’ Ownership Percentage, within the five (5) Business Days following the date in which the Definitive Net Working Capital was finally determined to the Group A Sellers Accounts and the Group B Sellers Accounts. If the Definitive Net Working Capital is less than the Target Net Working Capital, then the amount that results from subtracting the Definitive Net Working Capital from the Target Net Working Capital, shall be paid by the Sellers, in proportion to the Sellers’ Ownership Percentage, to Purchaser within the five (5) Business Days following the date in which the Definitive Net Working Capital was finally determined to the account designated in writing by Purchaser at least three (3) Business Days prior to such payment. If any such amount is not paid as set forth herein, the applicable Party shall be entitled to (i) deduct the corresponding amount from any following payment to be made to the other Party, or (ii) request payment of the corresponding amount from the Escrow Amount as set forth in Section 1.3 herein. Any amount that has been collected from the Escrow Amount, must be repaid by the Party that failed to make due payment within the following five (5) Business Days from the date on which such payment has been taken from the Escrow Fund. For the avoidance of doubt deductions shall be made to the corresponding Seller severally but not jointly.

1.4.2. Account Receivables Adjustment.

- (a) Four (4) Business Days prior to Closing, the Sellers shall deliver to Purchaser a certificate including a list of the Company's Accounts Receivable as of such date, including the amount and due date of each Account Receivable (the "**Accounts Receivable Certificate**").
- (b) Within the five (5) Business Days following the Closing Date, Purchaser shall deliver to Sellers an updated Accounts Receivable Certificate, including a list of the Company's Accounts Receivable as of Closing, in the same format as the Accounts Receivable Certificate (the "**Closing Date Accounts Receivable Certificate**").
- (c) On a date no later than twelve months after the Closing Date Sellers (including Group A Sellers and Group B Sellers) shall compensate Purchaser, in proportion to the Sellers' Ownership Percentage, to the extent any Accounts Receivable outstanding on the Closing Date, as listed in the Closing Date Accounts Receivable Certificate, remain uncollected within 120 calendar days following the due date of each of such Accounts Receivable for any reason whatsoever (including its accounting as Bad Debt) (each an "**Account Receivable Reduction**").
- (d) Any Account Receivable Reduction shall be paid by the Sellers, in proportion to the Sellers' Ownership Percentage, on a date no later than five (5) Business Days after each Account Receivable Reduction has been communicated to the Sellers and in any event no later than twelve months after the Closing Date to the account designated in writing by Purchaser at least three (3) Business Days prior to such payment. If any such amount is not paid within the aforementioned 5-Business Day period, the Purchaser shall be entitled to (i) deduct the corresponding amount from any following payment to be made to the Sellers, or (ii) request payment of the corresponding amount from the Escrow Amount as set forth in Section 1.3 herein. Any amount that has been collected from the Escrow Amount, must be repaid by the Sellers within the following five (5) Business Days from the date on which such payment has been taken from the Escrow Amount. For the avoidance of doubt deductions shall be made to the corresponding Seller severally but not jointly.
- (e) The Parties acknowledge and agree that the Company has no obligation to initiate any collection proceeding of any nature with respect to uncollected accounts, but will handle such accounts receivable in the ordinary course of business and will do its commercially reasonable efforts to collect them during the 120 calendar days following their due date.

1.4.3. Minimum Cash Adjustment.

- (a) Four (4) Business Days prior to Closing, the Sellers shall calculate and provide an estimate of the Minimum Cash as of the Closing Date and the Estimated Cash at Closing (as defined below) and deliver such information together with the relevant information used for such calculation to the Purchaser ("**Estimated Closing Cash Certificate**").
- (b) The amount payable to Sellers at the Closing (the "**Closing Date Payment**") shall be the Purchase Price adjusted, in proportion to the Sellers' Ownership Percentage, either by (1) an increase, in the amount that the Estimated Cash at Closing exceeds the Minimum Cash or (2) a decrease, in the amount that the Minimum Cash exceeds the Estimated Cash at Closing.

- (c) Within ninety (90) calendar days following Closing, the Purchaser shall prepare and deliver to Sellers a statement setting forth its calculation of the Cash as of immediately prior to the Closing, (the “**Closing Cash Statement**”). Such calculation shall be made in accordance with IFRS consistently applied and to the extent not specifically modified pursuant to the provisions of this Agreement. In case of discrepancy between IFRS and the provisions of this Agreement, the latter shall prevail.
- (d) If the definitive Cash at Closing as determined in the Closing Cash Statement (the “**Definitive Cash at Closing**”) is greater than the estimated Cash at Closing as determined in the Estimated Closing Cash Certificate (the “**Estimated Cash at Closing**”) then, the amount that results from subtracting the Estimated Cash at Closing from the Definitive Cash at Closing, shall be paid by Purchaser to Sellers, in proportion to the Sellers’ Ownership Percentage, within the five (5) Business Days following the date in which the Definitive Cash at Closing was finally determined to the Group A Sellers Accounts and the Group B Sellers Accounts. If the Definitive Cash at Closing is lesser than the Estimated Cash at Closing, then the amount that results from subtracting the Definitive Cash at Closing from the Estimated Cash at Closing, shall be paid by Sellers, in proportion to the Sellers’ Ownership Percentage, to Purchaser within the five (5) Business Days following the date in which the Definitive Cash at Closing was finally determined to the account designated in writing by Purchaser at least three (3) Business Days prior to such payment. If any such amount is not paid as set forth herein, the applicable Party shall be entitled to (i) deduct the corresponding amount from any following payment to be made to the other Party, or (ii) request payment of the corresponding amount from the Escrow Amount as set forth in Section 1.3 herein. Any amount that has been collected from the Escrow Amount, must be repaid by the the Party that failed to make due payment within the following five (5) Business Days from the date on which such payment has been taken from the Escrow Fund. For the avoidance of doubt deductions shall be made to the corresponding Seller severally but not jointly.

Adjustments, Dispute Resolution. In case of any controversy in connection with the adjustments provided for in Sections 1.4.1, 1.4.2, and 1.4.3, the Parties shall first use diligent good faith efforts to resolve such dispute between themselves during thirty (30) calendar days following the delivery of a written notice of any of the Parties to the other Parties indicating the grounds of the dispute. If they are unable to resolve such dispute within thirty (30) calendar days, then the dispute shall be submitted to the Financial Arbitrator for determination and the procedure set forth in Section 1.3.3(d) shall apply *mutatis mutandi*.

1.4.5. Additional Adjustments.

- (a) In the event that: (i) any Group B Seller or Key Employee violates the Non-Competition and/or Non-Solicitation Obligations set forth in this Agreement, or (ii) there is a “Cause for Non-Payment” (as defined below) prior to December 31, 2020; then the breaching Group B Seller or the Group B Seller related to the breaching Key Employee as described in **Schedule 1.4.5** hereof (the “**Breaching Group B Seller**”) shall not be entitled to receive, and the Purchaser shall not be required to pay, any theretofore unpaid Earn Out Payments under Section 1.3.2 that would otherwise have been distributed or paid to the Breaching Group B Seller in accordance therewith. In such event, the total amount of any theretofore unpaid Earn Out Payments under Section 1.3.2 shall be reduced by the total amount of any unpaid Earn Out Payment forfeited by such Breaching Group B Seller and the Purchaser shall be entitled to retain such forfeited amount.

For the purposes of this Agreement, a “Cause for Non-Payment” shall be deemed to exist if an ad-hoc committee of Globant S.A., to be comprised of the Chairman of the audit committee, the Chief People Officer and the Chief Executive Officer of Globant S.A., determines that the Group B Seller or the related Key Employee:

- (i) willfully and materially violated any written Company and/or Purchaser’s material policies or material standards of conduct;
- (ii) represented the Company, the Purchaser or any Affiliate thereof in businesses out of its corporate purposes or performs on behalf of any of them acts of mere indulgence, which for the purposes of this Agreement are defined as significant acts without consideration for the Company, the Purchaser or any Affiliate thereof, including but not limited to, transactions with any related party of any of the Sellers and/or granting guarantees for third parties’ obligations;
- (iii) failed to comply with his Non-Competition and/or Non-Solicitation Obligations set forth in this Agreement;
- (iv) has been disqualified from acting as a manager, director or officer under any applicable Law or by virtue of a final, non-appealable, criminal conviction; or for being under the effects of penalty which forbids, even temporarily, the access to public office or to carry out acts of commerce; or for being convicted for bankruptcy, fraud, bribe, corruption, misrepresentation, graft or embezzlement crimes or crimes against the public economy, the national financial system, antitrust Laws, consumer protection Laws and crimes against public faith or property pursuant to a final, non-appealable decision; or is convicted of pursuant to a final, non-appealable decision, or pleads no contest or guilty to, a misdemeanor that the Purchaser reasonably believes has had or will have a material detrimental effect on the Company, or any felony;
- (v) has been formally accused in a proceeding by a relevant prosecutor or Governmental Body of making or receiving illegal payments and returns, as well as any corruption acts, or of committing any act of personal dishonesty that is intended to result in Key Employee’s personal enrichment, or any willful act that constitutes gross misconduct;
- (vi) intentionally breached a material confidentiality obligation arising from this Agreement or any other agreement his employment relationship with the Company, Purchaser or any Affiliate thereof, that affects and damages the business of the Company, the Purchaser or any Affiliate thereof or the business of any of their clients; or
- (vii) performed negligent acts or omissions or acts of defamation, libel and slander against the Company, or the Purchaser or any Affiliate thereof.

- (b) In the event that any Key Employee's employment is voluntarily terminated by such Key Employee prior to December 31, 2020 (each such Key Employee, a "**Voluntary Leaver**"), the respective Group B Seller related to such Voluntary Leaver will remain entitled to receive, subject to the achievement by the Company of the relevant targets described in Exhibit C and any other adjustments and deductions as provided herein, any theretofore unpaid Earn Out Payment; provided, however, that in such case the Purchaser shall have the right to defer any theretofore unpaid Earn Out Payment under Section 1.3.2 that the respective Group B Seller related to such Voluntary Leaver is otherwise entitled to receive, until the Deferred Payment Date. The "Deferred Payment Date" shall mean such date that the Purchaser is satisfied, in its sole discretion, that all debts, payments, liabilities or obligations (whether contractual or otherwise) owing, or which could reasonably be expected to be owing, by the Voluntary Leaver –or by the Group B Seller related to such Voluntary Leaver– to the Purchaser have expired or otherwise been discharged in full, but in no event before (i) thirty-six (36) months from the Closing Date; or (ii) eighteen (18) months of termination of employment with the Company of the relevant Voluntary Leaver; whichever occurs last. All such payments shall be subject to Purchaser's right of setoff pursuant to Section 6.5. In addition, the Purchaser shall have the right to offset any such payments against any damages arising from or relating to the respective Group B Seller's or the related Voluntary Leaver's breach of the Non-Competition and/or Non-Solicitation Obligations set forth in this Agreement, as applicable.
- (c) In the event of permanent disability or death of a Key Employee, the related Group B Seller, or his legal successors or representatives, as the case may be, shall be entitled to receive, subject to the achievement by the Company of the relevant targets described in Exhibit C and any other adjustments and deductions as provided herein, all Earn Out Payments under Section 1.3.2 in accordance with the payment schedule and conditions set forth therein.
- (d) In the event of dismissal other than for Cause for Non-Payment of a Key Employee by the Company, then the respective Group B Seller related to such Key Employee shall be entitled to receive, subject to any applicable adjustments and deductions as provided herein, all Earn Out Payments under Section 1.3.2 in accordance with the payment schedule and conditions set forth therein; provided that, in such case, the relevant targets described in Exhibit C, corresponding to the Earn Out Period during which the dismissal took place and any subsequent Earn Out Periods, shall be deemed to have been achieved at 100%.

1.5. Corporate Reorganization. Nothing in this Agreement or any ancillary document shall prevent Globant from executing any corporate reorganization of any nature. If after Closing, the Purchaser decides to execute any corporate reorganization as a result of which the Company ceases to exist as currently known, either by way of merger, consolidation, split-up, or otherwise, the Purchaser and the Sellers agree that the financial targets and milestones necessary to determine the payment contemplated under Section 1.3 of this Agreement shall be calculated separately as if such corporate reorganization had not occurred and the Company continued to be a separate corporate group as currently known. In such case, any and all references to the "Company" in sections of this Agreement relating to the calculation of the payments contemplated in Section 1.3 hereof shall be deemed a reference to the relevant business unit that continues the Company's business within Globant's organization.

1.6. Management during the Earn Out Period.

1.6.1. The Parties agree and acknowledge that Purchaser shall be responsible for the management, supervision, direction and control of the Company, provided that Purchaser shall not, directly or indirectly, take any actions in bad faith with the intention of avoiding or reducing the Earn Out Payment hereunder, shall exercise commercially reasonable efforts to pursue the business in good faith after the Closing and shall not charge the Company and/or its subsidiaries fees, royalties or other similar charges that are not in line with the fees, royalties, or similar charged to all other Globant subsidiaries.

1.6.2. The Key Employees shall have such roles and responsibilities as detailed in their respective employment agreement, their non-disclosure agreement included as an exhibit in their respective employment agreement and subject to compliance with applicable Law and the generally applicable internal policies of Globant, including financial, legal, human resources, approved budgets, banking and treasury policies.

1.6.3. The Key Employees and Globant shall work together in good faith for the Company to adopt Globant processes and tools during the Earn Out Period, seeking efficiencies and managing the Company as a business unit within the Globant group of companies.

1.6.4. The Key Employees and Globant management shall have periodic meetings, at least quarterly, which can also be conducted electronically, telephonically or by any other means of simultaneous communication of voice, images or data to review the performance and the prospects of the Company during the Earn Out Period.

1.6.5. The Group B Sellers acknowledge and agree that (i) there is no assurance that the Group B Sellers will receive any Earn Out Payment and Purchaser has not promised or projected any Earn Out Payment, and (ii) the Parties solely intend the express provisions of this Agreement to govern their contractual relationship.

1.6.6. The Parties understand and agree that (i) the contingent rights to receive any Earn Out Payment shall not be represented by any form of certificate or other instrument, are not transferable, except by operation of Laws relating to descent and distribution, divorce and community property, and do not constitute an equity or ownership interest in Purchaser or the Company, (ii) Group B Sellers shall not have any rights as a security holder of Purchaser or the Company as a result of Group B Sellers' contingent right to receive any Earn Out Payment hereunder, and (iii) no interest is payable with respect to any Earn Out Payment, provided they are duly and timely paid.

1.7. Management Retention Bonus. The Parties acknowledge and agree that Cash payments in the aggregate amount of up to \$1,300,000 (including any withholding, Taxes, social security and other contributions) will be paid by the Company to certain employees of the Company as set forth in **Schedule 1.7** (the "**Retention Bonus**").

1.7.1. Such payments will be made in three installments as follows:

- (a) the first installment in the amount of up to \$325,000 shall be distributed within sixty (60) calendar days following Closing,
- (b) the second installment in the amount of up to \$487,500 shall be distributed during March 2020; and
- (c) the third installment in the amount of up to \$487,500 shall be distributed during March 2021.

1.7.2. The Sellers' contribution to the Retention Bonus will be as set forth in **Schedule 1.7** and shall be deducted from the Group A Payment, the Group B First Payment and the Earn Out Payments payable to the Group B Sellers, as indicated therein. The Purchaser's contribution to the Retention Bonus will be as set forth in **Schedule 1.7**.

1.7.3. The Group B Sellers shall cooperate with the Company in connection with the distribution of the Retention Bonus to employees of the Company and all related employee communications.

1.7.4. The Retention Bonus will not be taken into account for the calculation or payment of the Definitive Working Capital or the Earn Out Payment.

ARTICLE 2. CLOSING

2.1. Closing. Subject to the provisions of ARTICLE 3 below, the closing (“**Closing**”) shall take place remotely through the exchange of electronic images of execution versions of the closing documents required to consummate the transaction under this Agreement and electronic images of signatures thereto, at 10:00 a.m. Bermuda time on February 1, 2019 and if Closing does not occur on such date, on the date that is five (5) Business Days after the last of the Conditions to Closing is satisfied or waived by the applicable Party hereto (the “**Closing Date**”). Following the Closing, the Parties will exchange executed originals of the closing documents referred to below. If the Closing does not occur by March 1, 2019 (unless extended to April 1, 2019 by the Purchaser), then this Agreement, and the obligations of each Party under this Agreement, shall automatically terminate and be of no force and effect.

At Closing, the events set out in the following provisions of this ARTICLE 2 shall take place simultaneously. The obligations of each of the Parties in this ARTICLE 2 are interdependent and the Closing will not occur unless all of these obligations are complied with and are fully effective or waived by the applicable Party.

2.2. At the Closing.

2.2.1. The Purchaser shall make payment of the Group A Payment to the Group A Sellers and of the Group B First Payment to the Group B Sellers in respect of the Shares, in the manner contemplated in Sections 1.2 and 1.3 above and adjusted as set forth in Section 1.4.3(b). The Group A Payment and the Group B First Payment (adjusted as set forth in Section 1.4.3(b)) shall be paid in the manner described in an instruction in the form of a flow of funds memo to be sent by the Sellers at least four (4) Business Days prior to Closing.

2.2.2. Each of the Sellers shall execute and deliver to the Purchaser any and all documents in form and substance satisfactory to the Purchaser, such that as on the Closing Date, the Sellers shall have sold, transferred and assigned the Shares to Purchaser, and the Purchaser will, directly and/or through its Affiliate(s), own one hundred percent (100%), and not less than one hundred percent (100%), of the Shares, free and clear of any Liens provided further that Sellers shall have withdrawn as directors and officers of Avanzo and its Subsidiaries and Purchaser shall have been admitted as the sole shareholder of Avanzo.

2.2.3. As applicable, Avanzo, its Subsidiaries and each of the Sellers shall convene meetings of their shareholders and board of directors, as applicable (or act by unanimous written consent, if permitted) wherein resolutions to take the following actions shall be duly adopted:

- (a) Approval of the transfer of the Shares to the Purchaser and/or its nominee;
- (b) The appointment of such persons as the Purchaser may nominate as directors and officers of the Company and its Subsidiaries;
- (c) Accept and record the resignations of the persons referred to in Section 2.2.5 below; and

- (d) Take all such other actions as may be required to be undertaken by Avanzo, its Subsidiaries and the shareholders thereof under their organizational documents or by any applicable Law for the time being in force, to give effect to the transaction contemplated hereby, including by way of making appropriate entries in the statutory registers of the Company and its Subsidiaries and making any filings with any Companies Registry or similar authority in each applicable jurisdiction.

2.2.4. The register of members of Avanzo shall be updated as soon as practicable under applicable Law to reflect the Purchaser and/or any Affiliate as the legal and beneficial owner of the Shares.

2.2.5. Each outgoing officer and director of Avanzo and any Subsidiary shall deliver a resignation, release and a waiver of claims for fees, labor and any other dues whatsoever, and their resignation from any appointment as attorney-in-fact issued by the Company and its Subsidiaries satisfactory to the Purchaser.

2.2.6. The Sellers shall deliver to the Purchaser the Disclosure Schedules, including without limitations the information described in Section 4.11.1 in form and substance satisfactory to the Purchaser and shall ensure that the following remain with the Company and or the Subsidiaries, as applicable:

- (a) all original and signed documents and contracts, all information and details of the Avanzo's bank accounts, bank statements checkbooks, digital certificates and passwords;
- (b) all other files, papers, statutory documents and records as may be *inter alia* maintained under applicable Laws related to the Company as may be in their possession; and
- (c) all documents relating to the Intellectual Property rights and confidential information of the Company, without retaining any copies thereof; and shall also deliver any other property belonging to the Company which may be in the possession of the Sellers or any nominee or Affiliate of the Sellers.

2.2.7. The Group B Sellers or their designees shall execute the Subscription Agreement in substantially the form set forth in **Exhibit D**, to the extent applicable; and

2.2.8. The Key Employees and the Management Team shall execute the applicable non-disclosure agreements (and in the case of those employees of any U.S. entity, also an arbitration agreement) in substantially the form set forth in **Exhibit E** (each such agreement, a "**Non-Disclosure Agreement**").

2.2.9. Sellers and Purchaser shall execute and deliver the Escrow Agreement.

2.2.10. Sellers shall execute and deliver to Purchaser a certificate from each Seller stating that, as of the Closing Date, (a) each of the representations and warranties of the Sellers set forth in ARTICLE 4 of this Agreement remain true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality of Material Adverse Effect) on and as of the Closing Date (except to the extent such representations and warranties speak expressly as of an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) as though made on and as of such date; (b) the obligations contained in this Agreement to be performed or complied by Sellers on or prior to the Closing Date, shall have been performed or duly complied with in all material respects; and (c) the conditions set forth in Section 3.2.5, 3.2.9, 3.2.10 and 3.2.11 have been complied.

2.2.11. Purchaser shall execute and deliver to Sellers a certificate stating that, as of the Closing Date, (a) each of the representations and warranties of Purchaser set forth in ARTICLE 5 of this Agreement remain true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality of Material Adverse Effect) on and as of the Closing Date (except to the extent such representations and warranties expressly speak as of an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) as though made on and as of such date; and (b) the obligations contained in this Agreement to be performed or complied by Purchaser on or prior to the Closing Date, shall have been performed or duly complied with in all material respects.

