

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2020

or

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

For the transition period ___ to ___

Commission File Number 001-37825

Talend S.A.

(Exact name of registrant as specified in its charter)

France

(State or other jurisdiction of incorporation or organization)

Not Applicable

(I.R.S. Employer Identification Number)

5-7, rue Salomon de Rothschild

Suresnes, France

(Address of principal executive offices)

92150

(Zip Code)

+33 (0) 1 46 25 06 00

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing one ordinary share, nominal value €0.08 per share	TLND	The NASDAQ Stock Market LLC
Ordinary shares, nominal value €0.08 per share*		The NASDAQ Stock Market LLC*

* Not for trading, but only in connection with the listing of the American Depositary Shares on the NASDAQ Stock Market LLC.

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 30, 2020, the registrant had 31,763,338 ordinary shares, nominal value of €0.08 per share, outstanding.

TALEND S.A.
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PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

TALEND S.A.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 160,527	\$ 177,075
Accounts receivable, net of allowance for doubtful accounts of \$1,546 and \$1,082, respectively	57,523	82,952
Contract acquisition costs	11,650	10,695
Other current assets	10,816	9,832
Total current assets	240,516	280,554
Non-current assets:		
Contract acquisition costs	23,594	22,050
Operating lease right-of-use assets	36,603	27,821
Property and equipment, net	8,771	5,348
Goodwill	50,000	49,744
Intangible assets, net	10,171	14,018
Other non-current assets	5,377	4,382
Total non-current assets	134,516	123,363
Total assets	\$ 375,032	\$ 403,917
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,976	\$ 4,439
Accrued expenses and other current liabilities	36,522	41,182
Contract liabilities - deferred revenue, current	126,676	142,616
Operating lease liabilities, current	4,586	5,047
Short-term debt	—	227
Total current liabilities	171,760	193,511
Non-current liabilities:		
Deferred income taxes	580	768
Other non-current liabilities	1,924	1,137
Contract liabilities - deferred revenue, non-current	11,764	17,807
Operating lease liabilities, non-current	33,726	24,252
Long-term debt	139,856	130,490
Total non-current liabilities	187,850	174,454
Total liabilities	359,610	367,965
Commitments and contingencies (Note 8)		
STOCKHOLDERS' EQUITY		
Ordinary shares, par value €0.08 per share; 31,760,727 and 31,017,268 shares authorized, issued and outstanding, respectively	3,272	3,205
Additional paid-in capital	350,777	309,988
Accumulated other comprehensive income	(362)	1,107
Other reserves	282	207
Accumulated losses	(338,547)	(278,555)
Total stockholders' equity	15,422	35,952
Total liabilities and stockholders' equity	\$ 375,032	\$ 403,917

The above condensed consolidated balance sheets should be read in conjunction with the accompanying notes.

TALEND S.A.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue				
Subscriptions	\$ 65,985	\$ 54,952	\$ 187,779	\$ 157,432
Professional services	6,717	7,484	20,780	22,975
Total revenue	72,702	62,436	208,559	180,407
Cost of revenue				
Subscriptions	10,553	7,976	27,524	23,782
Professional services	6,065	6,772	19,065	21,925
Total cost of revenue	16,618	14,748	46,589	45,707
Gross profit	56,084	47,688	161,970	134,700
Operating expenses				
Sales and marketing	40,686	33,240	118,470	102,428
Research and development	16,836	15,552	50,409	46,987
General and administrative	16,796	12,163	47,448	34,191
Total operating expenses	74,318	60,955	216,327	183,606
Loss from operations	(18,234)	(13,267)	(54,357)	(48,906)
Interest income (expense), net	(2,063)	(631)	(5,790)	(637)
Other income (expense), net	(62)	396	203	(189)
Loss before benefit (provision) for income taxes	(20,359)	(13,502)	(59,944)	(49,732)
Benefit (provision) for income taxes	18	(9)	(48)	(48)
Net loss	\$ (20,341)	\$ (13,511)	\$ (59,992)	\$ (49,780)
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (0.64)	\$ (0.44)	\$ (1.91)	\$ (1.63)
Weighted-average shares outstanding used to compute net loss per share attributable to ordinary shareholders:	31,635	30,648	31,419	30,453

The above condensed consolidated statements of operations should be read in conjunction with the accompanying notes.

TALEND S.A.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net loss	\$ (20,341)	\$ (13,511)	\$ (59,992)	\$ (49,780)
Other comprehensive gain (loss)				
Foreign currency translation adjustment	(995)	730	(1,469)	871
Total comprehensive loss	<u>\$ (21,336)</u>	<u>\$ (12,781)</u>	<u>\$ (61,461)</u>	<u>\$ (48,909)</u>

The above condensed consolidated statements of comprehensive loss should be read in conjunction with the accompanying notes.

