



Letter to Shareholders Q1 2025

Martin Migoya, Co-founder & CEO

May 15th, 2025

Hello and good day, everyone. It's great to be here again.

We are pleased to report another solid quarter, with revenues reaching \$611.1 million—representing a healthy 8.6% year-over-year growth in constant currency, outperforming most of our peers. While our Q1 performance came in below our initial expectations, and our revised annual guidance now aligns more closely with broader industry trends, we remain confident in the strength and resilience of our business.

The fundamentals that fuel Globant's long-term growth are strong. The AI opportunity is both profound and transformative. It is a market that could reach \$4.3 trillion by 2035. Our ten years of strategic investment in artificial intelligence uniquely position us to lead this new era. We are not merely adapting—we are helping define the AI-powered future of work and digital transformation.

That said, we are currently operating in a challenging macroeconomic environment. The probability of a recession in the U.S. has risen significantly since February. Consumer spending has softened, and uncertainty from trade tariffs has impacted a good portion of our customers. We observed a slower pace of pipeline conversion in the U.S., and growth in some countries in Latin America has been lower than expected.

Although some near-term challenges are present, we see these as transitory, as the pipeline remains robust with a 20% increase over the last year. I am also pleased to see strong growth in markets where Globant has undertaken major investments recently: including our New Markets region of the Middle East and APAC, as well as Europe.

In this environment, we need to stay focused on long-term value creation and transformative impact. Our way forward is based on three core pillars:

1. First, our 100 Squared Accounts – One of the greatest assets is our 100 Squared customer base and the distribution network we have built over time. Throughout our history, we have consistently added new Studios and practices—such as Digital, Enterprise, and GUT Creative Studios—as innovative services to distribute across a set of clients who value us for pushing boundaries and delivering forward-thinking solutions. We continue to deepen the relationships with these strategic clients, aiming to unlock new opportunities and deliver transformative value across their business units.

2. Second, AI Studios – They are purpose-built to lead comprehensive AI transformation programs for each industry we serve. Their mission is to help clients realize the full potential of AI, conducting in-depth assessments across all business areas— identifying use cases, process inefficiencies, and emerging opportunities for intelligent automation. From this foundation, our AI Studios design and implement scalable AI-powered solutions that target the most impactful workflows and business outcomes. This industry-specific, structured approach is supported by our deep technical expertise and our Enterprise AI platform, enabling the orchestration of intelligent agents that deliver measurable innovation and lasting value to our clients.

3. And finally: the Globant Subscription Model – This model reimagines how we deliver engineering, creativity, and automation services by introducing a consumption-based subscription framework. Clients subscribe to AI-powered capacity through AI Pods, which are dedicated delivery units that combine the power of autonomous AI

agents, powered by Globant Enterprise AI, with the orchestration and oversight from our experts. Delivery is limited in tokens—representing the complexity and volume of work performed. Clients can expand their usage through additional pack subscriptions —offering a clear, scalable path to increase value over time. This consumption-based model aligns incentives around outcomes, not hours. It offers a flexible and transparent way to collaborate with our clients while complementing our traditional delivery models. This transformation will integrate directly into our existing client relationship teams and build on the strong relationships we have established with our network of incredible clients—a network built on trust, long-term collaboration, and shared appreciation for innovation. **YPF has already adopted this model. JM Family Enterprises and other clients are exploring it as well, demonstrating early traction and trust in this new way of engaging with Globant.**

The Globant Subscription Model was born from our deep understanding that many organizations struggle to make the savings and efficiencies generated by AI tangible. **While the potential of AI is clear, converting that promise into concrete business outcomes remains elusive for most enterprises. Our model addresses this challenge directly—delivering measurable results through defined outputs, traceable token usage, and integrated performance monitoring—making AI's value visible, actionable, and aligned with strategic goals.**

While we expand our commercial models, we also want to reaffirm the importance of our traditional delivery methods. Fixed-price and time-and-material contracts remain the predominant form of engagement with our clients. Many organizations will continue to prefer these models, and we are fully equipped—with the right talent, proven methodologies, and robust value framework—to deliver excellence through them as we have been doing during the last 22 years.

This quarter, within Globant Enterprise AI we introduced Globant CODA, a powerful, agent-driven suite. It brings together our most advanced AI agents and platforms into a single, cohesive solution that simplifies and accelerates the entire software development lifecycle. Weeks ago,

Globant's Code Fixer AI Agent achieved the highest score of the SWE-bench Multimodal benchmark, a prestigious dataset for evaluating AI systems on visual software engineering tasks.

In this context, our ability to evolve becomes our competitive advantage. Our new AI-powered subscription model is helping us to create more scalable, predictable, and adaptive partnerships with clients—enabling continuous delivery of engineering, creativity, and business process automation through our AI Pods and our Enterprise AI platform.

During this quarter we closed several strategic deals that reflect the creative application of our technology solutions.