2.2.12. Sellers and Purchaser shall execute and deliver any other instruments or documents and take such further actions as may be reasonably necessary to carry out the intent of this Agreement.

Upon accreditation of the Group A Payment and the Group B First Payment of the Purchase Price in the respective accounts, the Sellers shall deliver to the Purchaser a duly executed acknowledgement confirming receipt of the Group A Payment and the Group B First Payment of the Purchase Price, as applicable. Any swift confirmation message from the respective bank shall be evidence of the transfer of the Group A Payment and the Group B First Payment of the Purchase Price.

ARTICLE 3. CONDITIONS TO CLOSING

3.1. Mutual Conditions. The respective obligations of Sellers and Purchaser to effect the Transaction are subject to the satisfaction on or prior to the Closing Date of the following conditions:

3.1.1. *No Injunctions or Restraints*. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or any Governmental Body other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement or any other Transaction Document shall be in effect.

3.1.2. *No Action*. No Governmental Body or other Person shall have commenced or threatened to commence any Legal Proceeding against any of the Parties or any Affiliate of any of the Parties: (a) challenging or seeking the recovery of damages in connection with the transactions contemplated by this Agreement or any other Transaction Document; (b) seeking to prohibit or limit the exercise by Purchaser of any material right pertaining to its ownership of any of the Shares; or (c) that (if adversely determined) would reasonably be expected to have the effect of preventing, delaying, making illegal or otherwise interfering with the transactions contemplated by this Agreement or any other Transaction Document. No injunction or restraining order shall have been issued by any Governmental Body, and be in effect, arising from any of the foregoing Legal Proceedings.

3.1.3. *Antitrust*. Sellers and Purchaser shall have received an acknowledgement or “*acuse de recibo*” in relation with the antitrust filing in connection with the transaction contemplated hereby from the Colombian *Superintendencia de Industria y Comercio*, as antitrust authority.

3.1.4. *Consents*. Sellers and Purchaser shall have received all consents, authorizations, orders and approvals from the Governmental Bodies, in each case, in form and substance reasonably satisfactory to Purchaser or Sellers, as applicable, and no such consent, authorization, order and approval shall have been revoked.

3.2. Conditions to Obligation of Purchaser. The obligation of Purchaser to effect the Transaction is subject to the satisfaction of the following conditions, unless waived, in whole or in part, by Purchaser:

3.2.1. Each of the representations and warranties of the Sellers set forth in ARTICLE 4 below, shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality of Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date (except to the extent such representations and warranties speak expressly as of an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) as though made on and as of such date;

3.2.2. Sellers shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date, and no breach of any material covenant included in ARTICLE 7 has occurred;

3.2.3. The members of Avanxo (Bermuda) Limited passing a resolution (in a form satisfactory to the Purchaser), authorizing the person(s) signing this Agreement to so sign and confirming that the proposed sale of the Shares in the manner set out in this Agreement is in accordance with the provisions of its constitutional documents;

3.2.4. Sellers shall have provided evidence reasonably satisfactory to the Purchaser of the transfer to Avanxo or any Subsidiary, as applicable, of any and all shares held by any entity or individual (including but not limited to Sellers and/or Key Employees) in the applicable Subsidiaries' corporate stock including but not limited to those listed in **Schedule 3.2.4**;

3.2.5. Sellers having obtained the requisite waivers of any rights of first refusal or other restrictions on transfer from the members of Avanxo in respect of the sale of their respective proportion of the Shares to the Purchaser;

3.2.6. As provided in Section 2.2.5 above, the Sellers shall have delivered letters of resignation, release and waivers of claim (in a form satisfactory to the Purchaser) as Avanxo's and/or Subsidiaries' officers, managers and managing members effective on and from the Closing Date;

3.2.7. Sellers shall have provided evidence reasonably satisfactory to the Purchaser of the termination of (i) any shareholders' agreement entered into by and among Avanxo and any of the Sellers, including but not limited to the Shareholders' Agreement of Avanxo dated as of November 22, 2013, entered into by and between the persons listed in **Schedule 3.2.7**, as amended and/or complemented by additional documents (the "**Shareholders' Agreement**"), (ii) the Side Letter among the persons listed in **Schedule 3.2.7**, dated November 19, 2013, regarding the maintenance of the Put Option set forth in the shareholders agreement of Avanxo Bermuda Limited, dated November 30, 2009, (iii) the Letter Agreement among the persons listed in **Schedule 3.2.7** setting forth certain indemnification obligations, dated December 28, 2009, (iv) the consulting agreement between the parties listed in **Schedule 3.2.7**, dated January 11, 2018, and (v) the office management, legal, financial and consulting services agreement between the parties listed in **Schedule 3.2.7** dated August 1, 2018;

3.2.8. Sellers shall have provided a release from the persons listed in **Schedule 3.2.8** of the full payment and absence of any owed amounts regarding fees or any other amount owed to such persons in connection with the rendering of consulting services, management, operational developments, strategic planning and strategic alliances, performance reviews, access to Marseilles's network of business relationships, partners and advisors or any other advice, service or assessment pursuant to Section 8 of the Shareholders' Agreement, or pursuant to any other arrangement entered into by and among all or some of the persons listed in **Schedule 3.2.8** and the Company prior to the Closing Date;

3.2.9. All approvals, consents, ratifications, permissions, permits, waivers or authorizations (including any governmental approval, authorization or clearance and the waivers under the agreements listed in **Schedule 3.2.9**) required for the purchase and sale of the Shares shall have been obtained and are in full force and effect;

3.2.10. There shall not have occurred any Material Adverse Effect, and no event, circumstance or other Effect shall have occurred or shall exist that, in combination with all other events, circumstances and other Effects, would reasonably be expected to have or result in a Material Adverse Effect. “**Material Adverse Effect**” means any change, event, effect, claim, circumstance or matter (each, an “**Effect**”) that (considered together with all other Effects) is, or would reasonably be expected to be or to become, materially adverse and relating to (a) the condition, usefulness, value or prospective benefits of the Shares; (b) the condition, liabilities, operations, results of operations or prospects of the businesses operated by the Company; or (c) Purchaser’s right or ability to own or otherwise exercise rights of a holder of the Shares *provided, however*, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to (i) changes in the general economic or political conditions or the financing, banking, currency, capital markets, markets, or industries in which the Company conduct its businesses that are not reasonably expected to have a disproportionate adverse impact on the Company; (ii) changes in Laws or interpretations thereof or changes in accounting requirements or principles that are not reasonably expected to have a disproportionate adverse impact on the Company; (iii) Purchaser’s announcement of the pendency or consummation of the transactions contemplated by this Agreement or other communication by Purchaser or any of its Affiliates of its plans or intentions (including in respect of employees) with respect to the business; (iv) any natural disaster or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof, whether or not commenced before or after the date of this Agreement; or (v) any action required to be taken after the date of this Agreement under any (A) Law or, (B) judgment, in each case existing as of the date of this Agreement and disclosed by the Sellers to Purchaser in the Disclosure Schedule;

3.2.11. All stock options, warrants and other instruments convertible into, exchangeable for or otherwise representing a right to purchase or acquire ordinary or preferred shares of capital stock or other equity interests or securities of the Company shall have been terminated, on terms and conditions satisfactory to the Purchaser;

3.2.12. Sellers shall have provided wire instructions to the Purchaser in order for Purchaser to perform payment of the Group A Payment and the Group B First Payment, as described in Section 1.4 hereof.

3.2.13. Sellers shall have excuted and delivered to Salesforce.com Inc. a letter substantially in the terms set forth in **Exhibit F** and provided a communication from Salesforce.com Inc. acknowledging the transaction instrumented hereby on terms and conditions reasonably satisfactory to Purchaser.

3.2.14. The Company shall have delivered all information for access and management of all Internet domain names (whether or not Trademarks) registered by any authorized private registrar or Governmental Body, web addresses, web pages, websites and URLs used in the business of the Company are owned by the Company or one or more of its Subsidiaries.

3.2.15. Purchaser shall have received each item required to be delivered to it pursuant to Section 2.2.

3.3. Conditions to Obligations of Sellers. The obligation of Sellers to effect the transaction is subject to the satisfaction of the following conditions unless waived, in whole or in part, by Sellers:

3.3.1. Each of the representations and warranties of Purchaser set forth in ARTICLE 5 of this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality of Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date (except to the extent such representations and warranties expressly speak as of an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) as though made on and as of such date; and

3.3.2. Purchaser shall have performed in all material respects all obligations required to be performed by Purchaser under this Agreement at or prior to the Closing Date;

3.3.3. Sellers shall have received each item required to be delivered to them pursuant to Section 2.2.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF SELLERS

The Sellers represent and warrant to the Purchaser, severally and not jointly with respect to the Company, and each Seller individually with respect to representations and warranties relating to such Seller, that, except as set forth on the Disclosure Schedule attached as Schedule C to this Agreement (the “**Disclosure Schedule**”), the following representations are true and complete as of the date hereof and as of the Closing Date, except as otherwise indicated or for such representations and warranties that according to their terms are made as of a different specific date, in which case such representations and warranties shall be deemed made only as of such specific date. The Disclosure Schedule and all such documents and materials are true, correct and complete in all material respects as of the date furnished. The Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections and subsections contained in this ARTICLE 4, and the disclosures in any section or subsection of the Disclosure Schedule shall qualify other sections and subsections in this Section 4 to the extent it is readily apparent from a reading of the face of the disclosure (without independent reference to the text of any documents or agreements referred to therein) that such disclosure is applicable to such other sections and subsections.

4.1. Organization, Good Standing and Authority of the Company and its Subsidiaries. Capitalization.

4.1.1. Avanzo is a limited liability company duly organized and validly existing, and is in good standing under the Laws of the jurisdiction of its organization, has full power and authority to own, operate or lease the properties and assets owned, operated and leased by Avanzo and to carry on its businesses, as it has and is currently conducted, and is licensed, authorized or qualified to do business, and is in good standing, in all other jurisdictions in which the operation of its business requires that Avanzo be qualified or authorized to do business. All limited liability company actions taken by Avanzo in connection with this Agreement and the other Transaction Documents will be duly authorized on or prior to Closing.

4.1.2. Each Subsidiary is a company duly organized and validly existing, and each Subsidiary or branch of Avanzo is in good standing under the Laws of the jurisdiction of its organization or incorporation, has full power and authority to own, operate or lease the properties and assets owned, operated and leased by the Subsidiary or branch and to carry on its businesses, as it has and is currently conducted, and is licensed, authorized or qualified to do business, and is in good standing, in all other jurisdictions in which the properties owned or leased by each of them or the operation of its business requires that the Subsidiary or branch be qualified or authorized to do business. All company actions taken by any Subsidiary in connection with this Agreement and the other Transaction Documents will be duly authorized on or prior to Closing.

4.1.3. **Section 4.1.1** of the **Disclosure Schedule** contains detailed information of Avanxo, its Subsidiaries and branches, including the jurisdiction in which each of it is incorporated or organized, the jurisdictions in which it is qualified to do business, its authorized share capital or equity interests, the number of units or class of share capital or interests thereof duly issued and outstanding, the names of all equity owners and the number of capital shares or other equity interests owned by each equity owner, member or interest holder as of the date hereof and at Closing.

4.2. **Corporate Documents.** The Sellers have delivered to Purchaser complete, true and correct copies of the charter documents or certificate of formation, operating agreement and registrations with the applicable authorities of the Company, in effect as of this date and as of Closing as included in **Section 4.2** of the **Disclosure Schedule**. The list of directors, officers, legal representatives, managers and members of the Company as included in **Section 4.2** of the **Disclosure Schedule** is a complete and updated list of such positions and members of the Company as of the date hereof.

4.3. **Authority.** This Agreement has been duly executed and delivered by Avanxo and each of the Sellers and constitutes a legal, valid and binding obligation of Avanxo and such Seller, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, and similar Laws of general application relating to or affecting creditor's rights and to general equity principles. The Sellers have full legal right and power and all authority required to enter into this Agreement and to consummate the Transactions contemplated hereby, and are not subject to any legal, judicial or contractual restraint concerning the disposition of their properties in general or of the Shares specifically.

4.4. **No Claims.** Neither the Company nor the Sellers have received any notice or threat in writing of, there are no Legal Proceedings which could reasonably be expected to:

4.4.1. enjoin, restrict or prohibit the transfer of the Shares as contemplated by this Agreement; or

4.4.2. prevent them from fulfilling their respective obligations under this Agreement.

4.5. **No Conflict.** Neither the execution and delivery of this Agreement by the Company or the Sellers nor the consummation of the transactions contemplated herein by each of the Sellers will (i) violate or conflict with or result in the breach of any Law or any order, judgment, injunction, stipulation or award entered by or with any Governmental body or of any of the terms, conditions or provisions of, or constitute a default under or give rise to any right of termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) pursuant to any of the terms conditions or provisions of, any note, indenture, mortgage, lease or other agreement, contract or instrument to which such Seller or the Company are a party or are bound or affected or result on the creation of any Lien upon the Shares, the properties, assets, operations or business of the Company or the Sellers; or (ii) violate the bylaws or the organizational or governing document of the Company or any Law applicable to the Company.

4.6. Shares and Capital.

4.6.1. **Exhibits A and B** set forth the capitalization table of Avanzo and the Subsidiaries, respectively. Each of the Sellers owns its Shares in Avanzo and the Avanzo owns, directly or indirectly, the Shares of the Subsidiaries free and clear of any Liens. The Shares set forth on in **Exhibits A and B** represent one hundred percent (100%) of the issued and outstanding Shares of Avanzo and the Subsidiaries, respectively. The Shares of Avanzo and the Subsidiaries have been duly authorized and issued and are legally and beneficially owned directly by the Sellers or, directly or indirectly by Avanzo, as the case may be, in the manner set forth in **Exhibits A and B**, and are fully paid and non-assessable. The Shares were issued in compliance with applicable Laws. The Shares were not issued in violation of the organizational documents of Avanzo or any Subsidiary or any other agreement, arrangement or commitment to which a Seller or Avanzo or any Subsidiary is a party and are not subject to or in violation of any preemptive or similar rights of any other person or entity.

4.6.2. Each Seller has good and marketable title to the Shares of Avanzo owned by such Seller, and has the full right, power and authority to sell, assign, transfer and deliver such Shares.

4.6.3. After giving effect to the Closing, the capital stock of Avanzo will be as described in **Section 4.6.3** of the **Disclosure Schedule**, and all of it is duly and validly authorized and issued, fully paid and non-assessable, free and clear of all Liens. The Purchaser will be the sole member of Avanzo holding 100% of the Shares therein and indirectly, of 100% of the Shares of the Subsidiaries, in all cases, free and clear of any Liens.

4.7. Options and Commitments. There are no put options, call options, commitments (including but not limited to revocable or irrevocable capital contributions), exchange rights, preferential rights, shareholders agreements, plans or other covenants of any nature that are outstanding, that provide for the purchase, issue or sale of any of the Shares or equity interests, or agreements that grant to any person conversion or exchange rights in connection with the shares or equity interests of the Company, or pursuant to which any person may be entitled to receive or subscribe in any capacity, shares issued or to be issued by the Company, nor are there any special rights to receive dividends or other distributions in respect of such securities of the Company.

Except as set forth in **Section 4.7** of the **Disclosure Schedule**, there are no outstanding or authorized stock appreciation rights, stock option agreements, phantom stock, profit participation, or similar rights with respect to the Company. There are no voting trusts or other agreements or understandings to which the Company, or any Seller is a party with respect to the voting of the capital shares or other equity interest of the Company.

The Company has not granted any power of attorney or similar authority which remains in force as of the Closing Date, except for those included in **Section 4.7** of the **Disclosure Schedule**.

4.8. Litigation. Except as set forth in **Section 4.8** of the **Disclosure Schedule**, there has not been any claim, action, cause of action, demand, Lawsuit, arbitration, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at Law or in equity (an “**Action**”) initiated or, to best of the Company’s or each of the Seller’s knowledge, threatened (a) against the Company or any Seller or any officer, director or employee arising out of their relationship with the Company, (b) that questions the validity of the Transaction Documents or the right of the Company or each Seller to enter into them, or to consummate or delay the transactions contemplated thereunder or (c) that would, either individually or in the aggregate, be reasonably expected to be material to the Company and its Subsidiaries, taken as a whole. Neither Seller, nor the Company or any of its officers, directors or Key Employees is a party or is named as subject to the provisions of any writ, judgment, decree, award, ruling, injunction or similar order of or consent agreement with any Governmental Body, in each case whether preliminary or final, written or oral (an “**Order**”) (in the case of officers, directors or Key Employees, such as would affect the Company) except for those included in **Section 4.8** of the **Disclosure Schedule**. There is no action, suit, proceeding or investigation by any Seller or the Company pending or which any Seller or the Company intends to initiate. The foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened in writing (or any basis therefor known to the Company or any Seller, as applicable) involving the prior employment of any of the Company’s employees, its services provided in connection with the business, any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers.

Except for this Agreement, there are no agreements or other commitments that are legally binding and enforceable, or other rights or arrangements in existence with respect to the issue, redemption, conversion, exchange, vote or transfer of any of the Shares of the Company.

4.9. Taxes.

4.9.1. Except for instances of non-compliance that have resulted in fines or penalties that were already paid by the Company or which have resulted in payment agreements that are currently in place as set forth in **Section 4.9 of the Disclosure Schedule** and that have not or would not reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company, the Company has filed in a timely manner (within any applicable extension periods) with the appropriate Taxing Authority all Tax Returns required to be filed on or before the date hereof and each such Tax Return was correct and complete in all material respects when filed.

4.9.2. All Taxes with respect to any taxable period ending on or prior to the Closing Date (including such Taxes for any straddle period which are allocable for such period ending prior to the Closing Date) and all Taxes due and payable (whether or not shown as due) on Tax Returns required to be filed on or before the Closing Date by the Company have been paid in full or adequate reserves or the accrual therefor have been provided and reflected on the Financial Statements of the Company pursuant to Section 4.11 of this Agreement.

4.9.3. The Company has paid all Taxes due under applicable Law except for instances that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company.

4.9.4. Except as set forth in **Section 4.9 of the Disclosure Schedule**, there is no fact or transaction executed by the Company which has occurred prior to the Closing that will lead any Taxing Authority to request from the Company or the members of the board of directors to make any payment because of breach of any Laws in respect of Taxes.

4.9.5. There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, state, local or foreign income or other Tax returns required to be filed by the Company except for those included in **Section 4.9 of the Disclosure Schedule**.

4.9.6. Except as set forth in **Section 4.9 of the Disclosure Schedule**, no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company. Except as set forth in **Section 4.9 of the Disclosure Schedule**, there is not any extension of time in force with respect to the due date for the filing of any Tax return of the Company.

4.9.7. Except as set forth in **Section 4.9 of the Disclosure Schedule**, none of the Tax Returns of the Company is currently being audited or examined by any Taxing Authority.

4.9.8. Except as set forth in **Section 4.9 of the Disclosure Schedule**, no assessment, deficiency or adjustment for any Taxes has been asserted, proposed or threatened with respect to any Taxes or Tax returns of the Company, except for instances that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company. Except as set forth in **Section 4.9 of the Disclosure Schedule**, there is no dispute or claim concerning any Tax liability of the Company notified by any Taxing Authority. Except as set forth in **Section 4.9 of the Disclosure Schedule**, the Company has not received any ruling from any Taxing Authority concerning any Tax liability of the Company.

- 4.9.9. Except as set forth in **Section 4.9** of the **Disclosure Schedule**, to the best knowledge of the Company no claim has been made by any Taxing Authority in any jurisdiction where the Company does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.
- 4.9.10. There are no Liens on any of the Shares or on any of the assets of the Company that arose in connection with any failure or alleged failure to pay any Tax or file any Tax Return.
- 4.9.11. Except as set forth in **Section 4.9** of the **Disclosure Schedule**, the Company is not a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements. Except as set forth in **Section 4.9** of the **Disclosure Schedule**, no payments are due or will become due by the Company pursuant to any Tax indemnification agreement.
- 4.9.12. The Company has not been notified by any Taxing Authority that it is required to pay any amount for Taxes of any person as a transferee or successor, by contract or otherwise.
- 4.9.13. The Company is in compliance in all material aspects with all applicable transfer pricing laws.
- 4.9.14. The Financial Statements of the Company and each of the Subsidiaries accurately reflect unpaid and accrued taxes of the Company and each of the Subsidiaries for the periods covered thereby. Except as set forth in **Section 4.9** of the **Disclosure Schedule** no material deficiency for any taxes has been assessed with respect to the Company that has not been abated, paid in full or adequately provided for on or disclosed in the Financial Statements.
- 4.9.15. Since the date of the most recent balance sheet, the Company has not incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in IFRS, outside the ordinary course of business consistent with past custom and practice.
- 4.9.16. Other than as required by applicable Law, the Company will not be required to include any item of income or gain in, or exclude any item of deduction or loss or other tax benefit from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (a) intercompany transaction executed on or prior to Closing Date; or (b) installment sale or open transaction disposition made on or prior to the Closing Date.
- 4.9.17. The Company has never been a United States real property holding corporation within the meaning of Section 897(c) of the Code.
- 4.9.18. The Company (a) is not a domestic corporation for purposes of any provision of the Code, (b) is not a “controlled foreign corporation” as defined in Section 957 of the Code, (c) is not a “passive foreign investment company” within the meaning of Section 1297 of the Code, and (d) except as disclosed in **Section 4.9** of the **Disclosure Schedule**, does not have a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise has an office or fixed place of business in a country other than the country in which it is organized.
- 4.9.19. The Company has not incurred, and will not incur, any liability for Taxes as a result of or in connection with the amalgamation between Avanzo LLC, a limited liability company registered in the State of Texas, U.S., and the Company on or about December 18, 2009, including, but not limited to, the transfer of the registered office, principal establishment and central administration.