TALEND S.A.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

Three Months Ended September 30, 2020

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Other reserves	Accumulated loss	Total equity
	Shares	Amount					
Balance as of June 30, 2020	31,536,529	\$ 3,250	\$ 335,571	\$ 633	\$ 272	\$ (318,206)	\$ 21,520
Net loss for the period	—	—	—	—	—	(20,341)	(20,341)
Other comprehensive loss	—	—	—	(995)	—	—	(995)
Restricted stock units reserve	—	—	(10)	—	10	—	—
Shares issued from restricted stock unit vesting	102,406	10	(10)	—	—	—	—
Exercise of stock awards	45,722	4	838	—	—	—	842
Issuance of ordinary shares in connection with employee stock purchase plan	76,070	8	2,354	—	—	—	2,362
Share-based compensation	—	—	12,034	—	—	—	12,034
Balance as of September 30, 2020	<u>31,760,727</u>	<u>\$ 3,272</u>	<u>\$ 350,777</u>	<u>\$ (362)</u>	<u>\$ 282</u>	<u>\$ (338,547)</u>	<u>\$ 15,422</u>

Three Months Ended September 30, 2019

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Other reserves	Accumulated loss	Total equity
	Shares	Amount					
Balance as of June 30, 2019	30,558,748	\$ 3,164	\$ 267,281	\$ 545	\$ 213	\$ (253,355)	\$ 17,848
Net loss for the period	—	—	—	—	—	(13,511)	(13,511)
Other comprehensive loss	—	—	—	730	—	—	730
Equity component of 2024 Notes, net of issuance costs	—	—	20,793	—	—	—	20,793
Restricted stock units reserve	—	—	6	—	(6)	—	—
Shares issued from restricted stock unit vesting	43,017	4	(4)	—	—	—	—
Exercise of stock awards	107,997	10	1,377	—	—	—	1,387
Issuance of ordinary shares in connection with employee stock purchase plan	72,478	7	2,462	—	—	—	2,469
Share-based compensation	—	—	9,039	—	—	—	9,039
Balance as of September 30, 2019	<u>30,782,240</u>	<u>\$ 3,185</u>	<u>\$ 300,954</u>	<u>\$ 1,275</u>	<u>\$ 207</u>	<u>\$ (266,866)</u>	<u>\$ 38,755</u>

TALEND S.A.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(in thousands, except share data)
(unaudited)

Nine Months Ended September 30, 2020

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Other reserves	Accumulated loss	Total equity
	Shares	Amount					
Balance as of December 31, 2019	31,017,268	\$ 3,205	\$ 309,988	\$ 1,107	\$ 207	\$ (278,555)	\$ 35,952
Net loss for the period	—	—	—	—	—	(59,992)	(59,992)
Other comprehensive loss	—	—	—	(1,469)	—	—	(1,469)
Restricted stock units reserve	—	—	(75)	—	75	—	—
Shares issued from restricted stock unit vesting	379,166	34	(34)	—	—	—	—
Exercise of stock awards	215,248	19	2,676	—	—	—	2,695
Issuance of ordinary shares in connection with employee stock purchase plan	149,045	14	4,635	—	—	—	4,649
Share-based compensation	—	—	33,587	—	—	—	33,587
Balance as of September 30, 2020	31,760,727	\$ 3,272	\$ 350,777	\$ (362)	\$ 282	\$ (338,547)	\$ 15,422

Nine Months Ended September 30, 2019

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Other reserves	Accumulated loss	Total equity
	Shares	Amount					
Balance as of December 31, 2018	30,158,374	\$ 3,128	\$ 244,878	\$ 404	\$ 138	\$ (217,001)	\$ 31,547
Adjustment on initial application of ASC 842	—	—	—	—	—	(85)	(85)
Adjusted balance as of January 1, 2019	30,158,374	3,128	244,878	404	138	(217,086)	31,462
Net loss for the period	—	—	—	—	—	(49,780)	(49,780)
Other comprehensive gain	—	—	—	871	—	—	871
Equity component of 2024 Notes, net of issuance costs	—	—	20,793	—	—	—	20,793
Restricted stock units reserve	—	—	(69)	—	69	—	—
Shares issued from restricted stock unit vesting	185,645	17	(17)	—	—	—	—
Exercise of stock awards	306,844	28	4,354	—	—	—	4,382
Issuance of ordinary shares in connection with employee stock purchase plan	131,377	12	4,730	—	—	—	4,742
Share-based compensation	—	—	26,285	—	—	—	26,285
Balance as of September 30, 2019	30,782,240	\$ 3,185	\$ 300,954	\$ 1,275	\$ 207	\$ (266,866)	\$ 38,755

The above condensed consolidated statements of stockholders' equity should be read in conjunction with the accompanying notes.