In the Middle East, we announced a new reinvention partnership with the Saudi Pro League, implementing our Competition Management Solution.

With the new platform, future SPL seasons will be managed through a digital ecosystem. This will be powered by AI and data analysis to speed up manual tasks and allow competition staff to focus on innovation.

In the United Kingdom we have reached a major milestone through our partnership with Formula 1. We recently launched the new Team Content Delivery System at the Australian Grand Prix 2025. This innovative technology solution is designed to enhance the competitive experience for race teams by providing engineers and team principals with real-time and archived video and data analysis.

We are also partnering with AIB on their Teller app. Teller is a specialised transaction processing application in AIB Northern Ireland Branches, integrated with AIB's core systems to support efficient transaction management. The bank undertook a significant upgrade of the application to further enhance performance and resilience. We accelerated development using Globant Enterprise AI to ensure delivery in a record time of 8 months.

In Argentina, we recently announced a reinvention partnership with YPF, the continent's third-largest oil and gas company. We will improve their supply chain management with agentic AI and will create an integrated operating model that will continuously learn and evolve. It will make complex decisions through expert-supervised algorithms, and ensure compliance with the company's internal policies and standards across their extensive supply chain network of approximately 5,000 suppliers. Globant's effort connects with YPF's vision to enhance operational efficiency across all areas and position the company as a global competitive player, generating \$30 billion in exports by 2030.

Our creative GUT Network continues to produce outstanding work for top brands globally, including Corona for its 100th anniversary in Mexico, foodpanda with a new affordability campaign across six Asian markets, and MercadoLibre's ongoing expansion.

Our global partnerships also continue to evolve. In recent months we received multiple recognitions from Google, Amazon Web Services and Adobe, reflecting the strong focus in developing these strategic relationships.

As a founder and CEO, I am deeply committed to our reinvention vision. **We remain focused on delivering high-value solutions that reflect both human ingenuity and technological excellence.** We will continue to evolve our core strength and business models, while pursuing long-term value creation.

Thank you very much,



Martín Migoya
Co-founder and CEO

Special Remarks from our CFO

Hello,

In the first quarter, we continued to navigate a fluid global context. Revenues reached \$611.1 million. This represents a 7.0% increase year-over-year, and 8.6% in constant currency, a figure slightly below our February guidance.

This performance was influenced by the challenging macroeconomic and geopolitical context, which has affected spending patterns among some of our largest customers, particularly in Latam. The market deteriorated towards the end of February, as a result of the tariff discussions.

Still, three of our four regional business units posted solid growth: North America increasing top line 6.0% year-over-year, Europe 13.4% year-over-year, and New Markets continuing to scale exponentially, posting an 84.4% year-over-year growth. However, we saw a challenging performance in Latam which was down close to 9% year-over-year, with notable contractions in Mexico and Brazil, which were partially offset by a strong growth in Argentina.

From a vertical perspective, we saw year-over-year growth across most of our verticals. However, we experienced some delays in project ramps, specifically in some large accounts in tariff-impacted industries, such as Airlines, Pharma, and High Tech.

Our revenue per IT head increased by 2.8% year-over-year and 2.3% quarter-over-quarter in the first quarter of 2025, reflecting the value and efficiency we deliver and our ability to remain disciplined in pricing.

Turning to our margin trends, our adjusted gross margin for the quarter stood at 38.0%, flat on a year-over-year basis, reflecting our premium positioning, geographic diversification, and improving service mix.

Our adjusted operating margin for the quarter was 14.8%. While this metric fell short of our expectations, this was mainly driven by our lower-than-expected revenues.

Our adjusted net income for the first quarter of 2025 was \$67.8 million, translating into an Adjusted Diluted EPS of \$1.50 for the quarter, almost flat on a year-over-year basis.

Turning to our balance sheet, as of the first quarter of 2025, our cash and cash equivalents, and short term investments stood at \$120.2 million, and our net debt was \$167.0 million, translating into a healthy low net debt ratio, reflecting our prudent balance sheet management and providing us with substantial financial flexibility, and liquidity.

Regarding free cash flow, we consumed \$5.7 million in the first quarter, in line with prior years.

Looking ahead, considering the impact to our customers of the macroeconomic uncertainties and tariffs, and given our exposure to B2B2C customers, which affects our visibility, we have undertaken a thorough review of our forecast, with the goal of de-risking our estimates to the extent possible.

Based on this, we are introducing our **second-quarter 2025 guidance** of at least \$612.0 million in revenues, or 4.2% year-over-year growth. This expected growth includes a neutral FX impact. For the **full year 2025**, we are revising our revenue guidance of at least \$2,464 million, which would represent a 2.0% year-over-year growth, which translates into a similar figure in constant currency terms.