The Company is not and has not been a party to any “reportable transaction”, as defined in Section 6707A(c)(1) of the Code and the United States Treasury regulations.

4.10. Consents and Approvals. The execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby by the Company or the Sellers will not require such Seller or the Company to obtain any permit, consent, waiver, authorization or approval of, or make any filing with or give notice to, any person, entity or Governmental Body, except for those permits, consents, Antitrust Clearance, approvals and authorizations necessary to consummate the transactions contemplated herein. The Company has satisfied and obtained all necessary corporate requirements, rights and permits of any kind and has the power and authority to conduct its business as presently being conducted, and to own, lease, use and operate its assets in the jurisdictions where they are currently located, and in the manner in which they are currently being used and operated.

No misrepresentations or omissions have been made in obtaining any such permits, consents and approvals and the transaction contemplated hereby will not have any Material Adverse Effect.

4.11. Financial Statements.

4.11.1. **Section 4.11 of the Disclosure Schedule** contains a true, correct and complete copy of (i) the unaudited financial statements of Avanxo and its Subsidiaries, for the fiscal year ended on December 31, 2018, representing the Sellers, that there is no legal requirement that the consolidated financial statements of Avanxo have to be audited; and (ii) financial information of Avanxo and its Subsidiaries relating to revenues, financial debt and cash balances in the Company’s bank accounts, accounts receivable (including unbilled receivables), and accounts payable as of the Closing Date (jointly (i), and (ii), the “**Financial Statements**”). The Financial Statements present in all respects the financial position, the results of operations and changes in financial position of the Avanxo and its Subsidiaries, as of the indicated dates and for the indicated periods, subject in the case of the interim consolidated financial statements referred to above to year-end accruals made in the ordinary course of business which are not materially adverse and which are consistent with past practices. The Financial Statements as well as the actual financial results reflected in the financial data are complete and correct and fairly stated in accordance with the books and records of Avanxo and its Subsidiaries and present the results of operations and the cash flows of Avanxo and its Subsidiaries as at the dates specified, in conformity with GAAP and/or IFRS, as applicable, in all cases applied on a consistent basis.

4.11.2. The Company maintains a standard system of accounting established and administered in accordance with GAAP and/or IFRS, as applicable. The Company makes and keeps books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets. Neither the Company nor any of the Company’s accountants has identified or been made aware of (i) any fraud, whether or not material, that involves the Company’s management or any other current or former employee, consultant, contractor or director of the Company who has a role in the preparation of financial statements or the internal accounting controls utilized by the Company or (ii) any claim or allegation regarding any of the foregoing.

4.12. Ordinary Course. Except as set forth in **Section 4.12** of the **Disclosure Schedule**, since November 30, 2018, the Company has conducted its business in the ordinary and usual course of business and consistent with past practice and have not (i) suffered any damage or other casualty loss (whether or not covered by insurance); (ii) issued, sold, transferred, leased any properties or assets, merged with, entered into a consolidation, acquired an interest or a substantial portion of assets or business of any person or otherwise acquired any material asset, or made any capital expenditure or commitment for any capital expenditure other than the ordinary course of business consistent with past practice; (iii) issued or sold any units, membership interests, capital stock, notes, bonds or other securities, or any option, warrant or other right to acquire the same, of, or any other interest in the Company; (iv) borrowed any amount or incurred or become subject to any liabilities or entered into any guarantee, permitted or allowed any of the assets or properties (whether tangible or intangible) of the Company to be subjected to any encumbrance of any nature or discharged or otherwise obtained the release of any encumbrance or paid or otherwise discharged any liability of any nature; (v) made any loan or advances to, guarantees for the benefit of, or investments in, any persons; (vi) directly or indirectly engaged in any transaction, agreement or entered into any arrangement with any officer, director, member or other affiliate or relative of such person; (vii) amended its articles of association, operational agreement or other organizational documents; (viii) made any change in the accounting method or principles or in its auditing practices; (ix) failed to pay any creditor any amount owed to such creditor when due, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company, or have been waived by the Company's counterparties; (x) entered into any agreement, arrangement or transaction with any of its directors, officers, managers, members, employees or shareholders (or with any relative, beneficiary or spouse of such person); (xi) except as required by applicable law or consistent with past practices, granted, increased or promised to increase or announced any increase, in the wages, salaries, compensation, bonuses, incentives, pension or other benefits payable by the Company; (xii) amended, terminated, canceled or compromised any claims or waived any other rights of value; (xiii) allowed any Permit that was issued or relates to the Company or otherwise relates to any asset of the Company to lapse or terminate or failed to renew any such Permit or any insurance policy, except when such lapse or termination or failure to renew would not be reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company, in any event unless mandated by applicable Law; (xiv) amended, modified or consented to the termination (when such consent was required) of any Material Contract with clients or any of the Company's rights thereunder; (xv) made any charitable contribution or made any express or deemed election or settled or compromised any liability, with respect to Taxes of the Company; or (xvi) entered into an agreement whether in writing or otherwise or granted similar rights or commitments to do any of the foregoing.

4.13. Liabilities. The Company does not have any material debt, liability, obligations or loss contingencies of any kind, except those reflected in the Financial Statements and liabilities incurred since the date of the Financial Statements in the ordinary course of the business consistent with past practices which do not and could not have a Material Adverse Effect on the Company.

4.14. Material Contracts. **Section 4.14** of the **Disclosure Schedule** sets forth a list of, and the Purchaser has been provided access to, all material contracts, agreements and instruments of the Company (each, a “**Material Contract**”). There are no other agreements, understandings, instruments, contracts or proposed transactions to which the Company is a party or by which it is bound that (i) involve (A) any major customer (“**Major Customer Agreements**”), (B) payment obligations (contingent or otherwise) of, or payments from, the Company in excess of \$400,000, (C) any restrictions or limitations on the Company’s right to do business or compete in any area or any field with any person or to develop, distribute, operate, or otherwise engage in the Company’s products and services or the business of the Company, (D) the grant to any person other than the Company of any exclusive license, supply, distribution or other rights, “most favored nation” rights, rights of first refusal, rights of first negotiation or similar rights, or exclusive rights to purchase any of the Company’s products or services, or (E) any real property leases, or (ii) are otherwise material to the Company or its business. Each Material Contract is valid and binding on the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar Laws relating to, or affecting generally the enforcement of, creditors’ rights and remedies or by other equitable principles of general application, and is in full force and effect. The Company has not waived, or assigned or purposed or agreed to assign to any other person, any of its material rights under any Material Contract. The Company has performed all material obligations required to be performed by it and is not in material default under or in material breach of nor in receipt of any claim of default or breach under any such contracts, agreement or instrument to which the Company is a party or by which the Company is bound. There are no Material Contracts imposing obligations on the Company which compliance could reasonably be expected to be beyond the operational possibilities of the Company, in the ordinary course of business, and, to the best knowledge of the Sellers, there are no current or past events that could potentially delay, hinder or impede compliance of such Material Contracts’s obligations, nor are there any irregularities in any project assigned to the Company that could result in a material breach, early termination of or claim under such Material Contracts. Except as set forth in **Section 4.14** of the **Disclosure Schedule**, no event has occurred which with the passage of time or the giving of notice or both would result in a default, breach or event of default by the Company or event of acceleration, termination or claim under any such contracts, agreement or instrument to which the Company is subject. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under or give rise to any right of termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of, any Material Contract to which the Company is a party or by which the Company, or any of its respective properties or assets, are bound or affected. There are no claims of default or breach under any contract, agreements or instrument to which the Company is a party or by which is bound and there is no other event or circumstance that will or would reasonably be expected to give rise to or serve as a reasonable basis for the commencement of any such claim by third parties.

4.15. Assets.

4.15.1. The Company has clear, good, valid and marketable title to, or a valid leasehold interest in its assets, whether owned, leased or used, free and clear of all Liens. The Company owns or has a valid leasehold interest in all assets necessary for the conduct of its business as presently conducted. **Section 4.15** of the **Disclosure Schedule** includes a detail of immovable assets and inventory of movable assets of the Company as registered in the Financial Statements.

4.15.2. Where any tangible assets are used but not owned by the Company, there has not occurred any event of default or any other event or circumstance which may entitle any third party to terminate any agreement or license in respect of the use of such assets. All leases pursuant to which the Company leased (whether as lessee or lessor) any real or any other tangible property used in their business are valid and effective.

4.15.3. The Company owns or has the right to use each asset necessary for the effective operation of their businesses as now carried on. All assets owned or used by the Company are in their possession and under their control.

4.15.4. All accounts receivable reflected in the Financial Statements and all accounts receivable to be reflected in **Section 4.15** of the **Disclosure Schedule** (net of allowances for doubtful accounts as reflected thereon and as determined in accordance with GAAP consistently applied) (the “**Accounts Receivable**”) are or will be bona fide accounts receivable owing to the Company and arising in the ordinary course of business, and are not subject to offset or reduction for any reason. No Person has any Lien on Accounts Receivable or any part thereof, and no agreement for rebate, deduction, free goods, discount or other deferred price or quantity adjustment has been made with respect to any such Accounts Receivable.

4.16. Banking & Finance.

4.16.1. **Section 4.16.1** of the **Disclosure Schedule** accurately sets forth, with respect to each account maintained by or for the benefit of the Company at any bank or other financial institution:

- (a) the name and location of the institution (including bank code) at which such account is maintained;
- (b) the name in which such account is maintained, the account number;
- (c) a description of such account and the purpose for which such account is used;
- (d) the rate of interest being earned on the funds in such account; and
- (e) the names of all individuals authorized to draw on or make withdrawals from such accounts.

4.16.2. Except as set forth in **Section 4.16.2** of the **Disclosure Schedule**, there is no current or past borrowings (including credit, loan, financial lease, factoring arrangements) for the Company. The Company has not lent any money that has not been repaid.

4.16.3. No encumbrance nor any guarantee, suretyship, indemnity or similar commitment has been given by or entered into by the Company in respect of its obligations or the obligations of a third party including any shareholders of the Company.

4.16.4. The consummation of the transaction will not result in any present or future indebtedness of the Company becoming due, or capable of being declared due and payable, prior to its stated maturity or any loan facilities of the Company being withdrawn under any agreement or arrangement.

4.16.5. Except as set forth in **Section 4.16.5** of the **Disclosure Schedule**, the Company has not created any charge or other security interest, since its incorporation, in favour of any person as security for any loan, borrowing or other financial assistance incurred by the Company.

4.17. Clients, Vendors & Suppliers.

4.17.1. **Section 4.17** of the **Disclosure Schedule** sets forth for the Company: (a) the clients measured by revenues generated from each such client as of December 31, 2018 and (b) the clients currently under contract (measured by revenues generated) for the following 12-month period. Except as set forth in **Section 4.17** of the **Disclosure Schedule**, no client identified pursuant to clause (b) above has advised the Company that (x) it is terminating or considering terminating the handling of its business by the Company, as a whole or in respect of any particular project or service; or (y) is planning to reduce its future spending with the Company in any manner, or (z) this Agreement and the transaction contemplated hereby affects the continuity of the current clients' contracts and no such client has advised the Company, or a Seller, of any of the foregoing events. However, nothing contained in this Section is a representation that a client will not terminate or will renew its contract once its term expires or that a Client's spending with the Company will remain the same or increase.

4.17.2. The Company shall continue with its business and operations as currently conducted, and except as set forth in **Section 4.17** of the **Disclosure Schedule**, there has not been any interruption or termination of any relationship with any key vendor, provider or supplier (including, without limitation, Salesforce.com Inc. and its Affiliates) and the Management Team (as this term is defined in Section 4.21.9) is expected to continue in the Company; and,

4.17.3. All contractual relationships between the Company and its clients are in full force and effect pursuant to applicable Laws in accordance with their terms.

4.18. Intellectual Property.

4.18.1. Patents. **Section 4.18.1** of the **Disclosure Schedule** sets forth an accurate and complete list of all Patents in which the Company or one of its Subsidiaries has an ownership interest or which have been exclusively licensed to the Company or one of its Subsidiaries (collectively the “**Company Patents**”), identifying for each of the Patents (A) the patent number and issue date (if issued) or application number and filing date (if not issued), (B) its title, (C) the named inventors, (D) whether it is owned by or exclusively licensed to the Company or one of its Subsidiaries and (E) its current status. No Company Patent has been or is now involved in any interference, reissue or reexamination proceeding and, to the best knowledge of the Company or the Sellers, no such action is or has been threatened with respect to any of the Company Patents and there is no patent of a third party interfering with any Company Patent.

4.18.2. Copyrights. **Section 4.18.2** of the **Disclosure Schedule** sets forth an accurate and complete list of all registered Copyrights owned (in whole or in part) by or exclusively licensed to the Company or any of its Subsidiaries, all pending applications for registration of Copyrights filed anywhere in the world, and all unregistered Copyrights that are material to the business of the Company, that are owned (in whole or in part) by or exclusively licensed to the Company or any of its Subsidiaries (collectively the “**Company Copyrights**”).

4.18.3. Trademarks. **Section 4.18.3** of the **Disclosure Schedule** sets forth an accurate and complete list of all registered and material unregistered Marks owned (in whole or in part) or exclusively licensed by the Company or any of its Subsidiaries (collectively “**Company Marks**”), and specifically lists all registrations and applications for registration with all Governmental Bodies that have been obtained or filed with regard to such Company Marks, identifying for each (A) its registration (as applicable) and application numbers, (B) whether it is owned by or exclusively licensed to the Company or the relevant Subsidiary, (C) its current status and (D) the class(es) of goods or services to which it relates. All Company Marks registered with any Governmental Body, and for which applications to register have been filed with such Governmental Body which are being used, have been continuously used in the form appearing in, and in connection with, the goods and services listed in their respective registration certificates and applications therefor, respectively. To the best of Sellers’ knowledge, there has been no prior use of any material Company Mark by any third party that would confer upon such third party superior rights in such Company Mark. No Company Mark has been or is now involved in any opposition or cancellation proceeding and, to the best knowledge of the Company or any Seller, no such action is or has been threatened with respect to any of the Company Marks.

4.18.4. Actions to Protect Intellectual Property. Except as set forth in **Section 4.18.4** of the **Disclosure Schedule**, each of the Company and its Subsidiaries has taken commercially reasonable steps in accordance with standard industry practices to protect its material Intellectual Property Rights and maintain the confidentiality of all of the Trade Secrets of the Company or any of its Subsidiaries and other confidential information of the Company or its Subsidiaries.

4.18.5. Adverse Ownership Claims. Neither the Company nor any of its Subsidiaries has received any written notice or claim challenging the ownership by the Company or any of its Subsidiaries of any of the material Intellectual Property Rights owned (in whole or in part) or exclusively licensed to the Company or any of its Subsidiaries or suggesting that any other person has any claim of legal or beneficial ownership with respect thereto, nor to the best knowledge of the Company or any Seller is there a reasonable basis for any such claim.

4.18.6. Validity and Enforceability. Each of the registered Company Marks, the Company Patents and registered Company Copyrights (collectively, the “**Company Registered IP**”) is valid and enforceable (provided however, no representation or warranty is made regarding the validity or enforceability of any patent application), and neither the Company nor any of its Subsidiaries has received any written notice or claim challenging or questioning the validity or enforceability of any of the Company Registered IP or indicating an intention on the part of any person to bring a claim that any of the Company Registered IP is invalid or unenforceable or has been misused.

4.18.7. Status and Maintenance of Company Registered IP. The Company has not taken any action or failed to take any action (including the manner in which it has conducted its business, or used or enforced, or failed to use or enforce, any of the Company Registered IP) that would result in the abandonment, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any of the Company Registered IP (including, with respect to the Company Patents, failing to disclose any known material prior art in connection with the prosecution of patent applications).

4.18.8. All Company Registered IP has been registered or obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements (including, in the case of registered Company Marks, the timely post-registration filing of affidavits of use and incontestability and renewal applications). The Company has timely paid all filing, examination, issuance, post-registration and maintenance fees, annuities and the like associated with or required with respect to any of the Company Registered IP, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company.

4.18.9. Inbound License Agreements. **Section 4.18.9** of the **Disclosure Schedule** sets forth a complete and accurate list of all Inbound License Agreements, indicating the title and the parties thereto. The rights licensed under each Inbound License Agreement shall be exercisable by the Company on and after the applicable Closing to the same extent as by the Company or its applicable Subsidiary prior to the applicable Closing. No loss, breach or expiration of any material Intellectual Property Rights licensed to the Company or any of its Subsidiaries under any Inbound License Agreement is pending or reasonably foreseeable or, to the best knowledge of the Company or any Seller, threatened. Each licensor under the respective Inbound License Agreement has the ownership or exclusive license rights in or with respect to any improvements made by the Company or any Subsidiary to the Intellectual Property Rights licensed thereunder.

4.18.10. Outbound License Agreements. **Section 4.18.10** of the **Disclosure Schedule** accurately identifies each Outbound License Agreement. With respect to each Outbound License Agreement, the Company has not granted under any title, any kind of ownership or exclusive rights over any improvements of the software or other Technology licensed under such Outbound License Agreement -including improvements made by the licensee or third parties- exceeding or in breach of any applicable Inbound License Agreement. All software or other Technology provided by the Company or any of its Subsidiaries under any Outbound License Agreement is in compliance with all applicable Laws and the terms of such Outbound License Agreement and any Inbound License Agreement governing the Company or any Subsidiaries’ rights thereto.

4.18.11. Sufficiency of IP Assets. The Company Intellectual Property Rights constitutes all of the Intellectual Property Rights necessary for the conduct of the business of the Company as currently conducted.

4.18.12. No Encumbrances. Except for Inbound License Agreements, Outbound License Agreements, and any agreements referenced in the exclusions to those two defined terms, there are no outstanding options, licenses, agreements, claims, liens, encumbrances or shared ownership interests of any kind relating to the Company Intellectual Property Rights, nor is the Company or any of its Subsidiaries bound by or a party to any other options, licenses or agreements of any kind (including any source code escrow arrangement) with respect to the Technology or Intellectual Property Rights of any other Person.

4.18.13. No Infringement by the Company or Third Parties. None of the products, processes, services, or other technology or materials, or any other Intellectual Property Rights, developed, used, leased, licensed, sold, imported, or otherwise distributed or disposed of, or otherwise commercially exploited by or for the Company or any of its Subsidiaries, nor any other activities or operations of the Company or any of its subsidiaries, infringes upon, misappropriates, violates, dilutes or constitutes the unauthorized use of, any Intellectual Property Rights of any third party, and neither the Company nor any of its Subsidiaries has received any written notice or claim asserting or suggesting that any such infringement, misappropriation, violation, dilution or unauthorized use is or may be occurring or has or may have occurred. No Company Intellectual Property Right is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by the Company or any such Subsidiary or, in the case of any Intellectual Property Rights licensed to others, restricting the sale, transfer, assignment or licensing thereof by the Company or any of its Subsidiaries to any Person. To the best knowledge of the Company or any of the Sellers, no third party is misappropriating, infringing, diluting or violating any Intellectual Property Rights owned by or exclusively licensed to the Company or any of its Subsidiaries.

4.18.14. Inventions by Personnel. It will not be necessary to use any inventions of any of its employees or contractors (or Persons it currently intends to hire) made prior to their employment by the Company or any of its Subsidiaries. Each former and current employee, contractor, advisor and consultant of the Company or any of its Subsidiaries that has been or currently is involved in the development of Company Intellectual Property Right for the Company or any of its Subsidiaries has validly assigned to the Company or a Subsidiary all Technology and Intellectual Property Rights that he or she owned prior to such assignment that they developed in the course of their employment (in the case of employees) and/or in the course of their engagement (in the case of contractors, advisors and consultants) and that are incorporated or embodied in any Company Intellectual Property Right owned by the Company or any of its Subsidiaries or are otherwise related to the business of the Company.

4.18.15. Open Source. Neither the Company nor any Subsidiary has embedded, used or distributed any open source, copyleft or community source code (including but not limited to any libraries or code, software, technologies or other materials that are licensed or distributed under any General Public License, Lesser General Public License or similar license arrangement or other distribution model described by the Open Source Initiative at www.opensource.org, collectively “**Open Source Software**”) in connection with any of its products or services that are generally available or in development in any manner that would materially restrict the ability of the Company or any Subsidiary to protect its proprietary interests in any such product or service or in any manner that requires, or purports to require (i) any Company Intellectual Property Right (other than the Open Source Software itself) be disclosed or distributed in source code form or be licensed for the purpose of making derivative works, (ii) any restriction on the consideration to be charged for the distribution of any Company Intellectual Property Right, (iii) the creation of any material obligation for the Company or any Subsidiary with respect to Company Intellectual Property Right owned by the Company or any Subsidiary, or the grant to any third party of any rights or immunities under Company Intellectual Property Right owned by the Company or any Subsidiary or (iv) any other material limitation, restriction or condition on the right of the Company or any Subsidiary with respect to its use or distribution of any Company Intellectual Property Right.