TALEND S.A.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net loss for the period	\$ (59,992)	\$ (49,780)
Adjustments to reconcile net loss to net cash (used in) from operating activities:		
Depreciation	2,453	2,082
Amortization of intangible assets	3,978	3,974
Amortization of debt discount and issuance costs	3,918	411
Amortization of contract acquisition costs	8,843	7,605
Non-cash operating lease cost	4,890	4,264
Unrealized (gain) loss foreign exchange	(290)	34
Accrued interest on convertible debt	2,067	225
Share-based compensation	33,587	26,285
Changes in operating assets and liabilities:		
Accounts receivable	25,950	14,377
Contract acquisition costs	(11,048)	(10,072)
Other assets	(1,660)	(3,580)
Accounts payable	(581)	1,871
Accrued expenses and other current liabilities	(6,688)	(2,927)
Contract liabilities - deferred revenue	(23,566)	(6,951)
Operating lease liabilities	(4,845)	(4,224)
Net cash used in operating activities	<u>(22,984)</u>	<u>(16,406)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(5,652)	(2,064)
Net cash used in investing activities	<u>(5,652)</u>	<u>(2,064)</u>
Cash flows from financing activities:		
Proceeds from issuance of convertible senior notes, net of issuance costs	—	149,145
Proceeds from issuance of ordinary shares related to exercise of stock awards	2,695	4,382
Proceeds from issuance of ordinary shares related to employee stock purchase plan	4,649	4,742
Repayment of borrowings	(660)	(117)
Net cash from financing activities	<u>6,684</u>	<u>158,152</u>
Net decrease in cash and cash equivalents	(21,952)	139,682
Cash and cash equivalents at beginning of the period	177,075	34,104
Effect of exchange rate changes on cash and cash equivalents	5,404	(1,822)
Cash and cash equivalents at end of the period	<u>\$ 160,527</u>	<u>\$ 171,964</u>

The above condensed consolidated statements of cash flows should be read in conjunction with the accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Business

Talend S.A. (“the Company”) is a leader in data integration and data integrity. Talend’s software platform, Talend Data Fabric, integrates data and applications in real-time across modern big data and cloud environments, as well as traditional systems, allowing organizations to develop a unified view of their business and customers. The Company, organized under the laws of France in 2005, has its registered office located at 5-7, rue Salomon de Rothschild, 92150 Suresnes, France.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect, in the opinion of management, all adjustments, consisting of normal recurring adjustments and accruals, necessary to present fairly the consolidated balance sheets as of September 30, 2020 and December 31, 2019, the consolidated statements of operations, the consolidated statements of comprehensive loss and the consolidated statements of stockholders’ equity for the three and nine months ended September 30, 2020 and September 30, 2019, and the consolidated statements of cash flows for the nine months ended September 30, 2020 and September 30, 2019. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 17, 2020.

Certain prior year financial information in the consolidated statement of cash flows has been reclassified to conform with current year presentation. In addition, an immaterial reclassification of unbilled revenue between other assets and accounts receivable has been made in our prior year consolidated balance sheet to conform to the current period presentation. These reclassifications had no impact on net loss, stockholders’ equity, operating cash flows or total cash flows as previously reported.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates include, but are not limited to, revenue recognition (including allocation of the transaction price to separate performance obligations and the determination of the stand-alone selling price), the amortization period for contract acquisition costs, contract period of leases, fair value of acquired intangible assets and goodwill, and share-based compensation expense. These estimates and assumptions are based on management’s best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Summary of significant accounting policies

Except for the accounting policies described below, there have been no changes to the Company’s significant accounting policies disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 17, 2020, that have had a material impact on the Company’s condensed consolidated financial statements and related notes.

Recently adopted accounting standards

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and in November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. ASU 2019-11 requires entities that did not adopt the amendments in ASU 2016-13 as of November 2019 to adopt ASU 2019-11, and contains the same effective dates and transition requirements as ASU 2016-13. ASU 2016-13 replaced the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 requires use of a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. Adoption of the standard requires using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of

the effective date to align existing credit loss methodology with the new standard. The Company adopted ASU 2016-13 effective January 1, 2020 and the adoption did not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment, which modifies the goodwill impairment test and requires an entity to write down the carrying value of goodwill for the amount by which the carrying amount of a reporting unit exceeds its fair value. The Company adopted ASU 2017-04 effective January 1, 2020 and the adoption did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. ASU 2018-15 aligns the requirements for capitalizing implementation costs in a cloud computing arrangement service contract with the requirements for capitalizing implementation costs incurred for an internal-use software license. The Company adopted ASU 2018-15 effective January 1, 2020 and the adoption did not have a material impact on our consolidated financial statements.

Accounting standards issued not yet adopted

In August 2020, the FASB issued ASU 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. ASU 2020-06 simplifies the accounting for convertible instruments by removing the separation models in Subtopic 470-20 that required embedded conversion features to be separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. Consequently, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and a convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no other features require bifurcation and recognition as derivatives. The new standard also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. ASU 2020-06 is effective for the Company beginning January 1, 2022, although early adoption is permitted for fiscal periods beginning January 1, 2021. The new standard can be adopted using either a modified or full retrospective transition method. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

2. Revenue from Contracts with Customers

Contract Liabilities

Liabilities are recorded for amounts that are collected in advance of the satisfaction of performance obligations. These liabilities are classified as current and non-current contract liabilities – deferred revenue in the consolidated balance sheet. Deferred revenue, including current and non-current balances, was \$138.4 million and \$160.4 million as of September 30, 2020 and December 31, 2019, respectively. Revenue recognized from the deferred revenue balances at the beginning of each period was \$52.1 million and \$48.6 million for the three months ended September 30, 2020 and 2019, respectively. Revenue recognized from the deferred revenue balances at the beginning of each period was \$123.3 million and \$100.6 million for the nine months ended September 30, 2020 and 2019, respectively.