In terms of profitability, we are targeting an adjusted operating margin of at least 15.0% for both the second quarter of 2025 and the full-year 2025. The IFRS effective income tax rate is expected to be in the 20.0% to 22.0% range, for both the second quarter and the full year 2025. For Adjusted Diluted EPS, we forecast at least \$1.52 for Q2, assuming an average of 45.7 million diluted shares outstanding during the second quarter and at least \$6.10 for the full year 2025, assuming an average of 45.8 million diluted shares outstanding during 2025.

We are taking clear and decisive steps to maximize our financial health and navigate the current environment effectively. Our short-term focus for the remainder of the year will be on driving growth through strategic investments in our AI Industry studios and our 100-squared accounts, while focusing at the same time on protecting our margins and cash flow.

With respect to margins, the main areas of focus are:

- Optimizing utilization, which stood at 78.2% in Q1 2025 (compared to 79.3% in both previous quarter and Q1 2024).
- Disciplined pricing strategies.
- Strategic geographic mix of our talent and revenue.
- Footprint optimization and infrastructure streamlining are ongoing, particularly through the integration of recently acquired companies.
- SG&A investments will be sharply focused on bolstering our sales capabilities and go-to-market initiatives, while concurrently maintaining a lean overall structure. As of Q1 2025, adjusted SG&A as a percentage of sales stood at 18.3%, and we target this metric to trend downwards by the end of the year, as our top line expands.

With regards to our cash generation, we are actively working to improve this critical metric through several initiatives. These include:

- Extending supplier payment terms where feasible.
- Targeting a reduction in our Days Sales Outstanding (DSO).
- Implementing a significant reduction in capital expenditures, with a clear prioritization towards investments in Artificial Intelligence.
- A prudent M&A activity to ensure accretive transactions in a fluid market.

However, as discussed by Martin, we will remain bold in our technology bets and will continue to execute decisively on our long-term strategic goals. This balanced approach is of utmost importance to us.

Thank you for your continued support,



Juan Urthiague
CFO

Non-IFRS Financial Measures

While the financial figures included in this letter have been computed in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), this announcement does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standards 34, “Interim Financial Reporting” or a financial statement as defined by International Accounting Standards 1 “Presentation of Financial Statements”. The financial information in this letter has not been audited.

Globant provides non-IFRS financial measures in addition to reported IFRS results prepared in accordance with IFRS Accounting Standards. Management believes these measures help illustrate underlying trends in the company’s business and uses the non-IFRS financial measures to establish budgets and operational goals, communicated internally and externally, for managing the company’s business and evaluating its performance. The company anticipates that it will continue to report both IFRS and certain non-IFRS financial measures in its financial results, including non-IFRS measures that exclude share-based compensation expense, depreciation and amortization, acquisition-related charges, and the related effect on income taxes of the pre-tax adjustments. Because the company’s non-IFRS financial measures are not calculated according to IFRS, these measures are not comparable to IFRS and may not necessarily be comparable to similarly described non-IFRS measures reported by other companies within the company’s industry. Consequently, Globant’s non-IFRS financial measures should not be evaluated in isolation or supplant comparable IFRS measures, but, rather, should be considered together with its condensed interim consolidated statements of financial position as of March 31, 2025 and December 31, 2024 and its condensed interim consolidated statements of comprehensive income for the three months ended March 31, 2025 and 2024, prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting.

Globant is not providing a quantitative reconciliation of forward-looking Non-IFRS Adjusted Profit from Operations Margin or Non-IFRS Adjusted Diluted EPS to the most directly comparable IFRS measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items include, but are not limited to, share-based compensation expense, acquisition-related charges, and the tax effect of non-IFRS adjustments. These items are uncertain, depend on various factors, and could have a material impact on IFRS reported results for the guidance period.

Forward Looking Statement

In addition to historical information, this letter might contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions. These statements include, but are not limited to, statements regarding our future financial and operating performance, including our outlook and guidance, and our strategies, priorities and business plans. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that could impact our actual results include: our ability to maintain current resource utilization rates and productivity levels; our ability to manage attrition and attract and retain highly-skilled IT professionals; our ability to accurately price our client contracts; our ability to achieve our anticipated growth; our ability to effectively manage our rapid growth; our ability to retain our senior management team and other key employees; our ability to continue to innovate and remain at the forefront of emerging technologies and related market trends; our ability to retain our business relationships and client contracts; our ability to manage the impact of global adverse economic conditions; our ability to manage uncertainty concerning the instability in the current economic, political and social environment in Latin America; and other factors discussed under the heading “Risk Factors” in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”), our report on Form 6-K furnished to the SEC today and any other risk factors we include in subsequent reports on Form 6-K. Because of these uncertainties, you should not make any investment decisions based on our estimates and forward-looking statements. Except as required by law, we undertake no obligation to publicly update any forward-looking statements for any reason after the date of this presentation whether as a result of new information, future events or otherwise.



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