4.18.16. Government Funding. No funding, facilities or resources of any Governmental Authority or any university, college or other educational institution or government research center were used in the development of any Company Intellectual Property Right that is owned by the Company or any of its Subsidiaries.

4.19. Employee Agreements. Except as set forth on **Section 4.19** of the **Disclosure Schedule**, each current and past employee, consultant, advisor, contractor and officer of the Company has executed an agreement with the Company regarding confidentiality and proprietary information substantially in the form or forms delivered to the counsel for the Purchaser (the “**Confidential Information Agreements**”). No current or former employee, consultant, advisor, contractor or officer has excluded works or inventions from his or her assignment of inventions pursuant to such employee’s Confidential Information Agreement. To the best of the Sellers’ knowledge, none of the Company’s employees, consultants, advisors, contractors or officers is in violation of any agreement covered by Section 4.19.

4.20. Insurance. The Company has any and all insurance required by applicable Law or by any contractual obligation assumed by the Company, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company or the Sellers, or have been waived by the Company’s counterparties.

To the best of Sellers’ knowledge, the Company carries adequate insurance with respect to its properties, assets and business in amounts and under policies as stated in **Section 4.20** of the **Disclosure Schedule**, including such policies of insurance that are required to the nature of the business conducted by it and pursuant to the contracts with clients of the Company, and each such policy is in full force and effect (including renewals thereof) as of the Closing Date.

There are no notifications served in compliance with applicable Law with regards to any liability under such insurances being avoided by the insurers, and transactions contemplated hereby do not have the effect of terminating, or entitling any insurer to terminate, or cover under any such insurance. Such insurance policies shall remain in full force and effect from and after the Closing Date, except for the right of parties to insurance policies to terminate insurance policies at any time. The Company has not received, and none of the Sellers has received, any written notice of cancellation, of, premium increase with respect to, or alteration of coverage under, any of such insurance policies. All premiums due under such insurance policies have been paid in accordance with the terms thereof.

No claim is outstanding by the Company under any policy of insurance held by it and there are no circumstances likely to give rise to such a claim, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers, or have been waived by the Company’s counterparties.

4.21. Employees.

4.21.1. Except as would not reasonably be expected to have a, individually, or in the aggregate, a Material Adverse Effect, the Company is in compliance in all respects with all applicable foreign, federal, state and local Laws, rules and regulations relating to labor practices, employment, Labor Agreements and Labor Permits and Regulations including, without limitation, provisions and regulations thereof relating to terms and conditions of employment, employment practices, health and safety, wages and hours, child labor, immigration, employment discrimination, disability rights, benefits, equal opportunity, plant closures and layoffs, affirmative action, workers’ compensation, labor relations, employee leave issues and unemployment insurance and the payment of social security and other Taxes.

4.21.2. Except as would not reasonably be expected to have a, individually, or in the aggregate, a Material Adverse Effect, the Company complies with all contractually and statutory based payment obligations regarding the employees. All salaries and other payments that have become due to the employees and workers have been duly paid, and there are no payments outstanding to any of its employees and workers. Except as disclosed in **Section 4.21.2** of the **Disclosure Schedule**, vacations, bonuses, mandatory bonuses and any other labor and social security obligations and Taxes accrued until Closing in connection with employees of the Company have been paid or the accrual therefore is reflected pursuant to Sections 4.11 and 4.26 of this Agreement.

4.21.3. The Company has no labor relations problems (including, without limitation, threatened or actual strikes or work stoppages or grievances). The Subsidiaries have the unions listed in **Section 4.21.3** of the **Disclosure Schedule**. Neither the Company nor any of its employees is subject to any non-compete, nondisclosure, confidentiality, employment, consulting or similar agreements relating to, affecting or in conflict with the present or proposed business activities of the Company.

4.21.4. Except as set forth in **Section 4.21.4** of the **Disclosure Schedule**, there is no pending outstanding or to the Sellers' best knowledge threatened claim from any of the Company's employees against the Company and the Sellers are not aware of any circumstances which may give rise to such a claim.

4.21.5. **Section 4.21.5** of the **Disclosure Schedule** sets forth the number of each employee's hire date of employment, job title, monthly basic compensation and any other type of compensation, place of work, type of employment, eligibility to obtain bonus, annual days of paid time off, and other benefits for each regular, full time or part time employee of the Company. Except as set forth in **Section 4.21.5** of the **Disclosure Schedule**, all of the employment contracts related to any employees of the Company and consulting agreements to which the Company is a party, are in writing. **Section 4.21.5** of the **Disclosure Schedule** lists each employee benefit plan sponsored, maintained, contributed to by the Company or to which the Company has any liability, contingent or otherwise, for the benefit of any employee or former employee of the Company. Except in the ordinary course of business or pursuant to the Company's policies and, in all cases, as set forth in **Section 4.21.5** of the **Disclosure Schedule**, the Company has not granted or promised an increase in any employee's compensation, bonuses, incentives or any benefit that would become effective after the Closing.

4.21.6. **Section 4.21.5** of the **Disclosure Schedule**, sets forth a list of the Company's employee's and workers entitled to receive performance bonus to be paid as of the Closing Date for the period January 1, 2018 to December 31, 2018, including, their position and bonus range for each position and reflecting any and all Company's bonus policies, performance bonus, profit sharing, commission, discretionary bonus arrangements, share option schemes, profit related pay schemes, or employee share ownership plans of the Company for each such Company's employee's and/or workers. The Company has no outstanding debt or payment obligation of any nature related to employee's performance bonus or any other obligation.

There are no profit sharing, commission, discretionary bonus arrangements, share option schemes, profit related pay schemes, or employee share ownership plans in respect of any of the directors, employees or workers of the Company, except as disclosed in **Section 4.21.5** of the **Disclosure Schedule**.

4.21.7. Except as set forth in **Section 4.21.5** of the **Disclosure Schedule**, the consummation of the transaction contemplated hereby will not entitle any manager, director, officer or employee to terminate their employment and receive any payment or other benefits or result in the acceleration of the time of payment or vesting of any awards or benefits under any Labor Agreements or Employee Benefit Plans. Except as set forth in **Section 4.21.5** of the **Disclosure Schedule**, the Company has not made or agreed to make a payment or provided or agreed to provide a benefit to a present or former director or officer, employee or worker or to their dependants in connection with, or related to the transaction contemplated hereby.

4.21.8. **Section 4.21.8** of the **Disclosure Schedule** sets forth a list of the Company's current independent contractors and for each the initial start date of the engagement, termination date of the engagement, a description of the remuneration arrangements applicable to each independent contractors and a brief description of the services provided.

4.21.9. **Section 4.21.9** of the **Disclosure Schedule** sets forth a list of the Company's employees considered to be the "Management Team". As of the date of this Agreement, none of the employees in the Management Team list has given written notice to the Company or any of the Sellers to resign from his or her employment or has terminated his or her employment with the Company. None of the Selling Parties has any reason to believe that any of such key employees intend to resign from employment.

4.22. **Compliance with Law; Permits.** Each of the Company and the Sellers has complied with all applicable Laws and is not in violation of any applicable Law relating to the operation of its business, and has not received notice of any such violation, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers. All permits, licenses, approvals, certifications, registrations, consents and similar authorizations of the Company required to conduct its business and to own, lease, use and, when applicable, operate its assets are currently in full force and effect, are not in default, and are valid under applicable Laws according to their terms, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers. There is no legal action, governmental proceeding or investigation pending against the Company or threatened against the Company to terminate, suspend or modify any permit and the Company is in compliance in all respects with the terms and conditions of all permits, including all requirements for notification, filing, reporting, and maintenance of records.

All legal and procedural requirements in relation to all mandatory filings with all Governmental Bodies have been duly and properly complied with in all material respects and the Company is not in violation of any material requirements or obligations pursuant to any applicable Laws.

Neither the Company nor any of the Sellers or any of their directors, officers or employees, executive officers, directors or any individual, entity, or organization holding any ownership interest or controlling interest in either Company or the Sellers is an individual, entity, or organization with whom Globant is prohibited from dealing by any United States Law, regulation, or executive order, including, without limitation, names appearing on the U.S. Department of the Treasury's Office of Foreign Assets Control's and Specially Designated Nationals and Blocked Persons List.

4.23. **Affiliated Transactions.** Except as set forth in **Section 4.23** of the **Disclosure Schedule**, no manager, officer, director, employee, stockholder or affiliate of the Company or any individual known to be related by blood, marriage or adoption to any such individual or any entity in which any such person or individual owns any beneficial interest, is a party to any outstanding contract with the Company or has any interest in any property used by the Company.

All contracts, agreements and arrangements between the Company and related parties have always been in compliance with transfer pricing rules and regulations.

4.24. Dividends. Since December 31, 2017, the Company has not declared or distributed any dividends or made other distributions (whether in cash, stock, or property, or any combination thereof). At the time of Closing, there will be no dividends due to any present or past shareholder of the Company.

4.25. Sellers Credit. None of the Sellers holds a credit or any right to receive a payment from the Company.

4.26. Books and Records. (a) The books of accounting of the Company have been fully, properly and accurately maintained in all respects, and contain in all respects true, complete and accurate records of all matters required by Law to be entered therein. The Sellers represent and warrant that the registrations made in the books of accounting reflect valid, genuine and legitimate transactions. (b) The books of accounts and other financial records of the Company: (i) reflect all items of the Financial Statements and of income and expense and all assets and liabilities required to be reflected therein in accordance with applicable Laws and regulations, (ii) are in all respects complete and correct, and do not contain or reflect any inaccuracies or discrepancies and (iii) have been maintained in accordance with applicable generally accepted accounting practices, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers.

There is no untrue, false or misleading information as well as no undisclosed liabilities in the statutory books, Financial Statements and records of the Company which may lead to unexpected liabilities of the Company.

4.27. Office Leases. **Section 4.27** of the **Disclosure Schedule** includes a list of the lease agreements (“**Lease Agreements**”) with respect to all of the real property leased or subleased to and occupied and used (or to be occupied and used) by the Company in conducting the operations of its business (the “**Leased Real Property**”). The Company has a valid leasehold interest in the Leased Real Property and the Lease Agreements are in full force and effect and there are no disputes or conflicts whatsoever pending or threatened against the Company in relation to the Lease Agreements. As of the Closing Date, there are no amounts due and unpaid by the Company under the Lease Agreements for any period before Closing or with respect to the Leased Real Property and the Company is not in breach of any of its obligations under the Lease Agreements.

4.28. Effects of Due Diligence. The performance by the Purchaser, its auditors and counsel of a legal, tax, technical and accounting audit of the Company and other due diligence tasks carried out by them or by others at their request prior to or the date hereof, or the results thereof, in no way limit or exclude the liabilities of the Company or the Sellers under this Agreement, except for those liabilities included in the Disclosure Schedule (subject to any specific treatment agreed in connection thereto).

None of the rights of Globant hereunder shall be limited or affected in any respect by reason of any knowledge acquired by Purchaser, or its agents or representatives, of the business, liabilities or rights of the Company, in the conduct of due diligence reviews or otherwise except for those liabilities included in the Disclosure Schedule (subject to any specific treatment agreed in connection thereto).

4.29. No other Investments. Except as listed in **Section 4.28** of the **Disclosure Schedule**, the Company does not own or has any ownership interests of any kind, or is the beneficiary directly or indirectly of any shares or participation interests of any kind of outstanding capital stock or securities convertible into or exchangeable or exercisable for capital stock or, or any other equity interest in any other person.

4.30. Foreign Corrupt Practices Act. Neither the Company, the Sellers, nor any of their directors, officers, employees, nor, to the Company's or any of the Sellers' knowledge, any of their agents have, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any "foreign official" (as such term is defined in the FCPA), foreign political party or official thereof or candidate for foreign political office for the purpose of (a) influencing any official act or decision of such official, party or candidate, (b) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign Governmental Body, or (c) securing any improper advantage, in the case of (a), (b) and (c) above, in order to assist the Company or any Seller in obtaining or retaining business for or with, or directing business to, any person. Neither the Company, the Sellers, nor any of their directors, officers, employees nor, to the Company's or any of the Sellers' knowledge, any of their agents have made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any Law, rule or regulation. Neither the Company, the Sellers, nor, to the Company's or any of the Sellers' knowledge, any of their officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to any Anti-Bribery Law. The Company and each of the Sellers is in compliance with all applicable Anti-Bribery Laws.

4.31. U.S. Sanctions, Export Control and Anti-Money Laundering Laws. Neither the Company, the Sellers, nor any of their directors, officers, employees, nor, to the Company's or any of the Sellers knowledge, any agent or any other person acting for or on behalf of the Company or any Seller (a) is designated on any prohibited persons or entities list of any Sanctions Governmental Authority, including, but not limited to, the U.S. Office of Foreign Assets Control ("OFAC") Specially Designated Nationals and Blocked Persons List, the U.S. Department of Commerce Denied Persons List, the Commerce Entity List, and the U.S. Department of State Debarred List, (b) participated in any transaction on behalf of the Company or any Seller involving such designated Person, or any country that is subject to economic sanctions administered by OFAC or other Sanctions Governmental Authority, to the extent such a transaction is or would be prohibited by such sanctions, (c) exported (including, but not limited to, deemed exportation) or re-exported, directly or indirectly, any good, technology or services on behalf of the Company or any Seller in violation of any applicable export control or economic sanctions Laws, rules or regulations administered by a Sanctions Governmental Authority, or (d) participated on behalf of the Company or any Seller in any export, re-export or transaction connected with any purpose prohibited by applicable anti-money laundering, export control or economic sanctions Laws, rules or regulations, including support for international terrorism and nuclear, chemical or biological weapons proliferation. The Company and each of the Sellers is in compliance with all applicable Anti-Money-Laundering Laws.

4.32. Data Privacy. In connection with its collection, storage, transfer (including, without limitation, any transfer across national borders) and/or use of any personally identifiable information from any individuals, including, without limitation, any employees, customers, prospective customers, and/or other third parties (including legal entities) (collectively, "**Personal Information**"), the Company is and since its formation has been in compliance in all material respects with all applicable Laws in all relevant jurisdictions, the Company's privacy policies and the requirements of any contract or codes of conduct to which the Company is a party. The Company has commercially reasonable physical, technical, organizational and administrative security measures and, at its headquarters only, a written policy in place to protect all Personal Information collected by it or on its behalf from and against unauthorized access, use and/or disclosure. The Company is and since its formation has been, to the Company's knowledge, in compliance in all material respects with all Laws relating to data loss, theft and breach of security notification obligations.

4.33. Foreign Exchange Laws. The Company has complied in all material respects with all exchange Laws applicable to its Business and operations, including those issued by the Central Bank of Colombia, the Central Bank of Mexico, the Central Bank of Argentina and the Central Bank of Brazil, and in particular, without limiting the generality of the foregoing, has complied in all material respects with governing rules for foreign exchange inflow and outflow, settlement of foreign currency from exports and/or funding from abroad, minimum time and/or averages applicable to repayment of financing from abroad, payment of imports, rules regarding advance of funds and pre-financing exports, and any other transaction made or needed to be made according to applicable Laws and has filed on a timely basis with the applicable Governmental Authority all documents required to be filed in compliance with the aforementioned rules and its related regulations, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers. All records of foreign investments have been timely registered in accordance with the applicable Laws, and such records are correct, accurate, truthful and up-to-date, reflecting the status of the Company's investments, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers.

4.34. Environmental and Safety Laws. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) the Company is in compliance with all Environmental Laws applicable to the conduct of the Business, except for instances of noncompliance that, individually or in the aggregate, have not and would not be reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company and (b) to the Company's or the Sellers' best knowledge, there has been no release or threatened release of any pollutant, contaminant or toxic or hazardous material, substance or waste or petroleum or any fraction thereof (other than office and cleaning supplies which are safely maintained) (each, a "**Hazardous Substance**") on, upon, into or from any site currently or heretofore owned, leased or otherwise used by the Company. The Company has made available to the Purchaser true, correct and complete copies in all material respects of all material environmental records, reports, notifications, certificates of need, permits, pending permit applications, correspondence, engineering studies and environmental studies or assessments.

4.35. Customs. The Company has complied in all material respects with all applicable Laws on customs and foreign trade, except for instances of noncompliance that, individually or in the aggregate, have not or would not reasonably be expected to be material to the Company, or give rise to claims or to material fines, contingencies, criminal penalties or other material civil penalties imposed on the Company or the Sellers. The Company has submitted on time and according to applicable Law all customs destinations and they were complete and accurate in all material respects, reflecting all customs duties and responsibilities required by applicable Laws, except for instances of noncompliance that, individually or in the aggregate, have not and would not be reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company. Import and exports transactions made by the Company have been and will continue to be made at market prices, and prices have been duly declared under applicable customs Laws, except for instances of noncompliance that, individually or in the aggregate, have not and would not be reasonably be expected to be material to the Company, or give rise to material fines, criminal penalties or other material civil penalties imposed on the Company. Except as set forth in **Section 4.35 of the Disclosure Schedule**, there is no Action against the Company pending, whether administrative or judicial level, in relation to foreign trade issues.

4.36. Brokers and Financial Advisors. The Sellers have retained Bowstring Advisors as financial advisor for the transaction contemplated hereby. Sellers shall be severally (and not jointly) responsible for any payment and fees or commissions to any broker, finder, financial advisor, legal advisor or agent engaged by the Company or a Seller with respect to the transactions contemplated hereby. Neither the Company nor the Purchaser will be responsible for any payment and fees or commissions to any broker, finder or financial advisor, with respect to the transactions contemplated hereby.

4.37. Solvency. The Company is not insolvent or unable to pay its debts nor has any insolvency proceedings of any nature, including without limitation, winding up, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, whether or not been initiated by the Company or threatened against the Company or initiated against the Company nor has the Company appointed, or received or sent any written notice for the appointment of, a liquidator or provisional liquidator or administrator to the Company or any of its assets.

4.38. Material Adverse Effect. To the best of Sellers' or the Key Employees' knowledge, no change, event, occurrence or circumstance has occurred or is subsisting or threatened which, individually or in the aggregate with any other changes, events, occurrences or circumstances, has had, would, or might reasonably in any such case, constitute a Materially Adverse Effect on the Company, its business, assets or financial position.

4.39. No other Representation or Warranties. No Reliance. Except for the representations and warranties contained in this ARTICLE 4, neither the Sellers nor any other person makes any other express or implied representation or warranty on behalf of Sellers.

WITHOUT LIMITATION, NONE OF THE SELLERS, THEIR AFFILIATES, AND THE DIRECTORS, OFFICERS, AGENTS AND OTHER REPRESENTATIVES OF ANY OF THE FOREGOING GIVES ANY REPRESENTATION OR WARRANTY CONCERNING THE SOLVENCY OF ANY CUSTOMER. IT IS UNDERSTOOD THAT ANY ESTIMATES, FORECASTS, PROJECTIONS OR OTHER PREDICTIONS AND ANY OTHER INFORMATION OR MATERIALS THAT HAVE BEEN PROVIDED OR MADE AVAILABLE TO PURCHASER OR ANY OF ITS AFFILIATES OR ITS OR THEIR RESPECTIVE REPRESENTATIVES (INCLUDING IN ANY PRESENTATION BY A SELLER, ANY OF THEIR AFFILIATES, MANAGEMENT OF THE BUSINESS, THEIR RESPECTIVE REPRESENTATIVES OR OTHERWISE AND INCLUDING ANY DOCUMENTS OR INFORMATION MADE AVAILABLE IN THE APPLICABLE "DATA ROOM") ARE NOT, AND SHALL NOT BE DEEMED TO BE, REPRESENTATIONS AND WARRANTIES OF THE SELLERS OR ANY OF THEIR AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES. THE PURCHASER HEREBY EXPRESSLY DISCLAIMS (AND SHALL CAUSE ITS AFFILIATES, SHAREHOLDERS, AND ANY OTHER INTEREST HOLDERS OF ANY KIND WHATSOEVER TO EXPRESSLY DISCLAIM, AS AND WHEN REQUESTED) ANY RELIANCE WHATSOEVER ON ANY REPRESENTATION, WARRANTY OR OTHER STATEMENT OF THE SELLERS, THEIR AFFILIATES, OFFICERS, DIRECTORS, AGENTS OR ANY OTHER REPRESENTATIVES, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 4.

4.40. Full Disclosure. To the best of the Sellers' or any Key Employee's knowledge, there are no facts pertaining to the Company or the Sellers, which could affect adversely the Company, or its business or which are likely in the future to affect adversely the Company or its business and which have not been disclosed in this Agreement, the Schedules or the Financial Statements. To the best of the Sellers' or any Key Employee's knowledge, no representation, warranty or statement by the Sellers in this Agreement, or in any Schedule, statement or certificate furnished to the Purchaser pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

ARTICLE 5.
REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser represents and warrants to the Sellers that the following representations are true and complete as of the date hereof and as of the Closing Date.

5.1. Organization of Purchaser. The Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction where it is incorporated and where it operates.

5.2. Authority. The Purchaser has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated herein. This Agreement has been duly authorized, executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws of general application relating to or affecting creditors' rights and to general equity principles.

5.3. No Conflict. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein by the Purchaser will violate any provision of the certificate of incorporation or bylaws of the Purchaser.