Remaining Performance Obligations

The Company's contracts with customers include amounts allocated to performance obligations of \$210.7 million that will be satisfied at a later date. As of September 30, 2020, \$153.0 million of deferred revenue and backlog is expected to be recognized from remaining performance obligations over the next 12 months, and approximately \$57.7 million thereafter.

Contract assets

The Company may record assets for amounts related to performance obligations that are satisfied but not yet billed and/or collected. These assets, or unbilled revenue, are classified as accounts receivable, net in the consolidated balance sheet. Unbilled revenue was \$1.9 million and \$2.1 million as of September 30, 2020 and December 31, 2019, respectively.

Contract acquisition costs

The Company recognizes sales commissions earned by the Company's sales force that are considered incremental and recoverable costs of obtaining a contract with a customer as contract acquisition costs in the consolidated balance sheet. Contract

acquisition costs, including current and non-current balances, were \$35.2 million and \$32.7 million as of September 30, 2020 and December 31, 2019, respectively. Amortization expense of contract acquisition costs was \$3.1 million and \$2.6 million for the three months ended September 30, 2020 and 2019, respectively. Amortization expense of contract acquisition costs was \$8.8 million and \$7.6 million for the nine months ended September 30, 2020 and 2019, respectively. There were no impairments of assets related to Company's contract acquisition costs during the period ended September 30, 2020.

Disaggregation of Revenues

The following table sets forth the Company's total revenue by region for the periods indicated (in thousands). The revenues by geographic region were determined based on the country where the sale took place.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Americas	\$ 33,654	\$ 29,837	\$ 96,194	\$ 83,816
EMEA	30,408	26,739	89,146	80,504
Asia Pacific	8,640	5,860	23,219	16,087
Total revenue	\$ 72,702	\$ 62,436	\$ 208,559	\$ 180,407

Revenues from the Company's country of domicile, based on sales revenue recognized from customers in France, totaled \$10.6 million and \$8.6 million for the three months ended September 30, 2020 and 2019, respectively, and \$31.8 million and \$27.0 million for the nine months ended September 30, 2020 and 2019, respectively.

3. Net Loss Per Share

Basic net income (loss) per share is computed by dividing net income (loss) for the period by the weighted-average number of shares outstanding during the period. In periods of net income, diluted net income per share is computed by dividing net income for the period by the basic weighted-average number of shares plus any dilutive potential ordinary shares outstanding during the period. As the Company was in a loss position for both of the three and nine months ended September 30, 2020 and 2019, the diluted loss per share is equal to basic loss per share because the effects of potentially dilutive shares, which include shares from share-based awards and convertible senior notes, were anti-dilutive.

During 2019, the Company issued 1.75% Convertible Senior Notes due September 1, 2024 (the "2024 Notes") (see Note 6, *Debt*, for more details). Since the Company expects to settle the principal amount of the outstanding 2024 Notes in a combination of cash and shares, the Company uses the if-converted method for calculating any potential dilutive effect of the conversion spread on the diluted net income per ordinary share when the average market price of the Company's ordinary shares, each represented by an American Depositary Share ("ADS"), for a given period exceeds the initial conversion price of €51.75 per share. This situation has not occurred as of September 30, 2020.

The net loss and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator (basic and diluted):				
Net loss	\$ (20,341)	\$ (13,511)	\$ (59,992)	\$ (49,780)
Denominator (basic and diluted):				
Weighted-average ordinary shares outstanding	31,635	30,648	31,419	30,453
Basic and diluted net loss per share	\$ (0.64)	\$ (0.44)	\$ (1.91)	\$ (1.63)

4. Fair Value Measurements

The Company reports assets and liabilities recorded at fair value on the Company's consolidated balance sheets based upon the level of judgment associated with inputs used to measure their fair value. Hierarchical levels that are directly related to the amount of judgment associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1: observable quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

- Level 2: inputs other than quoted prices (other than level 1) in active markets, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs that are supported by little or no market data, and may require significant management judgment or estimation.

The fair value measurement level within the fair value hierarchy for a particular asset or liability is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial instruments not measured at fair value on the Company's consolidated balance sheet, but which require disclosure of their fair values include: cash and cash equivalents, accounts receivable and certain other receivables, deposits, accounts payable and certain other payables and the 2024 Notes. The fair values of these financial instruments, other than the 2024 Notes, are deemed to approximate their carrying amount.