5.4. Consent and Approvals. Other than as specifically enumerated herein, the execution, delivery and performance of this Agreement by the Purchaser, and the Purchaser's ownership of the Shares on the date hereof, will not require the Purchaser to obtain any permit, consent, waiver, authorization or approval of, or make any filing with or give notice to, any person other than those which are not material.

5.5. Legal Proceedings. There are no Actions pending or threatened against Purchaser and any of its Affiliates which, if adversely determined, would prohibit the consummation of the transactions contemplated hereby.

5.6. Funding. Purchaser has sufficient funds or immediately available financing to consummate the Transactions and to satisfy their respective obligations thereunder, including payment of the Purchase Price and fees and expenses relating to the transactions contemplated by the Agreement and the Transaction Documents. Purchaser acknowledges and agrees that its obligations are not subject to any conditions regarding Purchaser's or any other person's ability to obtain financing for the consummation of the transactions contemplated by this Agreement.

5.7. No Brokers' Fees. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with any of the Agreement and/or the Transaction Documents or the transactions contemplated thereby based upon arrangements made by or on behalf of Purchaser or any of its Affiliates.

5.8. Foreign Corrupt Practices Act. Neither the Purchaser nor any of its directors, officers, employees, nor, to the Purchaser's knowledge, any of its agents have, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any "foreign official" (as such term is defined in the FCPA), foreign political party or official thereof or candidate for foreign political office for the purpose of (a) influencing any official act or decision of such official, party or candidate, (b) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign Governmental Body, or (c) securing any improper advantage, in the case of (a), (b) and (c) above, in order to assist the Purchaser in obtaining or retaining business for or with, or directing business to, any person. Neither the Purchaser nor any of its directors, officers, employees nor, to the Purchaser's knowledge, any of its agents have made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any Law, rule or regulation. Neither the Purchaser, any of its officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to any Anti-Bribery Law. The Purchaser is in compliance with all applicable Anti-Bribery Laws.

5.9. U.S. Sanctions, Export Control and Anti-Money Laundering Laws. Neither the Purchaser nor any of its directors, officers, employees, nor, to the Purchaser's knowledge, any agent or any other person acting for or on behalf of the Purchaser (a) is designated on any prohibited persons or entities list of any Sanctions Governmental Authority, including, but not limited to, the U.S. Office of Foreign Assets Control ("OFAC") Specially Designated Nationals and Blocked Persons List, the U.S. Department of Commerce Denied Persons List, the Commerce Entity List, and the U.S. Department of State Debarred List, (b) participated in any transaction on behalf of the Purchaser involving such designated Person, or any country that is subject to economic sanctions administered by OFAC or other Sanctions Governmental Authority, to the extent such a transaction is or would be prohibited by such sanctions, (c) exported (including, but not limited to, deemed exportation) or re-exported, directly or indirectly, any good, technology or services on behalf of the Purchaser in violation of any applicable export control or economic sanctions Laws, rules or regulations administered by a Sanctions Governmental Authority, or (d) participated on behalf of the Purchaser in any export, re-export or transaction connected with any purpose prohibited by applicable anti-money laundering, export control or economic sanctions Laws, rules or regulations, including support for international terrorism and nuclear, chemical or biological weapons proliferation. The Purchaser is in compliance with all applicable Anti-Money-Laundering Laws.

5.10. No Other Representation or Warranties. No Reliance. Except for the representations and warranties contained in this ARTICLE 5, neither Purchaser nor any other person makes any other express or implied representation or warranty on behalf of Purchaser.

WITHOUT LIMITATION, NONE OF THE PURCHASER, ITS AFFILIATES, AND THE DIRECTORS, OFFICERS, AGENTS AND OTHER REPRESENTATIVES OF ANY OF THE FORGOING GIVES ANY REPRESENTATION OR WARRANTY CONCERNING ANY ESTIMATES, FORECASTS, PROJECTIONS OR OTHER PREDICTIONS AND ANY OTHER INFORMATION OR MATERIALS THAT MAY HAVE BEEN PROVIDED OR MADE AVAILABLE TO ANY OF THE SELLERS OR ANY OF THEIR AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES (INCLUDING IN ANY PRESENTATION BY THE PURCHASER, ANY OF THEIR AFFILIATES, MANAGEMENT, THEIR RESPECTIVE REPRESENTATIVES OR OTHERWISE AND INCLUDING ANY DOCUMENTS OR INFORMATION MADE AVAILABLE TO ANY OF THE SELLERS) AND ARE NOT, AND SHALL NOT BE DEEMED TO BE, REPRESENTATIONS AND WARRANTIES OF THE PURCHASER OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES. EACH OF THE SELLERS HEREBY EXPRESSLY DISCLAIMS (AND SHALL CAUSE THEIR AFFILIATES, SHAREHOLDERS, AND ANY OTHER INTEREST HOLDERS OF ANY KIND WHATSOEVER TO EXPRESSLY DISCLAIM, AS AND WHEN REQUESTED) ANY RELIANCE WHATSOEVER ON ANY REPRESENTATION, WARRANTY OR OTHER STATEMENT OF THE PURCHASER, ITS AFFILIATES, OR THEIR OFFICERS, DIRECTORS, AGENTS OR ANY OTHER REPRESENTATIVES, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 5.

ARTICLE 6.
INDEMNIFICATION

6.1. Indemnification by Sellers.

6.1.1. From and after the Closing, and subject to the terms of this ARTICLE 6, each Seller (each, a “**Seller Indemnifying Party**”), shall severally (but not jointly) indemnify and hold harmless the Purchaser, its Affiliates and their respective successors and assigns, and each of their respective managers, members, directors, officers, employees, shareholders, representatives and agents and other persons who control or are controlled by the Purchaser, as the case may be (each a “**Purchaser Indemnified Party**”), against and in respect of all Losses (as defined in Section 6.4 below) by reason of any:

- (a) Breach of any of the representation or warranties of Sellers as set forth in ARTICLE 4;
- (b) Breach of any of the obligations, covenants or agreements of Sellers under this Agreement; and
- (c) The matters disclosed in Schedule 6.1.1(c).

6.1.2. The obligation of each of the Sellers to indemnify the Purchaser Indemnified Parties for Losses pursuant to Section 6.1.1, is subject to the following limitations:

- (a) The indemnification of any Losses suffered by any breach or inaccuracy of the Sellers’ Fundamental Representations shall be limited to the amounts received by the Sellers as Purchase Price. Except as otherwise stated in this Agreement, any other representations granted by Sellers shall be limited to an amount equivalent to seventeen point five percent (17.5%) of the Purchase Price (\$8,497,518.23). For purposes of calculation of the amounts provided herein, withholdings or deductions applied to the Purchase Price as provided in this Agreement shall not be applicable.
- (b) Sellers shall not be required to provide indemnification to any Purchaser Indemnified Party unless the amount of Losses incurred by the Purchaser Indemnified Parties in respect of all claims against Sellers for indemnification hereunder pursuant to Section 6.1.2(a), exceeds the aggregate amount of \$200,000, at which point the full amount of any and all Losses shall be recoverable from the first Dollar.

None of the limitations set forth in Section 6.1.2(a) or Section 6.1.2(b) above will apply in case of fraud or willful misconduct and the limitations set forth in Section 6.1.2(b) will not apply in the case of the claims listed in Schedule 6.1.1(c), which are assumed and fully indemnifiable by the Sellers.

6.2. Indemnification by Purchaser.

6.2.1. From and after the Closing, and subject to the terms of this ARTICLE 6, the Purchaser (the “**Purchaser Indemnifying Party**” and together with Sellers’ Indemnifying Party, the “**Indemnifying Parties**”, and each, an “**Indemnifying Party**”), shall indemnify and hold harmless the Sellers, their Affiliates and their respective successors and assigns, and each of their respective managers, members, directors, officers, employees, shareholders, representatives and agents and other persons who control or are controlled by the Sellers, as the case may be (each a “**Sellers Indemnified Party**” and together with the Purchaser Indemnified Party, the “**Indemnified Parties**”, and each, an “**Indemnified Party**”), against and in respect of all Losses, by reason of any:

- (a) Breach of any of the representation or warranties of Purchaser as set forth in ARTICLE 5; and
- (b) Breach of any of the covenants, obligations or agreements of Purchaser under this Agreement.

6.2.2. The obligation of each of the Purchaser to indemnify the Sellers Indemnified Parties for Losses pursuant to Section 6.2.1, is subject to the following limitations:

- (a) The indemnification of any Losses suffered by any breach or inaccuracy of the Purchaser's Fundamental Representations shall be limited to the amounts received by the Sellers as Purchase Price. Except as otherwise stated in this Agreement, any other representations granted by the Purchaser shall be limited to an amount equivalent to seventeen point five percent (17.5%) of the amounts paid as Purchase Price (i.e. \$8,497,518.23). For purposes of calculation of the amounts provided herein, withholdings or deductions applied to the Purchase Price as provided in this Agreement shall not be applicable.
- (b) Purchaser shall not be required to provide indemnification to any Seller Indemnified Party unless the amount of Losses incurred by the Seller Indemnified Parties in respect of all claims against Purchaser for indemnification hereunder pursuant to Section 6.2.1, exceeds the aggregate amount of \$200,000, at which point the full amount of any and all Losses shall be recoverable from the first Dollar.

None of the limitations set forth in Section 6.2.2(a) or Section 6.2.2(b) above will apply in case of fraud or willful misconduct.

6.3. Termination of Indemnification Obligations. The indemnification obligations of the Indemnifying Parties under this Agreement shall terminate twenty four (24) months as from the Closing Date except (a) as to matters as to which the Indemnified Party has made a claim for indemnification on or prior to such date specifically addressing a Loss, as stipulated in this Agreement, (b) as to matters as to which the Indemnified Party has suffered Losses arising out of the Indemnifying Party's fraud or willful misconduct, (c) in the case of the indemnity obligations of the Indemnifying Party, as applicable with respect to any claim pertaining to a misrepresentation, inaccuracy or breach of warranty under any of the representations and warranties contained in Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.23, 4.30, 4.31 (the "**Sellers' Fundamental Representations**"), 5.1, 5.2, 5.3, 5.4, 5.8, 5.9 (the "**Purchaser's Fundamental Representations**"), and a claim for breach of a covenant contained in ARTICLE 7, and (d) the representations and warranties contained in Sections 4.9 and 4.21.

The obligations referred to in:

6.3.1. the preceding clause (a) shall survive the expiration of such period until such claims are finally resolved and any obligations with respect thereto are fully satisfied;

6.3.2. the preceding clauses (b) and (c) shall terminate upon the expiration of the relevant statutory period of limitation, except as to matters as to which any Indemnified Party has made a claim for indemnification on or prior to such date, in which case the right to indemnification with respect thereto shall survive the expiration of any such period until such claim is finally resolved and any obligations with respect thereto are fully satisfied;

6.3.3. the preceding clause (d) shall terminate upon the sixth anniversary of the Closing Date and upon the third anniversary of the Closing Date, respectively.

Any claims made after the aforementioned survival periods shall be forever barred and no Party shall have any liability hereunder in respect thereof; provided, that if a valid claim notice for indemnification has been given hereunder prior to expiration of the applicable survival period, then the claims for such Loss alleged to have been incurred in such claim notice (and only such claim and for such Loss alleged to have been suffered) if then unresolved, will not be extinguished by the passage of the applicable survival period.

For the avoidance of doubt, survival periods are not mutually exclusive with respect to any facts, events or conditions giving rise to an indemnification right and any claim of an Indemnified Party that is eligible for more than one survival period pursuant to Section 6.3 shall be subject to the longest survival period that is relevant to such claim.

6.4. Grounds for Asserting Claims. Each Seller Indemnifying Party hereby undertakes severally (but not jointly) and the Purchaser Indemnifying Party hereby undertakes the obligation to indemnify the applicable Indemnified Parties against and with respect to any and all actions, claims, losses, charges, damages, awards, liabilities, settlements, payments, penalties and fees, costs and expenses (including reasonable attorneys' fees and expenses), provided however, that losses shall not include special, indirect, consequential, punitive or other special damages, including loss of profits, loss of revenue or income, cost of capital, or loss of business reputation or opportunity (hereinafter, "**Losses**") suffered or incurred by any applicable Indemnified Party as a result of any direct Loss or an action, suit, proceeding, determination or demand (whether judicial or not) instituted against the Indemnified Party including, without limitation, (a) any action or claim of any nature brought or otherwise initiated by any of the Indemnifying Parties or (b) by a third party or any Governmental Body in connection with, arising out of or in any way related to any breach or misstatement of any representation and warranty or other obligation or statement of the the Parties under this Agreement and the Schedules herein.

6.5. Remedy of Set-Off. In addition to any remedies available to the Purchaser under applicable Law and under this Agreement, the Purchaser shall be entitled to deduct the Losses suffered by it or any other amount owed to it under this Agreement from any outstanding payment that may be payable by the Purchaser or the Company to such Seller, under this Agreement or any other ancillary document in the event the Escrow Amount is insufficient to cover such Losses (and only in excess of any deficiency) ("**Set-Off Rights**"). For the avoidance of doubt deductions shall be made to the corresponding Seller severally but not jointly.

For the avoidance of doubt, any portion of any payments owed by the Purchaser to any of the Sellers that is set off or withheld pursuant to the exercise of Set Off Rights shall not in any way be deemed to be a defaulted or otherwise unpaid amount pursuant to Sections 1.2, 1.3, 1.4, and 2.2, and shall instead be deemed to have been paid in full by the Purchaser to the Sellers in accordance with Sections 1.2, 1.3, 1.4, and 2.2.

6.6. Process of Claiming Indemnification.

6.6.1. Notice of Third-Party Claims. If any of the Indemnified Parties receives notice of the commencement or assertion of any claim by a third party (a "**Third-Party Claim**"), the Indemnified Party shall give to the Indemnifying Party (the "**Indemnifier**") prompt and detailed notice thereof, but in any event no later than ten (10) Business Days after receipt of such notice of such Third-Party Claim or within such shorter period of time as may reasonably be required to permit the Indemnifier to respond to any such claim; provided, however, that the failure to provide such notice or any delay in providing such notice shall not release any Indemnifying Party from any of their obligations under this ARTICLE 6 except to the extent the Indemnifying Party is materially prejudiced by such failure or delay (and then only to the extent of such prejudice). Such notice to the Indemnifier shall describe the Third-Party Claim in reasonable detail and, as the case may be, shall have copy of the documentation received therewith enclosed.

6.6.2. If the Indemnifier disputes such Third Party Claim or does not so respond to the Indemnified Party within a ten (10) calendar day period or within such shorter period of time as may reasonably be required to permit the Indemnifier to respond to any such claim, the Indemnifier and the Indemnified Party shall settle such dispute in accordance with Section 10.12 hereto.

6.6.3. Defense of Third-Party Claims. The Indemnifier may participate in or assume the defense of any Third-Party Claim by giving prompt notice to that effect to the Indemnified Party but in any event no later than twenty (20) Business Days or within such shorter period of time as may reasonably be required to permit the Indemnifier to respond to any such claim, after receiving notice of that Third-Party Claim (the “**Notice Period**”), so long as the Indemnifier acknowledges in writing its obligation to indemnify the Indemnified Party for Losses related to such Third Party Claim. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail and shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifier agrees to pay all of its own expenses of participating in or assuming such defense, provided, that counsel for the Indemnifier who shall conduct the defense of such Third Party Claim shall be a reasonably reputable counsel and if the Indemnifier elects to undertake any such defense against a Third-Party Claim, the Indemnified Party may participate in such defense at its own expense, subject to the Indemnifying Party’s right to control the defense thereof. The Indemnifier shall not enter into any agreement or settlement of any Third-Party Claim without obtaining the prior written consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed. If the Indemnified Party has not received notice within the Notice Period that the Indemnifier has elected to assume the defense of such Third-Party Claim, the Indemnified Party may, assume such defense, assisted by counsel of its own election and if decides to settle or compromise the Third-Party Claim, it must obtain the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, conditioned or delayed. In any such case, the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Loss suffered or incurred by the Indemnified Party with respect to such Third-Party Claim. Notwithstanding the foregoing, if an Indemnified Party determines in good faith that there is a reasonable probability that a Third Party Claim may adversely affect it or any Affiliate, the Indemnified Party may, by notice to the Indemnifier, assume the right to defend such Third Party Claim; provided that the Indemnifier shall be entitled to continue participating in the defense with its own counsel, and no settlement whereby the Indemnifier may be obliged to indemnify shall be made, without the prior written consent of the Indemnifier.

6.6.4. Assistance for Third-Party Claims. The Indemnifier and the Indemnified Party will use commercially reasonable efforts to cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available to the Party who is undertaking and controlling the defense of any Third-Party Claim (the “**Defending Party**”):

- (a) those employees and agents whose assistance, testimony or presence is necessary or desirable to assist the Defending Party in evaluating and in defending any Third-Party Claim; and
- (b) all documents, records and other materials in the possession of such Party reasonably required by the Defending Party for its use in defending any Third-Party Claim.

6.6.5. Designation of counsel. The Parties agree that, provided that the Indemnifier elects to assume the defense of any Third Party as provided for under this Section 6.6, it shall be entitled to elect counsel to defend against the Third-Party Claim.

6.6.6. Direct Claims. Any claim among the Parties (a “**Direct Claim**” and jointly with the Third-Party Claims, the “**Claims**”) shall be asserted by giving the Indemnifying Party prompt and detailed written notice, including a description, as accurate as practicable, of the amount, cause and circumstances of the Loss related to the Direct Claim, but in any event not later than fifteen (15) Business Days after the Indemnified Party becomes aware of such Direct Claim; provided, however, that the failure to provide such notice or any delay in providing such notice shall not release any Indemnifying Party from any of their obligations under this ARTICLE 6 except to the extent the Indemnifying Party is materially prejudiced by such failure or delay (and then only to the extent of such prejudice). The Indemnifier shall then have a period of thirty (30) Business Days within which to respond in writing to such Direct Claim. If the Indemnifier accepts in writing full responsibility for the Direct Claim described in such notice, the Indemnifier shall pay upon demand to the Indemnified Party the amount of Losses relating to such Direct Claim as the Parties hereto agree. If the Indemnifier disputes such Direct Claim or does not so respond within such thirty (30) day period, the Indemnifier and the Indemnified Party agree to proceed in good faith to negotiate a resolution of such dispute in accordance with Section 10.12 hereto.

6.7. Indemnity Payments.

6.7.1. In calculating the amount of any Losses, any payment made pursuant to this Article will be treated as an adjustment to the Purchase Price for all Tax purposes unless otherwise required by applicable Laws. The amount of any Losses incurred in a currency other than Dollars will be converted into Dollars at the official exchange rate published in either (a) *Diario Oficial de la Federacion* (National Gazette) with respect to Mexican pesos, (b) the Superintendencia Financiera de Colombia with respect to Colombian pesos, (c) by the Superintendencia de Banca, Seguros y AFP de la República del Perú with respect to Peruvian soles, (d) in the official web page of the Central Bank of Brazil with respect to Brazilian *reais*, and (d) Communication “A” 3500, as amended or supplemented, issued by the Central Bank of the Republic of Argentina with respect to Argentine pesos, for the closing of transactions for the Business Day immediately prior to the date such Losses are actually incurred.

6.7.2. Notwithstanding Purchaser’s rights pursuant to Section 6.5, the Indemnifier will pay all amounts payable pursuant to this Article, (A) to the extent the Indemnifier are Sellers, *first*, from the Escrow Fund and (B) second, to the extent such Losses exceed the aggregate amounts referenced in clause (A) above by the Indemnifier and, if the Indemnifier are Sellers, severally but not jointly, by wire transfer of immediately available cash funds in Dollars promptly following receipt from an Indemnified Party of a Claim, unless the Indemnifier in good faith reasonably disputes the Losses, in which event it will promptly notify the Indemnified Party, and in any event, the Indemnifier will pay to the Indemnified Party, by wire transfer in immediately available cash funds in U.S. dollars, the amount of any Losses for which it is liable hereunder no later than three (3) Business Days following any Determination of such Losses and the Indemnifier’s liability therefor. A “**Determination**” will exist when (A) the parties to the dispute have entered into a legally binding agreement with respect to the dispute, (B) a court of competent jurisdiction will have entered a final and non-appealable order or judgment, or (C) an arbitration or like panel will have rendered a final and non-appealable determination with respect to disputes the parties have agreed to submit thereto.

6.7.3. The Indemnifier will only be discharged of its payment obligation by paying the full payment amount in Dollars, and not by conversion of any payment amounts into other currencies and/or by means of a local payment. To the fullest extent permissible under applicable law, the Parties hereby irrevocably waive and renounce to judicially invoke and/or in any way enforce any right that it may currently have or that it will have pursuant to any applicable Law to make any payment of the payment obligations and/or any other amount owed to the Indemnified Party under this Agreement in its equivalent amount in local currency.

6.8. Limitations of Liability.

6.8.1. Losses Net of Insurance and Recovery. In calculating amounts payable to an Indemnified Party, the amount of any indemnified Losses shall be computed net of (i) payments actually recovered by the Indemnified Party under any insurance policy, with respect to such Losses, less any increase in the corresponding premium and (ii) any prior recovery by the Indemnified Party from any third party with respect to such Losses. If an Indemnified Party recovers an amount from an insurance policy or any other third party in respect of Losses that is the subject of indemnification hereunder after all or a portion of such Losses has been paid by an Indemnifier pursuant to this Article, the Indemnified Party will promptly remit to the Indemnifier the excess (if any) of (i) the amount paid by the Indemnifier in respect of such Losses, plus the amount received from the insurance policy or third party in respect thereof, less (ii) the full amount of Losses.

6.8.2. No Duplicative Recovery. Where substantially the same events or circumstances qualify under one or more single or multiple claims or under one or more provisions of this Agreement, the Indemnified Party seeking indemnification shall not be entitled to double or duplicative recovery of Losses arising out of such events or circumstances, or to calculate its Losses by duplicating or double counting its Losses arising out of such events or circumstances. For the avoidance of doubt, if the Indemnified Party is entitled to bring the claim under more than one provision of this Agreement, such Indemnified Party may choose at its sole and absolute discretion the provision or provisions under which it seeks indemnification.

6.8.3. Subrogation. To the extent that an Indemnifying Party makes any payment pursuant to this ARTICLE 6 in respect of Losses for which any Indemnified Party has a right to recover against a Third Party (including an insurance company), such Indemnifying Party shall be subrogated to the right of such Indemnified Party to seek and obtain recovery from such Third Party, except, that if such Indemnifying Party shall be prohibited from such subrogation, such Indemnified Party shall seek recovery from such Third Party on such Indemnifying Party's behalf and pay any such recovery to such Indemnifying Party.

6.8.4. Fraud; Willful Misconduct. Notwithstanding any other provisions of this Agreement, in no event shall any Indemnified Party be entitled to indemnification pursuant to this ARTICLE 6 to the extent any Losses were solely attributable to such Indemnified Party's bad faith, willful misconduct or intentional fraud.

6.8.5. Mitigation. Each of the Sellers Indemnified Parties and Purchaser Indemnified Parties shall use its commercially reasonable efforts to take or cause to be taken all reasonable steps to mitigate its Losses upon and after becoming aware of any event that could reasonably be expected to give rise to Losses that may be indemnifiable under this ARTICLE 6 to the extent required by applicable Law.

6.8.6. Exclusive Remedy. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled according to this Agreement. Except in the case of intentional fraud or willful misconduct committed with the knowledge of any of the Parties (as to which none of the limitations set forth in this ARTICLE 6 will apply), from and after the Closing, the rights of any Indemnified Party under this ARTICLE 6 (including, any right to specific performance) will be the sole and exclusive remedy of such Indemnified Party with respect to claims for breach or inaccuracy of any of the representations, or warranties, or breach of any of the covenants and agreements, in each case, that are indemnifiable under this ARTICLE 6.

ARTICLE 7.
COVENANTS

7.1. Access to Information. Subject to applicable Law, during the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Purchaser shall be entitled, through its employees and representatives, to enter upon and make such investigation of the assets, properties, business and operations of the Company and its Subsidiaries and such examination of the books and records, financial condition and operations of the Company and its Subsidiaries as such Purchaser may desire (in a manner so as to not interfere with the normal business operations of the Company and its Subsidiaries); provided, however, such Purchaser may not communicate with any customers, vendors, suppliers or creditors of the Company and its Subsidiaries with respect to the Business without the prior written consent of the Company. Any such investigation and examination shall be conducted during normal business hours. Notwithstanding the foregoing, the Company may withhold any document (or portions thereof) or information (a) that is subject to the terms of a non-disclosure agreement with a third party, (b) that constitutes privileged attorney-client communications or attorney work product and the transfer of which, or the provision of access to which, as reasonably determined by the Company's counsel, constitutes a waiver of any such privilege, (c) if the provision of access to such document (or portion thereof) or information, as determined by the Company's counsel, would reasonably be expected to conflict with applicable Laws or (d) relating to the sale process regarding the Shares or bids received from others in connection with any such process.

7.2. Conduct of Business.

7.2.1. During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Sellers shall cause the Company and its Subsidiaries to carry on the business of the Company and its business organization in all material respects in the ordinary course consistent with past practice.

7.2.2. Except as expressly provided herein, set forth in **Schedule 7.2.2**, consented to in writing by the Purchaser (which consent shall not be unreasonably withheld or delayed) or required by Law, from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Sellers shall, and shall cause the Company to conduct the business of the Company in the ordinary course of business consistent with past practice. Without limiting the foregoing, from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, the Sellers shall not, and shall cause the Company and its Subsidiaries not to:

- (a) transfer, issue, grant, deliver or sell or authorize or propose the issuance, delivery or sale of, any ordinary stock or preferred stock or securities convertible into, or subscriptions, rights, warrants or options to acquire, or other agreements or commitments of any character obligating it to issue any such ordinary stock or preferred stock or other convertible securities or any stock or rights pursuant to phantom stock agreements or stock option agreements, other than those transfers permitted pursuant to Section 3.2.4;
- (b) effect any recapitalization, reclassification or like change in its capitalization;
- (c) amend its certificate of incorporation or by-Laws or other organizational documents;
- (d) enter into or agree to enter into any merger or consolidation with any corporation or other entity, or acquire securities owned by any other company or individual;

- (e) (A) increase the annual level of compensation of any of its directors or executive officers, (B) grant any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any of its directors or executive officers, (C) increase the coverage or benefits available under any (or create any new) severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension, or other employee benefit plan or arrangement made to, for, or with any of its directors or executive officers or otherwise modify or amend or terminate any such plan or arrangement or (D) enter into any employment, deferred compensation, severance, consulting, non-competition or similar agreement (or amend any such agreement) involving any of its directors or executive officers, except, in each case as required by applicable Law from time to time in effect or by the terms of any employee plan;
- (f) acquire any properties, rights or other assets, in each case, other than in the ordinary course of business, or sell, assign, license, transfer, convey, lease or otherwise dispose of any of its material properties or rights;
- (g) make, change or revoke any Tax election, settle or compromise any Tax claim or liability, incur any liability for Taxes other than in the ordinary course of business consistent with past practice, change (or make a request to any Governmental Body to change) any aspect of its method of accounting for Tax purposes, or waive or extend any statute of limitations in respect of Taxes or period within which an assessment or reassessment of Taxes may be issued;
- (h) increase current indebtedness of the Company and its Subsidiaries in an amount higher than \$250,000 in the aggregate;
- (i) incur in breach of the agreements entered into by and between the Company and certain key vendors, as disclosed in **Schedule 7.2.2(i)**, that lead or could have led to the termination of the distribution and marketing rights granted to the Company pursuant to such agreements; or
- (j) agree, in writing or otherwise, to take any of the foregoing actions, or take any action or agree, in writing or otherwise, to take any action which would in any material respect impede or delay the ability of the Parties to satisfy any of the conditions set forth in this Agreement.

7.3. **Exclusivity.** During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, without the prior approval of the Purchasers, none of the Company or any of its shareholders, directors, officers, employees, agents or representatives will, directly or indirectly, solicit, facilitate or encourage proposals from or enter into or continue discussions or negotiations with or furnish any nonpublic information to any other Person regarding the possible sale of the Shares or other capital stock of the Company (including any security that is convertible into capital stock of the Company), a material portion of the Company's assets or any merger or similar transaction or any financing transaction (an "**Alternative Transaction**"). Upon the execution and delivery of this Agreement, to the extent it has not already done so, the Company will, and will cause any of its Subsidiaries to, immediately terminate any ongoing discussions with any other third parties regarding a possible Alternative Transaction and request the return of any confidential information provided to third parties in connection with a potential Alternative Transaction. The Company will notify the Purchasers promptly of any proposals by third parties received by the Company or any of its directors, officers, employees, agents or representatives after the date hereof with respect to any potential Alternative Transaction (including the terms of such proposal and any written correspondence related thereto). The Company will, and will cause its Subsidiaries to, deal exclusively with the Purchasers notwithstanding any such third party proposals.

7.4. Publicity. The Company, the Selling Shareholders and the Purchasers agree that no public release or announcement concerning the Transactions shall be issued without the prior consent of the other Party, except where such announcement is required under applicable Law or the rules of any stock exchange or trading system. Notwithstanding the preceding sentence, upon the Closing of the Transactions, the Company and the Purchasers may issue a press release in form and substance reasonably satisfactory to the Company and the Purchasers.

7.5. Further Assurances. Subject to the terms and conditions herein provided, the Parties shall do or cause to be done all such commercially reasonable acts and things as may be necessary, proper or advisable, consistent with all applicable Laws, to consummate and make effective the Transactions, as soon as reasonably practicable. Without limiting the foregoing, each Party shall use its commercially reasonable efforts, and the other Parties shall cooperate with such efforts, to execute and deliver, or cause to be executed and delivered, such further documents and instruments, in each case as may be necessary or proper in the reasonable judgment of any Party to carry out the provisions and purposes of this Agreement.

7.6. Non-competition. Each Group B Seller acknowledges and agrees that such Group B Seller has had access to or received and may continue to have access to valuable confidential information and trade secrets of the Company and exposure to key suppliers, service providers, and clients or customers of the Company. Accordingly, because of such Group B Seller's and/or the relevant Key Employee's access to, and knowledge of, the Company's confidential information and trade secrets and key suppliers, service providers and clients or customers, as well as Group B Seller's or Key Employee's extraordinary position within the Company, such Group B Seller or Key Employee would be in a unique position to divert business from the Company and to commit irreparable damage to the Company were such Group B Seller or Key Employee be allowed to compete with the Company or to commit any of the other acts prohibited below. Each Group B Seller or Key Employee therefore recognizes that the assumption of non-competition and non-solicitation obligations by such Group B Seller is a key consideration and an essential condition for the Purchaser's decision to enter into this Agreement and pay the Purchase Price, and is necessary to protect the legitimate interests of the Company and in order to protect the legal rights and interests of all Parties under this Agreement. Each Group B Seller acknowledges and agrees that the limitations of time, geography, and scope of activity set forth in this ARTICLE 7 are reasonable because, among other things, the Company is engaged in a highly competitive industry; the Group B Sellers and/or the Key Employees have had and may continue to have access to the trade secrets and know-how of the Company, including without limitation the plans and strategy (and in particular, the competitive strategy) of the Company; and these limitations are necessary to protect the trade secrets, Confidential Information, and goodwill of the Company. Accordingly, each Group B Seller and/or Key Employee hereby undertakes, for the period of (i) thirty-six (36) months from the Closing Date; or (ii) eighteen (18) months of termination of employment with the Company of such Group B Seller or applicable Key Employee; whichever occurs last and up to a maximum term of five years as from the Closing Date, the obligation not to, directly or indirectly, on his own account, jointly with or on behalf of any other person or corporation as an independent contractor, partner, joint venture partner, or agent, or as principal, or otherwise on any account or pretense or as a trustee, officer, director, manager, shareholder, employee, advisor, or agent of any corporation, trust or other business organization or commercial entity, compete with the Company, Purchaser and/or its Affiliates, in any state or country, territory or jurisdiction, in activities defined for the purposes of this Section 7.6 as follows: the business of providing outsourced service of designing, implementing third-party software solutions, reselling of cloud technology licenses, developing and implementing custom software applications, digital product, websites, technologies, strategies and consulting for the purpose of digital transformation, as of the date of this Agreement (the "**Activities**"), being therefore the Group B Sellers prevented from doing the aforementioned ("**Non-Competition Obligation**") unless it is authorized in writing by the Purchaser.

The provisions of this Section 7.6 shall remain in force for a maximum term of until the fifth anniversary of the Closing Date, at which point the non-compete restrictions included in each of the Non-Disclosure Agreements executed by each Key Employee shall apply.

7.6.1. Except for the participation in Novimark, which shall not be increased and which is a company involved in the activities described in **Schedule 7.6.1**, holding any equity interest (other than minority interest representing more than two percent (2%)) in companies whose activities are the same as or similar to or are directly or indirectly competing with the Activities;

7.6.2. Rendering consultancy, management or other similar services in connection to the Activities to third parties (including but not limited to the past and / or current clients of the Company);

7.6.3. Becoming a director, officer, trustee, agent, advisor, manager, an employee services renderer or consultant or contractor of any company or business organization or commercial entity which activities are the same or similar to or are directly or indirectly competing with the Activities; or

7.6.4. Commencing, owning, operating, managing, joining, establishing, engaging in, assisting, having an interest in, controlling, or carrying on, or attempting to or agreeing to commence, own, operate, manage, join, establish, engage in, assist, have an interest in, control, or carry on an Activity which is the same as or similar to the Activities, in any manner other than holding any minority interest representing no more than 5% (five percent) in companies whose activities are the same as or similar to or are directly or indirectly competing with the Activities as contemplated in Section 7.6 above.

7.7. **Non-Solicitation.** Each Group B Seller hereby undertakes, (i) for the period of thirty-six (36) months from the Closing Date or (ii) eighteen (18) months of termination of employment with the Company of such Seller; whichever occurs last, shall not, whether directly or indirectly, by themselves or in association with or through any person, in any manner whatsoever, to (i) contract, subcontract or enter into a joint venture with any of the employees or managers of the Company, Globant or any of Globant's Affiliates among themselves and/or any of them with any of this family members; (ii) tender for, canvass or solicit or attempt to tender for, canvass or solicit the business of or employment of any client or customer of the Company in connection with the Activities; (iii) induce or attempt to induce any client, customer or supplier of the Company to cease to deal with the Company or otherwise interfere with the relationship between such client, customer or supplier and the Company; or (iv) perform any actions towards co-opting the clients of the Company and/or interrupting any transaction in progress among the Company and such clients (with regards to the Company's Activities); or (v) assist, influence, encourage or induce such action in any manner whatsoever (the "**Non-Solicitation Obligation**").

7.8. **Antitrust Filing.** If applicable, the Parties agree to comply with any other pre or post Closing mandatory merger control notification or requests of approval before the relevant Antitrust Authorities in any jurisdiction where the Company has made material sales.

7.9. **Cooperation.** The Sellers shall grant to the Purchaser (or its designees) access, after Closing, at all reasonable times to all of the documents, information, books, data files, and records relating to the Company or the Transaction within the possession of the Sellers that are not transferred to the Purchaser pursuant to ARTICLE 2, as applicable, and shall afford the Purchaser (or its designees) the right to take extracts therefrom and to make copies thereof, to the extent reasonably necessary to permit the Purchaser (or its designees) to prepare any document that must be filed with any Governmental Body, respond to audits and investigations, prosecute protests, appeals and refund claims and to conduct negotiations with taxing authorities or with third parties. The Purchaser shall grant or cause the Company to grant to the Sellers (or their designees) access at all reasonable times to all of the information, books and records relating to the Company within the possession of the Purchaser or the Company, and shall afford the Sellers (or their designees) the right to take extracts therefrom and to make copies thereof, in each case to the extent reasonably necessary to permit the Sellers (or their designees) to prepare responses, respond to audits and investigations, prosecute protests, appeals and claims and to conduct negotiations with any Governmental Body or with third parties.

ARTICLE 8.
SELLERS' TAXES; COOPERATION

8.1. Allocation. Each of the Sellers shall be responsible for Taxes and associated expenses allocated to such Seller and will file all Tax Returns required to be filed to report Taxes imposed on or with respect to the Transaction. Each Seller will be solely liable for and will pay all such Taxes, and will indemnify, defend, and hold harmless Purchaser from and against any and all liability for the payment of such Taxes and the filing of such Tax returns.

8.2. Pre-Closing Taxable Periods. With respect to any income Tax Return covering a taxable period ending on or before the Closing Date (a "**Pre-Closing Taxable Period**") that is required to be filed after the Closing Date with respect to the Company (a) the Purchaser shall cause the Company to prepare such Tax Return as otherwise required by applicable Law, and shall deliver such Tax Return to the Sellers for their review and comments at least thirty (30) days prior to the due date (including extensions) for filing such Tax Return, (b) the Purchaser shall consider in good faith any reasonable comments provided in writing by the Sellers within ten (10) days of receipt of the draft Tax Return, and (c) the Purchaser shall cause such Tax Return to be duly and timely filed with the appropriate taxing authority and shall pay, or cause to be paid, all Taxes shown as due and payable on such Tax Return or, as applicable, his or its allocable share of such Taxes.

8.3. Straddle Taxable Periods. With respect to any Tax Return covering a taxable period beginning on or before the Closing Date and ending after the Closing Date (a "**Straddle Taxable Period**") that is required to be filed after the Closing Date with respect to the Company, (a) the Purchaser shall cause the Company to prepare such Tax Return as required by applicable Law, and shall deliver a draft of such Tax Return to the Sellers, for their review and approval at least fifteen (15) days prior to the due date (including extensions) for filing such Tax Return, (b) the Parties shall cooperate and consult with each other in order to finalize such Tax Return, and (c) thereafter, subject to the Sellers' payment to the Purchaser of any portion of any Taxes shown as due and payable on such Tax Return with respect to the portion of the period that ends on the Closing Date that was not reflected as a liability in the calculation of Net Working Capital and/or in the Financial Statements, the Purchaser shall cause such Tax Return to be executed and duly and timely filed with the appropriate taxing authority and shall pay all Taxes shown as due and payable on such Tax Return. Tax liability for a Straddle Taxable Period shall be apportioned between the portion of the taxable period ending on the Closing Date and the portion of the taxable period beginning after the Closing Date. Such apportionments shall be made on a *per diem* basis for (i) income and turn-over Taxes and similar Taxes and (ii) exemptions, allowances or deductions that are calculated on an annual basis (such as the deduction for depreciation). Such apportionment shall be made for all other Taxes on the basis of a "closing of the books" as of the end of the Closing Date.

8.4. Cooperation. The Sellers shall grant to the Purchaser (or its designees) access at all reasonable times to all of the documents, information, books, data files, and records relating to the Company within the possession of the Sellers that are not transferred to the Purchaser pursuant to ARTICLE 2, as applicable, and shall afford the Purchaser (or its designees) the right to take extracts therefrom and to make copies thereof, to the extent reasonably necessary to permit the Purchaser (or its designees) to prepare Tax Returns, respond to Tax audits and investigations, prosecute Tax protests, appeals and refund claims and to conduct negotiations with taxing authorities. The Purchaser shall grant or cause the Company to grant to the Sellers (or their designees) access at all reasonable times to all of the information, books and records relating to the Company for taxable periods and portions of taxable periods through the Closing Date within the possession of the Purchaser or the Company, and shall afford the Sellers (or their designees) the right to take extracts therefrom and to make copies thereof, in each case to the extent reasonably necessary to permit the Sellers (or their designees) to prepare financial statements, Tax Returns, respond to Tax audits and investigations, prosecute Tax protests, appeals and refund claims and to conduct negotiations with taxing authorities. After the Closing Date, the Parties will preserve all information, records or documents in their respective possessions relating to liabilities for Taxes of the Company for Pre-Closing Taxable Periods or Straddle Taxable Periods until six (6) months after the expiration of any applicable statute of limitations (including extensions thereof) with respect to the assessment of such Taxes.

ARTICLE 9.
TERMINATION

9.1. Termination. This Agreement may be terminated at any time prior to the Closing:

9.1.1. by the mutual written consent of the Sellers and Purchaser;

9.1.2. by Purchaser by written notice to the Sellers if Purchaser is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Sellers pursuant to this Agreement that would give rise to the failure of any of the conditions specified in ARTICLE 3 and such breach, inaccuracy or failure has not been cured by Sellers within fifteen (15) days of the receipt of written notice of such breach from Purchaser;

9.1.3. by Sellers by written notice to Purchaser if Sellers are not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchaser pursuant to this Agreement that would give rise to the failure of any of the conditions specified in ARTICLE 3 and such breach, inaccuracy or failure has not been cured by Purchaser within fifteen (15) days of Purchaser's receipt of written notice of such breach from the Sellers; or

9.1.4. by Purchaser or Sellers in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

9.2. Effect of Termination. In the event of the termination of this Agreement in accordance with this ARTICLE 9 or if the Closing does not occur by March 1, 2019 (unless extended by the Purchaser to April 1, 2019), this Agreement shall forthwith become void and there shall be no liability on the part of any Party hereto except:

9.2.1. as set forth in this ARTICLE 9, and ARTICLE 10 hereof, as applicable;

9.2.2. the Non-Disclosure Agreement between the Sellers and Purchaser dated May 8, 2018, will continue to be in force; and

9.2.3. that nothing herein shall relieve any Party hereto from liability for any willful breach of any provision hereof.

9.3. Effect of Closing. Each Party shall be deemed to have waived its respective rights to terminate this Agreement upon the completion of the Closing. No such waiver shall constitute a waiver of any other rights arising from the nonfulfillment of any condition precedent set forth in ARTICLE 3 unless such waiver is made in writing.

ARTICLE 10.
GENERAL

10.1. Amendment and Modification. This Agreement may only be amended, modified or supplemented by the written agreement of the Parties hereto.

10.2. Waiver of Compliance. Any failure of Purchaser, on the one hand, or Sellers, on the other hand, to comply with any obligation, agreement or condition contained herein may be waived only if set forth in an instrument in writing signed by the Party or Parties to be bound by such waiver, but such waiver or failure to insist upon strict compliance with such obligation, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any other failure.