The fair values of cash and cash equivalents, accounts receivable and certain other receivables, deposits, accounts payable and certain other payables are categorized as Level 1. The fair value of the 2024 Notes was categorized as Level 2 and was estimated based on a discounted cash flow method using a market interest rate for similar debt. As of September 30, 2020, the fair value of the 2024 Notes was \$144.2 million.

There were no transfers between levels of the fair value hierarchy during the nine month periods ended September 30, 2020 or 2019.

5. Balance Sheet Components

Accrued expenses and other liabilities consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Accrued compensation and benefits	\$ 25,569	\$ 24,201
VAT payable	3,259	6,238
Other taxes	34	502
Contingent liabilities	1,152	578
Other current liabilities	6,508	9,663
Accrued expenses and other liabilities	\$ 36,522	\$ 41,182

Property and equipment, net consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Computer equipment and software	\$ 12,031	\$ 8,587
Fixtures and fittings	3,268	2,312
Leasehold improvements	5,612	3,858
Property and equipment, gross	20,911	14,757
Less: accumulated depreciation	(12,140)	(9,409)
Property and equipment, net	\$ 8,771	\$ 5,348

Depreciation expense related to property and equipment was \$0.8 million and \$0.7 million for the three months periods ended September 30, 2020 and 2019, respectively, and \$2.5 million and \$2.1 million for the nine months ended September 30, 2020 and 2019, respectively.

Intangible assets as of September 30, 2020 and December 31, 2019 included the following (in thousands):

	September 30, 2020			December 31, 2019			Weighted Average Remaining Useful Life
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net	
Customer relationships	\$ 5,049	\$ (4,912)	\$ 137	\$ 4,975	\$ (3,600)	\$ 1,375	1 year
Acquired developed technology	19,915	(9,881)	10,034	19,555	(6,912)	12,643	4 years
Total	\$ 24,964	\$ (14,793)	\$ 10,171	\$ 24,530	\$ (10,512)	\$ 14,018	

Amortization expense for intangible assets was \$1.3 million for both of the three months periods ended September 30, 2020 and 2019, respectively, and \$4.0 million for both of the nine months ended September 30, 2020 and 2019, respectively.

The following table presents the estimated future amortization expense related to intangible assets as of September 30, 2020 (in thousands):

	Amount
Remainder of 2020	\$ 1,065
2021	3,708
2022	3,498
2023	1,900
Thereafter	—
Total amortization expense	\$ 10,171

6. Debt

Convertible Senior Notes due September 1, 2024

In September 2019, the Company issued an aggregate principal amount of €125.0 million of the 2024 Notes and an additional €14.8 million pursuant to the partial exercise of the option to purchase additional 2024 Notes granted to the initial purchasers, in a private placement, pursuant to an exemption from the registration requirements afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), to qualified institutional buyers (as defined in Rule 144A promulgated under the Securities Act). The net proceeds from the issuance, after deducting initial purchaser discounts and debt issuance costs of €6.0 million, were €133.8 million. The 2024 Notes mature on September 1, 2024, unless earlier repurchased, redeemed or converted, and bear interest at a fixed rate of 1.75% per year payable semi-annually on March 1 and September 1 of each year, beginning on March 1, 2020. Each €1,000 of principal amount of the 2024 Notes will initially be convertible, subject to adjustment upon the occurrence of specified events, into 19.3234 ADSs, corresponding to 19.3234 of the Company’s ordinary shares per €1,000 principal amount of the 2024 Notes as of the date hereof, which initial conversion rate is equivalent to an initial conversion price of approximately €51.75 per ADS calculated on the basis of the closing price of the Company’s ADSs of \$38.72 and a euro to U.S. Dollar exchange rate of €1 to \$1.1036 on the pricing date of the 2024 Notes. Refer to Note 15, *Debt*, of the Company’s consolidated financial statements for the year ended December 31, 2019 for details of the issuance of the 2024 Notes.

As of September 30, 2020, none of the conditions permitting the holders of the 2024 Notes to early convert had been met. Therefore, the 2024 Notes were classified as long-term debt for such period.

The net carrying amount of the 2024 Notes was as follows as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020	December 31, 2019
Principal	\$ 163,633	\$ 156,716
Unamortized debt discount	(18,944)	(21,227)
Unamortized debt issuance costs	(4,833)	(5,443)
Net carrying amount	<u>\$ 139,856</u>	<u>\$ 130,046</u>

The net carrying amount of the equity component of the 2024 Notes was as follows as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020	December 31, 2019
Gross amount	\$ 21,866	\$ 21,866
Allocated debt issuance costs	(945)	(945)
Net carrying amount	<u>\$ 20,921</u>	<u>\$ 20,921</u>

Interest expense related to the 2024 Notes was as follows during the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Contractual interest expense	\$ 715	\$ 225	\$ 2,067	\$ 225
Amortization of debt discount	1,093	323	3,097	323
Amortization of issuance costs	285	88	821	88
Total	<u>\$ 2,093</u>	<u>\$ 636</u>	<u>\$ 5,985</u>	<u>\$ 636</u>