10.3. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Governmental Body making such determination is authorized and instructed to modify this Agreement so as to reflect the original intent of the parties as closely as possible in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

10.4. Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred by the parties hereto in connection with the transactions contemplated by this Agreement including negotiation of any documents and ancillary agreements (the "**Transaction Documents**"), shall be borne solely and entirely by the Party that has incurred in such expenses. All Taxes and costs incurred by the parties hereto in connection with the transactions contemplated by this Agreement including negotiation of any Transaction Documents shall be borne solely and entirely by the Party that has incurred in such Taxes, expenses or costs. It is further clarified that, if applicable, all expenses in relation to the payment of stamp duty or stamp tax related to the execution of any transfer of the shares or equity interest to Globant shall be borne by Globant and the Sellers in equal parts.

10.5. Parties in Interest. Other than as specifically provided herein, this Agreement is not intended to and shall not confer upon any person, other than the Parties hereto (and persons specifically granted indemnification rights hereunder), any rights or remedies with respect to the subject matter or any provision hereof.

10.6. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered by electronic mail, hand, mailed by registered or certified mail (return receipt requested), sent by facsimile or sent by Federal Express or other recognized overnight courier to the parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to Sellers to:

Sanford Management Sucursal Colombia
Av Calle 72 No. 6 - 30 Piso 6.
Bogotá, Colombia
E-mail: clloreda@laif.com.pa
Attention: Cristina Lloreda

Diego Maldonado
Carrera 18 A No. 137 - 80 Piso 5
Bogotá, Colombia
E-mail: dmaldonado@avanxo.com

With copy to (which shall not constitute notice):

Philippi, Prietocarrizosa, Ferrero DU & Uría S.A.S.
Carrera 9 No. 74 - 08 (105)
Bogotá, Colombia
E-mail: martin.acero@ppulegal.com
Attention: Martin Acero

If to Purchaser to:

Globant
Ing. Butty 240, 6th floor
(1001) City of Buenos Aires
Argentina
Email: sol.noello@globant.com
Attn. General Counsel

With copy (which shall not constitute notice) to:

Marval, O'Farrell & Mairal
Av. Leandro N. Alem 882, 13th floor
(1001) City of Buenos Aires
Argentina
Email: hs@marval.com
Attn. Hemán Slemenson

If to the Company to:

Avanxo (Bermuda) Limited
Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda
Attn. Roderick M. Forrest

Any of the above addresses may be changed at any time by notice given as provided above; provided, however, that any such notice of change of address shall be effective only upon receipt. All notices, requests or instructions given in accordance herewith shall be deemed received on (i) the date of receipt if hand delivered, (ii) on the date of receipt if transmitted by facsimile, (iii) the date indicated for receipt on the return receipt, if mailed by registered or certified mail and (iv) the date of receipt specified by the carrier, if sent by Federal Express or other recognized overnight courier. If notices, requests or instructions are given by facsimile, a confirming copy will be sent by hand, or mailed by registered or certified mail.

10.7. Counterparts. This Agreement may be executed and delivered in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when all the counterparts have been signed by each of the parties and delivered to the other Party. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

10.8. Entire Agreement. This Agreement (which term shall be deemed to include the exhibits and schedules hereto and the other certificates, documents and instruments delivered hereunder) and the Transaction Documents constitute the entire agreement of the parties hereto and supersede all prior agreements, letters of intent, discussions and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement, other than the Transaction Documents. There are no representations or warranties, agreements or covenants other than those expressly set forth in this Agreement.

10.9. Assignment. This Agreement may not be assigned by the Sellers, in whole or in part, without the previous written consent of the Purchaser, provided however, that CloudFour Tech SAS may transfer its Shares in **Avanxo (Bermuda) Limited** to MB Marcomm LLC and, in such case, all rights and obligations of CloudFour Tech SAS under this Agreement shall be assumed by MB Marcomm LLC. The Purchaser may assign this Agreement and all of the rights and obligations to any Affiliate company and/or to any third party without the prior consent of the Sellers, provided that such Affiliates comply with all requirements set forth in this Agreement, complies with the warranties and representations granted by the Purchaser in this Agreement and has secured sufficient funds to comply with the obligations set forth in this Agreement.

10.10. Publicity, Disclosure. Except by prior mutual consent, neither Sellers nor Purchaser shall issue any press releases or make any other public announcement or statement concerning this Agreement and the transactions contemplated hereby, provided, however, that Purchaser and its Affiliates shall be entitled to disclose the terms of this Agreement, and make any announcement and filing (including a filing of this Agreement and its Schedules) required by any applicable Law and, in particular, by any securities and public offerings Laws of the United States of America and/or Luxembourg.

10.11. Further Assurances. At any time on or after the date hereof, the Parties shall upon request each perform such acts, execute and deliver such instruments, assignments and other documents and do all such other things consistent with the terms of this Agreement as may be reasonably necessary to accomplish the transactions contemplated in this Agreement or otherwise to carry out the purposes of this Agreement.

10.12. Governing Law and Arbitration. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York without giving effect to any conflict of Law provisions.

All disputes arising out or in connection with the Agreement (a “**Controversy**”) shall be resolved in one of the following ways:

10.12.1. By mutual agreement of the Parties involved in the Controversy, expressed by a letter signed by the parties thereto, whereby the Parties involved in the Controversy shall endeavor to negotiate a settlement of the Controversy. If the Parties fail to resolve the Controversy within 21 calendar days after their first discussion, they shall commit to a personal meeting, at a location mutually acceptable to the Parties in New York, New York, United States of America, for two (2) business days to negotiate a solution to the Controversy, and only if they fail to resolve such Controversy according to this Section 10.12.1, the Controversy shall be resolved as provided in Section 10.12.2 below. The letter of mutual agreement to negotiate may set forth rules, procedures, time limits and other matters agreed to by the Parties.

10.12.2. If the Parties fail to resolve the Controversy in accordance with Section 10.12.1 above, such Controversy shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce for the time being in force (which rules are deemed to be incorporated by reference in this Section 10.12.2) by three (3) arbitrators appointed in accordance with such rules; provided, however, that if the Controversy is for an amount of less than \$5,000,000, only one (1) arbitrator to be appointed in accordance with such rules shall intervene to settle the Controversy. The place of the arbitration shall be Miami, Florida, United States of America, and the language of the arbitration shall be English. Notwithstanding anything to the contrary in this Section 10.12.2, documents and other evidence in the arbitration may be submitted in Spanish if Spanish is the original language of the document or evidence, and witnesses and experts may provide testimony in Spanish if Spanish is their mother language or if they so elect. The Parties hereby waive the right to demand the posting of bond for costs.

With the broadest scope as permitted by Law, the Parties hereto waive their right to file legal actions against the arbitration award and exceptions against its execution. The enforcement or execution of any award may be requested before the competent courts of any competent jurisdiction.

10.13. Attorneys Fee. If any action is brought for the enforcement or interpretation of this Agreement or relating to an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing Party as determined by the judge or arbitrator shall be entitled to recover attorneys' fees and other costs incurred in addition to any other relief to which such Party may be entitled.

10.14. Confidential Information. Each of the Sellers hereby agrees (i) to hold and to cause each of such Party's agents, employees and representatives to hold the Company's and Globant's Confidential Information in strict confidence and to take reasonable precautions to protect such Confidential Information, (ii) not to make any use whatsoever at any time of such Confidential Information except as contemplated hereunder, and (iv) not to copy or reverse engineer any such Confidential Information. For purposes of this Section 10.14, "**Confidential Information**" shall mean, without limitation: (a) any information that is specifically marked as "Confidential"; (b) any notes, analyses, compilations, studies, interpretations, or other documents prepared or furnished by the Company or Globant related to any of the transactions contemplated by this Agreement; (c) information which the management of the Company or Globant has requested in writing to be kept confidential; (d) information which is disclosed verbally and identified as confidential at the time of disclosure; and (e) information of which, by its nature, must be kept confidential in order to prevent adverse consequences to the business of the company or Globant.

10.15. Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

10.16. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

* * *

[Signature pages follow.]

SCHEDULE A
DEFINITIONS

For purposes of this Agreement and its Exhibits and Schedules, and notwithstanding those definitions included in other parts of the Agreement (including its Schedules, Annexes and Exhibits), and unless the context clearly indicates otherwise, the terms of which the first letter is written in an upper case shall have the meaning ascribed to it in this Schedule.

“**2018 Bonus Payments**” shall mean any obligations or payments to be made by the Company after the Closing Date with respect to any extraordinary gratification, bonus or other incentive compensation to any employee of the Company in connection with their employment and/or performance prior to December 31, 2018, including, without limitation, sales related bonuses and Management Team performance bonuses.

“**Accounts Receivable**” shall have the meaning set forth in Section 4.15.4 of this Agreement.

“**Action**” shall have the meaning set forth in Section 4.8. of this Agreement.

“**Activities**” shall have the meaning set forth in Section 7.6 of this Agreement.

“**Actual Revenue**” shall mean Revenue for each of Year 1 and Year 2.

“**Actual Gross Margin**” shall mean Gross Margin Revenue for each of Year 1 and Year 2.

“**Actual Operating Margin**” shall mean Operating Margin Revenue for each of Year 1 and Year 2.

“**Agreement**” shall mean the Share Purchase Agreement entered into by and between Globant and Sellers.

“**Affiliate**” shall mean a person controlled by, controlling of, or under common control with one of the Parties, as the context may indicate.

“**Alternative Transaction**” shall have the meaning set forth in Section 7.3 of this Agreement.

“**Anti-Bribery Laws**” means applicable anti-corruption or anti-bribery Laws and any related rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority, including the FCPA, the UK Bribery Act, Sections 256 to 259, 266, 268 and 300 bis of the Argentine Criminal Code (*Código Penal de la Nación*), Argentine Law No 25,188, Argentine National Decree No 41/99, Argentine Law No 27,401, the Colombian Laws No 1474 of 2011 and 1778 of 2016 and articles 407 and 433 of the Colombian Criminal Code (*Código Penal*), the international conventions, including the Inter-American Convention against Corruption (IACAC) 1996, the Convention on Combating Bribery of Foreign Officials in International Business Transactions 1997 (OECD Anti-Bribery Convention), the United Nations Conventions against Business Corruption 2003, the Brazilian Federal Law No 12,846 from 2013 (Brazilian Clean Company Act), its Decree 8,420 from 2015, and, when applicable, the Brazilian Civil Code, Brazilian Federal Law No 8,429 from 1992, Brazilian Federal Law 8,666 from 1993, Federal Law No 8,443 from 1992, and other Brazilian Laws that may be applicable and include aspects related to anti-corruption, anti-bribery, anti-fraud, etc., in federal, state or municipality level, Peruvian Criminal Code, Peruvian Law No 30424 and its modifications, Section 113 of the Political Constitution of the United Mexican States, the Tenth Title of the Mexican Federal Criminal Code, the Mexican Federal Anticorruption Law Public Contracting, the Fourth Title of the Mexican Federal Law of Administrative Responsibilities of Public Officers and the General guidelines for the establishment of permanent actions that ensure the integrity and ethical behavior of public officers in the performance of their jobs, positions or commissions.

“Anti-Money Laundering Laws” means any and all applicable anti-money laundering Laws issued, administered or enforced by any Governmental Body, including, without limitation, the U.S. Bank Secrecy Act and the USA Patriot Act, Colombian Laws No. 1121 of 2006 and the 1708 of 2014, and article 323 of the Colombian Criminal Code (*Código Penal*), Argentine Laws No 25,246 and 25,188, as amended and complemented, and any decree, regulation, resolution, rule or guidelines issued by the Governmental Authority in charge of supervising anti-money laundering matters, including, without limitation, international conventions including the United Nations Convention against Illicit Traffic in Narcotic Drugs and Money Laundering 1988, the United Nations Convention for the Suppressing of the Financing of Terrorism 1999, the United Nations Convention against Transnational Organized Crime 2000, the Inter-American Convention against Terrorism and Money Laundering 2002 and the resolutions issued by the Brazilian Financial Activities Control Council (Conselho de Controle de Atividades Financeiras), Peruvian Legislative Decree No 1106, and Sections 400 Bis and 400 Bis 1, 139, 139 Bis and 139 Ter, 139 Quater and 139 Quinqu of the Mexican Federal Criminal Code, the Mexican Federal Law for the Prevention and Identification of Operations with Resources of Illegal Origin, the Regulations of the Federal Law for the Prevention and Identification of Operations with Resources of Illegal Origin, and the Rules of a General Character referred to in the Mexican Federal Law for the Prevention and Identification of Operations with Resources of Illegal Origin.

“Antitrust Clearance” means (a) the Colombian Antitrust Authority having adopted a decision stating that either the transaction contemplated herein (i) falls outside the scope of Colombian merger control rules, or (ii) is unconditionally authorized without the need to apply remedies, or (iii) is conditionally authorized subject to compliance with specific remedies set forth by the Colombian Antitrust Authority, or (b) the Colombian Antitrust Authority having failed to adopt a decision authorizing or objecting the transaction contemplated herein within the statutory timeframe.

“Avanxo” shall mean Avanxo (Bermuda) Limited, a company duly organized and existing under the Laws of the Islands of Bermuda.

“Accounts Receivable Certificate” shall have the meaning set forth in Section 1.4.2(a) of this Agreement.

“Bad Debt” means any debt that is still unpaid after one hundred and twenty (120) calendar days from its due date.

“Breaching Group B Seller” shall have the meaning set forth in Section 1.4.5(a) of this Agreement.

“Business Day” means any day of the year on which national banking institutions in the City of Buenos Aires, Argentina, Bogota, Colombia and New York, New York, United States of America are open to the public for conducting business and are not required or authorized to close.

“Cash” shall mean any sum related to the amounts held by the Company in cash and/or in bank accounts or cash equivalents (other than cash and cash equivalents that are not freely usable by the Company because they are subject to restrictions or limitations on use or distribution by Law or contract).

“Cause for Non-Payment” shall have the meaning set forth in Section 1.4.5 of this Agreement.

“Claim” shall have the meaning set forth in Section 6.6.6 of this Agreement.

“**Closing**” shall have the meaning set forth in Section 2.1 of this Agreement.

“**Closing Cash Statement**” shall have the meaning set forth in Section 1.4.3(c) of this Agreement.

“**Closing Date**” shall have the meaning set forth in Section 2.1 of this Agreement.

“**Closing Date Accounts Receivable Certificate**” shall have the meaning set forth in Section 1.4.2(a) of this Agreement.

“**Closing Date Payment**” shall have the meaning set forth in Section 1.4.3(b) of this Agreement.

“**Colombian Antitrust Authority**” means the Superintendence of Industry and Commerce (*Superintendencia de Industria y Comercio*) of Colombia.

“**Company**” shall mean Avanzo.

“**Company Copyrights**” shall have the meaning set forth in Section 4.18.2 of this Agreement.

“**Company Marks**” shall have the meaning set forth in Section 4.18.3 of this Agreement.

“**Company Patents**” shall have the meaning set forth in Section 4.18.1 of this Agreement.

“**Company Registered IP**” shall have the meaning set forth in Section 4.18.7 of this Agreement.

“**Confidential Information**” shall have the meaning set forth in Section 10.14 of this Agreement.

“**Confidential Information Agreements**” shall have the meaning set forth in Section 4.19 of this Agreement.

“**Controversy**” shall have the meaning set forth in Section 10.12 of this Agreement.

“**Cutoff Date**” shall have the meaning set forth in Section 1.4.2(a) of this Agreement.

“**Defending Party**” shall have the meaning set forth in Section 6.6.4 of this Agreement.

“**Definitive Cash at Closing**” shall have the meaning set forth in Section 1.4.3(d) of this Agreement.

“**Definitive Net Working Capital**” shall have the meaning set forth in Section 1.4.1(b) of this Agreement.

“**Determination**” shall have the meaning set forth in Section 6.7.2 of this Agreement.

“**Direct Claim**” shall have the meaning set forth in Section 6.6.6 of this Agreement.

“**Direct Costs**” shall mean, salaries and wages, bonuses, commissions, any mandatory salary payment, profit sharing distribution, costs of health, dental, and/or vision plans, life insurances, workers’ compensation insurance policy, holiday pay, Company benefits, professional fees, contractors fees, free-lancers fees and/or any amount paid for consultancy performed on a project, cost of any special equipment and devices needed for a specific project, travel expenses related to a project, and any expenses incurred by the Company while delivering services to a client (except reimbursed travel and project expenses (travel, hotels, meals, etc.)). For the avoidance of doubt, no Indirect Costs shall be included in Direct Costs. Cost of software subscription/licenses shall be recognized and included in Earn Out calculations over the period of each applicable customer contract.

“**Disclosure Schedule**” shall have the meaning set forth in the preamble of ARTICLE 4 of this Agreement.

“**Dollar**” or “**\$**” shall mean the United States dollar, lawful currency of the United States of America.

“**Earn Out Objection Notice**” shall have the meaning set forth in Section 1.3.3(c) of this Agreement.

“**Earn Out Payment**” shall mean each of the payments to be made by the Purchaser to Group B Sellers, as set forth in Section 1.3.2(a)(ii) of this Agreement.

“**Earn Out Periods**” shall have the meaning set forth in Exhibit C of this Agreement.

“**Earn Out Report**” shall have the meaning set forth in Section 1.3.3 of this Agreement.

“**Effect**” shall have the meaning set forth in Section 3.2.10 of this Agreement.

“**Employee Benefit Plan**” shall mean any welfare benefit plan, pension benefit plan, deferred compensation plan or arrangement, any agreement, plan, program, fund, policy, contract or arrangement providing compensation, pension, retirement, superannuation, profit sharing, thirteenth month, severance, change in control, termination indemnity, redundancy pay, bonus, incentive compensation, group insurance, death benefit, health, cafeteria, flexible benefit, medical expense reimbursement, dependent care, stock option, stock purchase, stock appreciation rights, savings, consulting, vacation pay, holiday pay, life insurance, or other employee benefit or fringe benefit plan, program or arrangement covering any employee or former employee of the Company, and the beneficiaries and dependents of any employee or former employee, regardless of whether it is private, funded, unfunded, financed by the purchase of insurance, contributory or noncontributory.

“**Environmental Laws**” means any Law, regulation, or other applicable requirement relating to (x) releases or threatened release of Hazardous Substance, (y) pollution or protection of employee health or safety, public health or the environment or (z) the manufacture, handling, transport, use, treatment, storage, or disposal of Hazardous Substances.

“**Escrow Agreement**” means that certain Escrow Agreement to be entered on the Closing Date by and between Sellers and Purchaser, on terms and conditions reasonably satisfactory to Purchaser and Sellers.

“**Escrow Amount**” shall have the meaning set forth in Section 1.3.2(a)(iii) of this Agreement.

“**Escrow Fund**” shall have the meaning set forth in Section 1.3.1(b) of this Agreement.

“**Estimated Cash at Closing**” shall have the meaning set forth in Section 1.4.3(d) of this Agreement.

“**Estimated Cash at Closing Certificate**” shall have the meaning set forth in Section 1.4.3(a) of this Agreement.

“**Estimated Closing Cash Certificate**” shall have the meaning set forth in Section 1.4.3(a) of this Agreement.

“**FCPA**” shall mean the U.S. Foreign Corrupt Practices Act of 1977.

“**Financial Arbitrator**” shall mean the firm chosen pursuant to Section 1.3.3(d) of this Agreement.

“**Financial Arbitrator Determination**” shall have the meaning set forth in Section 1.3.3(d)(iv) of this Agreement.

“**Financial Performance Target**” shall have the meaning set forth in Exhibit C of this Agreement.

“**Financial Statements**” shall have the meaning set forth in Section 4.11 of this Agreement.

“**G Shares**” shall have the meaning set forth in Section 1.3.2(c) of this Agreement.

“**G Shares Amount**” shall have the meaning set forth in Section 1.3.2(c) of this Agreement.

“**GAAP**” shall mean United States generally accepted accounting principles.

“**GDPR**” shall mean the European Union General Data Protection Regulation.

“**General and Administrative Expenses**” means, for the Company, all the operating expenses, salaries of non-sales people and Taxes related to the general operation to the company (building and services, communications, finance, legal, IT, D&A, Taxes, salaries and wages and others).

“**Globant**” shall have the meaning assigned in the heading of this Agreement.

“**Governmental Body**” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“**Gross Margin**” shall mean, for any applicable period, Gross Profit divided by Revenue.

“**Gross Margin Target**” shall have the meaning set forth in Exhibit C of this Agreement.

“**Gross Margin Target Payment**” shall have the meaning set forth in Exhibit C of this Agreement.

“**Gross Profit**” shall mean Revenue minus Direct Costs minus Indirect Costs related to the services rendered and cost of licenses to be resold.

“**Group B First Payment**” shall have the meaning set forth in Section 1.3.2(a)(i) of this Agreement.

“**Group B Sellers’ Accounts**” shall have the meaning set forth in Section 1.3.2(b) of this Agreement.

“**Group A Payment**” shall have the meaning set forth in Section 1.3.1(a) of this Agreement.

“**Group A Sellers**” shall mean Marseilles Investments Limited, Scott Lee Hoing, Andres Wladimir Snaider and Top Oak LLC, as set forth in Schedule B of this Agreement.

“**Group A Sellers’ Accounts**” shall have the meaning set forth in Section 1.3.1(c) of this Agreement.

“**Group A Sellers Escrow Amount**” shall have the meaning set forth in Section 1.3.1(b) of this Agreement.

“**Group B First Payment**” shall have the meaning set forth in Section 1.3.2(a)(i) of this Agreement.

“**Group B Sellers**” shall mean Carlos Eduardo Morais, CloudFour Tech SAS and MB MARCOMM LLC, as set forth in Schedule B of this Agreement.