7. Equity Incentive Plans

In April 2017, the Company adopted the 2017 Stock Option Plan (the “2017 Plan”), primarily for the purpose of granting stock options to employees and employee warrants BSPCE (“*bons de souscription de parts de créateur d’entreprise*” or “employee warrants (BSPCE)”) to employees who are French tax residents. In August 2019, the Company adopted the 2019 Free Share Plan, primarily for the purpose of granting Restricted Stock Units (“RSUs”) to employees. In June 2019, the Company’s shareholders also delegated authority to the Company’s board of directors to grant warrants (“*bons de souscription d’actions*” or

“warrants (BSA)”) to the Company’s directors and consultants. In June 2020, the Company's shareholders delegated authority to the Company's board of directors to grant stock options and RSUs to employees, and warrants (BSA) to the company's directors and consultants, superseding and replacing the previous delegations of authority to grant equity awards. Consequently, in August 2020, the Company adopted the 2020 Free Share Plan (the "Free Share Plan") and the 2020 Stock Option Plan (the "Stock Option Plan"). The Free Share Plan provides for the grant of RSUs to the Company's employees and employees of any company or group in which the Company holds, directly or indirectly, 10% of the share capital or voting rights as of the date of the grant. The Stock Option Plan provides for the grant of stock options to the Company's employees and directors. The Company no longer grants employee warrants (BSPCE) as the Company no longer meets the eligibility criteria for granting BSPCEs.

As of September 30, 2020, there were 2,054,617 ordinary shares available for future grants of stock options, RSUs and warrants (BSA) under the Company's share pool reserve.

Stock options and warrants

Most of our stock options and employee warrants (BSPCE) vest over four years, with 25% on the one year anniversary of the grant and 1/16th on a quarterly basis thereafter. Options have a contractual life of ten years and generally individuals must continue to provide services to the Company in order to vest. Employee warrants (BSPCE) are a specific type of option to acquire ordinary shares available to qualifying companies in France that meet certain criteria. Otherwise, employee warrants (BSPCE) function in the same manner as stock options.

In general, warrants (BSA) vest quarterly over a one year period. In addition to any exercise price payable by a holder upon the exercise of any warrants (BSA), pursuant to the relevant shareholders' delegation to the board, such warrants need to be subscribed for a price at least equal to 5% of the volume weighted average price of the last five trading sessions on the Nasdaq Global Market preceding the date of allocation of the BSA by the board of directors. Otherwise, warrants (BSA) function in the same manner as stock options.

The following table summarizes the activity and related weighted-average exercise prices (“WAEP”) and weighted-average remaining contractual term (“WACT”) of the Company’s stock options and warrants for the nine months ended September 30, 2020 (in thousands, except exercise price per option):

	Stock options outstanding	BSPCE warrants outstanding	BSA warrants outstanding	WAEP per share	WACT (in years)	Aggregate intrinsic value
Balance as of December 31, 2019	1,215	155	210	\$ 14.61	5.1	\$ 40,809
Granted	746	—	41	33.41		
Exercised	(192)	(23)	—	12.71		
Forfeited	(47)	(3)	(11)	33.63		
Balance as of September 30, 2020	1,722	129	240	\$ 21.82	6.1	\$ 37,203
Vested and expected to vest as of September 30, 2020	1,576	127	237	\$ 21.00	5.9	\$ 36,227
Exercisable as of September 30, 2020	1,056	125	199	\$ 15.86	4.4	\$ 33,240

The total intrinsic values of stock options and warrants exercised during the period ended September 30, 2020 was \$5.4 million.

Restricted Stock Units (RSUs)

RSUs vest upon either performance-based or service-based criteria.

Performance-based RSUs are typically granted such that they vest upon the achievement of certain software subscription sales targets, during a specified performance period, subject to the satisfaction of certain time-based service criteria. Compensation expense from these awards is equal to the fair market value of the Company’s ordinary shares on the date of grant and is recognized over the remaining service period based on the probable outcome of achievement of the financial metrics used in the specific grant’s performance criteria. Management’s estimate of the number of shares expected to vest is based on the anticipated achievement of the specified non-market performance criteria, which are assessed at each reporting period.

In general, service-based RSUs vest over a four years period, with 25% vesting on the one year anniversary of the grant and equal quarterly installments thereafter.

A summary of RSU activity under all of the plans as of September 30, 2020 is presented in the following table (in thousands, except the weighted-average grant date fair value per RSU):

	Number of service-based RSUs	Number of performance-based RSUs	Weighted-average grant date fair value
Balance as of December 31, 2019	1,924	384	\$ 44.96
Granted	1,144	411	37.88
Vested and released	(341)	(39)	46.75
Forfeited	(258)	(216)	43.21
Balance as of September 30, 2020	<u>2,469</u>	<u>540</u>	<u>\$ 41.97</u>
Expected to vest as of September 30, 2020	<u>2,013</u>	<u>321</u>	<u>\$ 42.49</u>