“**Group B Sellers Escrow Amount**” shall have the meaning set forth in Section 1.3.2(a)(iii) of this Agreement.

“**Hazardous Substance**” shall have the meaning set forth in Section 4.34 of this Agreement.

“**IFRS**” shall have the meaning set forth in Section 1.3.2(a)(iii) of this Agreement.

“**Inbound License Agreement**” means any agreement granting to the Company or any of its Subsidiaries any license under or with respect to any Intellectual Property Rights, other than (A) the nonexclusive license to the Company or any of its Subsidiaries of standard, generally commercially available, “off-the-shelf” third party products and services, (B) Open Source Software, or (C) Confidential Information Agreements (as defined below). A covenant not to assert any Intellectual Property Right against the Company or any of its Subsidiaries will be deemed to be an Inbound License Agreement.

“**Indemnified Party**” shall have the meaning set forth in Section 6.2.1 of this Agreement.

“**Indemnifier**” shall have the meaning set forth in Section 6.6.1 of this Agreement.

“**Indemnifying Parties**” shall have the meaning set forth in Section 6.2.1 of this Agreement.

“**Indirect Costs**” Shall mean the cost of employees not assigned to any project but whose services are a necessary part of the delivery, costs associated to the management of projects for customers, the cost of talent pool (i.e., employees not assigned to billable projects) and severance for billable employees. For the avoidance of doubt, no Direct Costs will be included in Indirect Costs.

“**Individual Seller**” shall mean any of the selling shareholders identified in Schedule B of this Agreement.

“**Intellectual Property Rights**” means all rights arising from or associated with the following, whether protected, created or arising under the Laws of any jurisdiction of the world: (a) patents and patent applications, including continuation, divisional, continuation-in-part, reexamination and reissue patent applications, and any patents issuing therefrom, and rights in respect of utility models or industrial designs (collectively, “**Patents**”); (b) copyrights and registrations and applications therefor, including software (collectively, “**Copyrights**”); (c) trade names, trademarks and service marks (registered and unregistered), domain names, URLs, and other Internet addresses or identifiers, social media handles, trade dress and similar rights, and registrations and applications to register any of the foregoing (collectively, “**Marks**”); (d) non-public Technology, and other proprietary or confidential business information that derives economic value (actual or potential) from not being generally known to other persons who can obtain economic value from its disclosure or use, including customer lists, but excluding any published Copyrights or published Patents that may cover or protect any of the foregoing (collectively, “**Trade Secrets**”); (e) mask work and similar rights protecting integrated circuit or chip topographies or designs (collectively, “**Mask Works**”); and (f) moral rights, publicity rights and any other proprietary, intellectual or industrial property rights of any kind or nature that do not comprise or are not protected by Marks, Patents, Copyrights, Trade Secrets or Mask Works.

“**Key Employees**” shall mean Diego Maldonado and Carlos Eduardo Morais.

“**knowledge**” means, when referring to the “knowledge” of each of the Sellers, or any similar phrase or qualification based on knowledge, the actual knowledge of the Sellers, the Key Employees and the chief financial officer and the knowledge that each such person would have reasonably obtained in the performance of each such person's duties as director, officer or employee of the Company.

“**Labor Agreement**” shall mean each management, employment, severance, consulting, service agreement or similar agreement or contract between the Company and any current, former, or retired employee, officer, or director of the Company and/or independent consultants or contractors.

“**Labor Permits and Regulations**” shall mean any foreign, federal, state and local Laws, rules and regulations relating to the relocation, repatriation, expatriation, visas, work permit of any nature applicable to any current, former, or retired employee, officer, or director of the Company and its Subsidiaries and/or independent consultants or contractors.

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Body.

“**Lease Agreements**” shall have the meaning set forth in Section 4.27 of this Agreement.

“**Lease Agreements**” shall have the meaning set forth in Section 4.27 of this Agreement.

“**Leased Real Property**” shall have the meaning set forth in Section 4.27 of this Agreement.

“**Legal Proceeding**” means any claim, action, demand, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, regulatory, investigative or appellate proceeding), hearing, inquiry, audit, notice of violation, subpoena, summons, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

“**Lien**” shall have the meaning set forth in Section 1.1 of this Agreement.

“**Losses**” shall have the meaning set forth in Section 6.4 of this Agreement.

“**Management Team**” shall mean the employees listed in Section 4.21.9 of the Disclosure Schedule.

“**Marseilles**” shall have the meaning set forth in Section 3.2.7 of this Agreement.

“**Material Adverse Effect**” shall have the meaning set forth in Section 3.2.10 of this Agreement.

“**Material Contract**” shall have the meaning set forth in Section 4.14 of this Agreement.

“**Minimum Cash**” shall mean the amount of Cash the Company needs at Closing to cover, as of the Closing Date, the Company’s (a) financial debt (including applicable interest and/or expenses), (b) outstanding debt related to any tax amnesty program, (c) amounts to be paid for any Taxes or withholding amounts payable in connection with any dividend or other distribution to the Sellers made prior to Closing, (d) \$320,000 (including any withholding, Taxes or social security or other contributions) for the payments to employees as listed in **Exhibit G**, (e) \$280,000 (including any withholding, Taxes or social security or other contributions) as part of the first installment of the Retention Bonus, pursuant to Section 1.7.1(a) hereof, (f) 2018 Bonus Payments (including any withholding, Taxes or social security or other contributions), (g) vacations accrued and unpaid for any period prior to 2018, and (h) amounts collected from clients of the Company on or prior to the Closing Date for services not yet rendered as of the Closing Date.

“**Net Working Capital**” shall have the meaning set forth in Section 1.4.1(a) of this Agreement.

“**Non-Competition Obligation**” shall have the meaning set forth in Section 7.6 of this Agreement.

“**Non-Disclosure Agreement**” shall have the meaning set forth in Section 2.2.8 of this Agreement.

“**Non Labor Revenue**” shall mean all revenue related to customarily reimbursable expenses of a project (including but not limited to travel, accommodation, flight tickets, meals, etc.).

“**Non-Solicitation Obligation**” shall have the meaning set forth in Section 7.7 of this Agreement.

“**Notice Period**” shall have the meaning set forth in Section 6.6.3 of this Agreement.

“**OFAC**” shall have the meaning set forth in Section 4.31 of this Agreement.

“**Open Source Software**” shall have the meaning set forth in Section 4.18.15 of this Agreement.

“**Operating Margin**” means Operating Profit divided by Revenue..

“**Operating Profit Target**” means Gross Profit less (a) Sales & General Administrative Expenses and (b) Depreciation & Amortization.

“**Order**” shall have the meaning set forth in Section 4.8 of this Agreement.

“**Outbound License Agreement**” means any agreement under which the Company or any of its Subsidiaries grants any person any license or other right, title or interest (whether or not currently exercisable and including a right to receive a license) under or with respect to any Intellectual Property Rights or Technology, other than the nonexclusive license of the Company’s software and products in the ordinary course of business pursuant to standard end-user agreements. For the avoidance of doubt, a covenant by the Company or any of its Subsidiaries not to assert any Intellectual Property Right against a Person shall be deemed to be an Outbound License Agreement.

“**Parties**” shall have the meaning assigned in the heading of this Agreement.

“**Party**” shall have the meaning assigned in the heading of this Agreement.

“**Personal Information**” shall have the meaning set forth in Section 4.32 of this Agreement.

“**Pre-Closing Taxable Period**” shall have the meaning set forth in Section 8.2 of this Agreement.

“**Purchase Price**” shall have the meaning set forth in Section 1.2 of this Agreement.

“**Purchaser**” shall have the meaning assigned in the heading of this Agreement.

“**Purchaser Indemnified Party**” shall have the meaning set forth in Section 6.1.1 of this Agreement.

“**Purchaser Indemnifying Party**” shall have the meaning set forth in Section 6.2.1 of this Agreement.

“**Purchaser’s Fundamental Representations**” shall have the meaning set forth in Section 6.3 of this Agreement.

“**Representative**” shall mean officers, employees, accountants, investment bankers, agents, advisors and other representatives.

“**Retention Bonus**” shall have the meaning set forth in Section 1.7 of this Agreement.

“**Revenue**” shall mean, for any applicable period:

- a. all revenue, but excluding any project expenses to be reimbursed (i.e. travel, hotel, meals, etc. –non-labor cost) related to the services rendered; excluding any interest income, and provided further that revenue shall be net of any Bad Debt that is included in revenue;
- b. Revenue related to the resale of subscriptions from Salesforce and/or similar providers shall be recognized over the period of each applicable customer contract;
- c. Revenue derived from the resale of Salesforce.com subscriptions invoiced in 2018 as detail in **Exhibit H “Revenue – Deferred Revenue 2018”** shall be recognized over the period of the applicable customer contract;
- d. Referral Fees paid by Salesforce.com or other similar providers;
- e. Revenue related to the resale of subscription based on cloud services consumption, such as Amazon Web Services, shall be recognized monthly over the period of each applicable customer contract; and
- f. Revenue related to the resale of perpetual licenses, such as Informatica, shall be recognized according to IFRS.

In connection with the foregoing item, it shall be understood that (A) Revenue generated from the services provided by the Company to new and current clients of the Company shall be deemed to be included in Earn Out calculations in a proportion equivalent to 100% of the total Revenue generated by the provision of such services by the Company, (B) the services provided by the Company to any of Globant’s current or future clients or customers that have been referred to the Company by Globant shall be deemed to be included in Earn Out calculations in a proportion equivalent to 70% of the total revenue generated by the provision of such services by the Company; and (C) the services provided by Globant to clients of the Company that have been referred to Globant by the Company, shall be deemed to be included in Earn Out calculations in a proportion equivalent to 30% of the total revenue generated by the provision of such services by Globant. For purposes of paragraphs (B) and (C) above, the same proportion of Direct Costs and Indirect Costs will be deducted from Revenue in order to calculate Company’s Gross Profit and Operating Profit. For purposes of this paragraph, any reference to Globant shall include their respective Affiliates but exclude the Company.

Revenue shall exclude any interest income and shall be net of any Bad Debt.

“**Revenue Target**” shall have the meaning set forth in Exhibit C of this Agreement.

“**Revenue Target Payment**” shall have the meaning set forth in Exhibit C of this Agreement.

“**Sales and General Administrative Expenses**” means the expenses related to Selling, General & Administrative: 1) Salaries, payroll taxes, mandatory payments, health insurances, life insurances, holiday pay, accruals for bonuses, commissions and vacations, any other employment benefit and travels related to the following Departments: a) Sales & Business Development; b) Marketing, c) IT; d) Facilities & Building Services; e) Finance&Administration; f) Human Resources & Recruiting; g) Internal Communication, h) Legal&Labor fees (accounting, recruiting, audit, legal, etc.); 2) Property lease and office expenses, telephony, cloud hosting, IT services, utilities, accounting fees, audit fees, tax fees, recruiting fees, payroll fees, marketing fees, company events expenses, legal fees, 3) All taxes except for Income tax, 4) depreciation and amortization.

“**Sanctions Governmental Authority**” means the United States Government (including without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority in any jurisdiction.

“**Set-Off Rights**” shall have the meaning set forth in Section 6.5 of this Agreement.

“**Shares**” shall mean one hundred percent (100%) of the issued and outstanding share capital in the Company and, indirectly, in any Subsidiary, as set forth in Exhibits A and B of this Agreement.

“**Sellers**” shall mean Group A Sellers and Group B Sellers, jointly considered.

“**Sellers’ Fundamental Representations**” shall have the meaning set forth in Section 6.3 of this Agreement.

“**Sellers Indemnified Party**” shall have the meaning set forth in Section 6.2.1 of this Agreement.

“**Sellers Indemnifying Party**” shall have the meaning set forth in Section 6.1.1 of this Agreement.

“**Sellers’ Ownership Percentage**” shall have the meaning set forth in Section 1.2 of this Agreement.

“**Shareholders’ Agreement**” shall have the meaning set forth in Section 3.2.7 of this Agreement.

“**Straddle Taxable Period**” shall have the meaning set forth in Section 8.3 of this Agreement.

“**Subscription Agreement**” shall have the meaning set forth in Section 1.3.2(c) of this Agreement.

“**Subsidiary**” means, with respect to the Company, any branch, any corporation or other person of which securities or other interests having the power to elect a majority of that corporation’s or other person’s board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other person (other than securities or other interests having power only upon the happening of a contingency that has not occurred) are held by the Company or one or more of its Subsidiaries.

“**Target Net Working Capital**” shall have the meaning set forth in Section 1.4.1(a) of this Agreement.

“**Tax Return**” means any return, declaration, report, claim for refund, information return or other document relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

“**Taxes**” shall mean any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Taxing Authority.

“**Taxing Authority**” means any central, federal, state, local or foreign Government, entity, agency, body or person that is authorized by law or by any other regulation to impose, levy, collect, audit, assess, make a claim or take any other decision concerning Taxes.

“**Technology**” means all algorithms, application programming interfaces, apparatus, databases and data collections, diagrams, designs, formulae, discoveries, inventions (whether or not patentable), know-how, concepts, ideas, methods, improvements, network configurations and architectures, processes, technical data, proprietary information, schematics, specifications, software code (in any form including source code and executable or object code), techniques, domain names, URLs, social media handles, web sites, works of authorship, and other forms of technology.

“**Third-Party Claim**” shall have the meaning set forth in Section 6.6.1 of this Agreement.

“**Transaction**” shall have the meaning assigned in the preamble of this Agreement.

“**Transaction Documents**” shall have the meaning set forth in 10.4 of this Agreement.

“**Unresolved Earn Out Objections**” shall have the meaning set forth in Section 1.3.3(d)(iii) of this Agreement.

“**Voluntary Leaver**” shall have the meaning set forth in Section 1.4.5(b) of this Agreement.

SELLERS

MARSEILLES INVESTMENTS LIMITED

_____/Christina Lioreda/

Name: Christina Lioreda

Title: POA

SIGNATURE PAGE 1 OF 9 TO SHARE PURCHASE AGREEMENT

SCOTT LEE HOING

/Scott Lee Hoing/

SIGNATURE PAGE 2 OF 9 TO SHARE PURCHASE AGREEMENT

ANDRES WLADIMIR SNAIDER

/Andres Wladimir Snaider/

SIGNATURE PAGE 3 OF 9 TO SHARE PURCHASE AGREEMENT

TOP OAK LLC

/Juan P. Navas/

Name: Juan P. Navas

Title: Member – Manager

SIGNATURE PAGE 4 OF 9 TO SHARE PURCHASE AGREEMENT

CARLOS EDUARDO MORAIS

/Carlos Eduardo Morais/

SIGNATURE PAGE 5 OF 9 TO SHARE PURCHASE AGREEMENT

MB MARCOMM LLC

 /Diego Maldonado/
Name: Diego Maldonado
Title: Member Manager

SIGNATURE PAGE 6 OF 9 TO SHARE PURCHASE AGREEMENT

CLOUDFOUR TECH SAS

 /Diego Maldonado/
Name: Diego Maldonado
Title: Rep. Legal

SIGNATURE PAGE 7 OF 9 TO SHARE PURCHASE AGREEMENT

THE COMPANY

AVANXO (BERMUDA) LIMITED

/Diego Maldonado/
Name: Diego Maldonado
Title: CEO

SIGNATURE PAGE 8 OF 9 TO SHARE PURCHASE AGREEMENT

PURCHASER

GLOBANT ESPANA S.A. (*SOCIEDAD
UNIPERSONAL*)

 /Martin Gonzalo Umaran/
Name: Martin Gonzalo Umaran
Title: Apoderado

SIGNATURE PAGE 9 OF 9 TO SHARE PURCHASE AGREEMENT

List of Subsidiaries as of March 15, 2019

Globant España S.A. (sociedad unipersonal)	Spain	100% Globant S.A.
Software Product Creation S.L.	Spain	52.28% Globant España S.A. (sociedad unipersonal) 47.72% Globant S.A.
Sistemas Colombia S.A.S.	Colombia	99.99% Globant España S.A. (sociedad unipersonal) 00.01% Software Product Creation SL
Globant, LLC	USA	100% Globant España S.A. (sociedad unipersonal)
Sistemas Globales Uruguay S.A.	Uruguay	100% Globant España S.A. (sociedad unipersonal)
Difier S.A.	Uruguay	100% Globant España S.A. (sociedad unipersonal)
Sistemas UK Ltd.	England & Wales	100% Globant España S.A. (sociedad unipersonal)
We Are London Ltd.	England & Wales	100% Globant España S.A. (sociedad unipersonal)
Sistemas Globales Chile Asesorías Ltda.	Chile	95.00% Globant España S.A. (sociedad unipersonal) 05.00% Software Product Creation S.L.
Global Systems Outsourcing S. de R.L. de C.V.	Mexico	99.99% Globant España S.A. (sociedad unipersonal) 00.01% IAFH Global S.A.
IAFH Global S.A.	Argentina	99.9989% Globant España S.A. (sociedad unipersonal) 00.0011% Software Product Creation S.L.
Sistemas Globales S.A.	Argentina	89.85% Globant España S.A. (sociedad unipersonal) 10.15% Software Product Creation S.L.
Huddle Group S.A.	Argentina	98.60% Globant España S.A. (sociedad unipersonal) 01.40% Software Product Creation S.L.
Globers S.A.	Argentina	95.00% IAFH Global S.A. 05.00% Sistemas Globales S.A.
Dynaflows S.A.	Argentina	94.99% Sistemas Globales S.A. 05.01% Globant España S.A. (sociedad unipersonal)
Globant Ventures S.A.S.	Argentina	100% Sistemas Globales S.A.
Globant Peru S.A.C.	Peru	99.99% Globant España S.A. (sociedad unipersonal) 00.01% Software Product Creation S.L.
Globant Brasil Consultoria Ltda.	Brazil	99.99% Globant España S.A. (sociedad unipersonal) 00.01% Software Product Creation SL
Globant India Pvt. Ltd.	India	95.45% Globant España S.A. (sociedad unipersonal)
Globant Canada Corp.	Canada	100% Globant España S.A. (sociedad unipersonal)
Globant Bel LLC	Belarus	95.00% Globant España S.A. (sociedad unipersonal) 05.00% Software Product Creation S.L.
Small Footprint S.R.L.	Romania	100% Globant España S.A. (sociedad unipersonal)
Globant France S.A.S.	France	100% Globant S.A.
Software Product Creation S.L. - Dubai Brunch	Dubai	Brunch of Software Product Creation S.L.
Avanxo (Bermuda) Limited	Bermuda	100% Globant España S.A. (sociedad unipersonal)
Avanxo - Sucursal del Perú	Peru	Brunch of Avanxo (Bermuda) Limited
Avanxo Colombia	Colombia	Brunch of Avanxo (Bermuda) Limited
Avanxo U.S., LLC	USA	100% Avanxo (Bermuda) Limited
Avanxo S.A.	Argentina	99.96% Avanxo (Bermuda) Limited 00.04% Avanxo México S.A.P.I de C.V.

Avanxo México S.A.P.I. de C.V.	Mexico	99.99% Avanxo (Bermuda) Limited
		00.01% Avanxo Brasil Tecnologia da Informacao LTDA.
Avanxo Servicios S.A. de C.V.	Mexico	90.00% Avanxo México S.A.P.I. de C.V.
		10.00% Avanxo Brasil Tecnologia da Informacao LTDA.
Avanxo Brasil Tecnologia da Informacao LTDA.	Brasil	99.99% Avanxo (Bermuda) Limited
		00.01% Avanxo México S.A.P.I. de C.V.
Orizonta Consultoria de Negocios e Tecnologia LTDA.	Brasil	99.997% Avanxo Brasil Tecnologia da Informacao LTDA.
		00.003% Avanxo México S.A.P.I. de C.V.

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. §1350)**

I, Martin Migoya, certify that:

1. I have reviewed this annual report on Form 20-F of Globant S.A. (the "Company") for the fiscal year ended December 31, 2018;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 29, 2019

/s/ Martín Migoya

Martín Migoya
Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. §1350)**

I, Juan Urthiague, certify that:

1. I have reviewed this annual report on Form 20-F of Globant S.A. (the "Company") for the fiscal year ended December 31, 2018;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 29, 2019

/s/ Juan Urthiague

Juan Urthiague
Chief Financial Officer

Officer Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Globant S.A (the “Company”), hereby certifies, to such officer’s knowledge, that:

The annual report on Form 20-F for the year ended December 31, 2018 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2019

/s/ Martín Migoya

Martín Migoya
Chief Executive Officer

Officer Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Globant S.A (the “Company”), hereby certifies, to such officer’s knowledge, that:

The annual report on Form 20-F for the year ended December 31, 2018 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2019

/s/ Juan Urthiague

Juan Urthiague
Chief Financial Officer



Deloitte & Co. S.A.
Florida 234, 5° piso
C1005AAF
Ciudad Autónoma
de Buenos Aires
Argentina

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in registration statements No. 333-201602 and 333-211835 on Form S-8 and No. 333-225731 on Form F-3 of our reports dated March 22, 2019, relating to (1) the consolidated financial statements of Globant S.A. and (2) the effectiveness of Globant S.A.'s internal control over financial reporting, appearing in the annual report on Form 20-F of Globant S.A. for the year ended December 31, 2018.

/s/ Deloitte & Co. S.A.

City of Buenos Aires, Argentina
March 29, 2019

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