Employee Stock Purchase Plan

In the fourth quarter of 2017, the Company established the 2017 Employee Stock Purchase Plan (the “ESPP”), which was amended and restated in August 2020. In June 2020, the Company’s shareholders authorized 550,000 shares for future issuance under the ESPP, which supersedes and replaces the shares previously available for issuance under ESPP. The ESPP allows the Company’s employees to purchase ADSs, with each ADS representing one ordinary share of the Company, at a discount through payroll deductions up to 15% of their eligible compensation, subject to any plan limitations. The ESPP has two consecutive offering periods of approximately six months in length during the year and the purchase price of the ADSs is 85% of the lower of the fair value of the Company’s ADSs on the first trading day or on the last trading day of the offering period. A total of 473,930 ADSs are available for sale under the ESPP as of September 30, 2020. As of September 30, 2020, \$0.8 million has been withheld on behalf of employees for a future purchase under the ESPP and is recorded in accrued compensation benefits.

Compensation expense

Cost of revenue and operating expenses include employee share-based compensation expense as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenue - subscriptions	\$ 1,313	\$ 773	\$ 2,592	\$ 2,301
Cost of revenue - professional services	574	472	1,389	1,602
Sales and marketing	4,046	3,030	10,237	7,663
Research and development	1,413	2,680	7,085	8,098
General and administrative	4,688	2,084	12,284	6,621
Total share-based compensation expense	<u>\$ 12,034</u>	<u>\$ 9,039</u>	<u>\$ 33,587</u>	<u>\$ 26,285</u>

During fiscal year 2019, the Company decreased the estimated forfeiture rate as part of the Company’s annual assessment of the assumptions used in the calculation of share-based compensation expense. The adjustment resulted in higher expense recognized in periods subsequent to March 31, 2019.

As of September 30, 2020, the Company had \$56.0 million of total unrecognized share-based compensation expense relating to unvested stock options, employee warrants (BSPCE), warrants (BSA) and RSUs, which are expected to be recognized over a weighted-average period of approximately 1.8 years.

8. Commitments and Contingencies

Legal Proceedings

In the ordinary course of business, the Company may be involved in various legal proceedings and claims related to intellectual property rights, commercial disputes, employment and wage and hour laws, alleged securities laws violations or other investor claims and other matters. For example, the Company has been, and may in the future be, put on notice and sued by third parties for alleged infringement of their proprietary rights, including patent infringement. The Company evaluates these claims and lawsuits with respect to their potential merits, the Company’s potential defenses and counterclaims, and the expected effect on it of defending the claims and a potential adverse result. The Company is not presently a party to any legal proceedings that in

the opinion of its management, if determined adversely to it, would have a material adverse effect on its business, financial condition or results of operations.

The Company accrues estimates for resolution of legal proceedings when losses are probable and estimable. Although the results of legal proceedings and claims are unpredictable, the Company believes that there is less than a reasonable possibility that the Company will incur a material loss with respect to such legal proceedings and claims. As a result, the Company has not recorded an accrual for such contingencies as of September 30, 2020.

9. Income Tax

The Company provides for income taxes in interim periods based on the estimated annual effective tax rate for the year, adjusting for discrete items in the quarter in which they arise. The annual effective tax rate after discrete items was 0.1% and (1.0)% for the three months ended September 30, 2020 and 2019, respectively, and (0.1)% and (0.1)% for the nine months ended September 30, 2020 and 2019, respectively.

The 2020 and 2019 annual effective tax rates differed from the French statutory income tax rate of 28% for 2020 and 2019, primarily due to a valuation allowance on current year losses in most jurisdictions.

The Company files income tax returns in France, the U.S. federal jurisdiction, many U.S. states, as well as many foreign jurisdictions. The tax years 2005 to 2019 remain open to examination by the various jurisdictions in which the Company is subject to tax. Fiscal years outside the normal statutes of limitation remain open to audit by tax authorities due to tax attributes generated in those early years which have been carried forward and may be audited in subsequent years when utilized.

10. Related Party Transactions

As part of the Restlet SAS acquisition, the Company assumed debt totaling \$1.2 million related to advances for research and development projects from Bpifrance to Restlet SAS. The debt was completely paid during the second quarter of fiscal year 2020. There are no other material related party transactions that require disclosure.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “may”, “believe”, “can”, “intend”, “potential”, “designed to”, “expect”, “anticipate”, “estimate”, “predict”, “plan”, “targets”, “projects”, “likely”, “will”, “would”, “could”, “potential”, “continue”, “should”, “contemplate”, or similar expressions or phrases or the negative of these and similar expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Forward-looking statements include, but are not limited to, statements about:

- Our future financial performance, including our revenue, cost of revenue, gross profit or gross margin, operating expenses, expectations about our future cash flow, and ability to achieve and maintain profitability;
- The sufficiency of our cash and cash equivalents to meet our liquidity needs;
- Our expectation that as organizations adopt and scale out deployments of modern data technologies such as cloud data warehouses, machine learning, and big data processing, they will continue to use Talend to facilitate the integration of these technologies within their IT environments;
- Our plans to expand our non-U.S. presence to address the needs of our global customers and to acquire customers in new geographies;
- Our plans to invest in new product development, adding new features and services, increasing functionality, and enhancing our integration cloud infrastructure, which will increase research and development expenses in absolute dollars;
- Our plans to continue to invest additional resources in our cloud-based offerings and services and increased cost of third-party cloud infrastructure and hosting;
- The sufficiency of our security measures to protect our own proprietary and confidential information, as well as the personal information, personal data, and confidential information that we otherwise obtain, including confidential information we may obtain through customer usage;
- Our expectation that, over time, more of our existing customers will have subscription contracts with Annual Recurring Revenue, or ARR, of \$0.1 million or more;
- Our expectation that our dollar-based net expansion rate may decline as we scale our business and as a result of IT spending constraints in the current economic environment;
- Our expectation that our gross margin may fluctuate from period to period as a result of changes in the mix of our subscription and professional services revenue, and may decline as cloud-based offerings represent a growing portion of our total revenues;
- Our expectation that our cloud-based offerings will grow as a percentage of revenue;
- Our expectation that professional services revenue will decline as we work with more systems integrators and as our cloud-based offerings increase;
- Our expectation that we will continue to invest in sales and marketing by expanding our global promotional activities, building brand awareness, attracting new customers, and sponsoring additional marketing events, which may affect our sales and marketing costs in a particular quarter;
- Our expectation that research and development expenses will increase in absolute dollars as we invest in building the necessary employee and system infrastructure required to enhance existing and support development of new technologies and the integration of acquired businesses and technologies;
- Our plan to invest in training and retention of our sales team;
- Our expectations about changes in our general and administrative expenses as we invest in our infrastructure and incur additional employee-related costs and professional fees related to the growth of our business;
- Our expectation regarding the impact of risks related to foreign currency exchange rates and whether we will enter into derivative or hedging transactions;
- Our expectations regarding the impact of the novel coronavirus, or COVID-19 pandemic on economic activity, IT spending, financial markets, and our customers, partners, and employees; and
- Our expectation that our operating expenses will increase for the foreseeable future as we continue to develop our technology, enhance our product and services offerings, broaden our installed customer base, expand our sales channels, expand our operations and hire additional employees.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report. You should read thoroughly this Quarterly Report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect.

Actual results, levels of activity, performance or achievements may differ materially from those expressed or implied in the forward-looking statements as a result of various factors, including but not limited to: general economic conditions, including the impact on economic activity of the COVID-19 pandemic; the impact of COVID-19 on demand for our solutions, on our operations, and on our partners, vendors, customers, and employees; our ability to achieve profitability or positive cash flows; our ability to manage future growth and improve our systems and processes; our ability to increase sales of our solutions to new customers and sell additional products to existing customers; the growth and expansion of the market for our cloud-based offerings; our ability to successfully manage our transition to cloud-based products and a cloud oriented sales model; the impact of the transition to cloud on our professional services revenue; our ability to successfully manage our leadership transition; our ability to successfully expand into our existing markets and into new domestic and international markets; the length and predictability of our sales cycle; our ability to renew existing customers' subscriptions; the growth of the market for cloud-based offerings; our ability to maintain or improve our competitive position; our ability to predict, prepare for, and respond to rapidly evolving technological and market developments; our ability to raise additional capital or generate the capital necessary to expand our operations and invest in new products; our ability to satisfy customer demands or to achieve increased market acceptance of our cloud solutions; our ability to deliver high-quality professional services and customer support; the ability of our product offerings to operate with third-party products and services and our customers' existing infrastructure; our ability to hire, train and retain highly skilled and qualified employees, including senior level managers and engineers, and our ability to effectively expand and train our sales force; our ability to maintain relations with strategic partners and sales channel partners; our ability to sustain and expand our international business; the seasonality of our business; our ability to protect our proprietary technology and intellectual property rights; any disruption in or fraudulent or unauthorized access to our information technology systems and production environment, including a breach of cybersecurity; our ability to comply with existing and modified or new government laws and regulations, including privacy, security, data protection, export and import controls, anti-bribery, anti-corruption and anti-money laundering, and other laws and regulations; fluctuations in currency exchange rates; natural, man-made and other disasters, including pandemics; exposure to political, economic and social events in France, the United States, United Kingdom, China, and other jurisdictions in which we operate and have customers; our estimates and judgments relating to our critical accounting policies; and changes in accounting principles generally accepted in the United States.

We qualify all of our forward-looking statements by these cautionary statements. Other sections of this Quarterly Report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Furthermore, if any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this Quarterly Report relate only to events or information as of the date on which the statements are made in this Quarterly Report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements, related notes and other financial information included elsewhere in this Quarterly Report. The following discussion contains forward-looking statements, including, without limitation, our expectations and statements regarding our outlook and future revenue, expenses, results of operations, liquidity, plans, strategies and objectives of management and any assumptions underlying any of the foregoing. Our actual results could differ materially from those discussed in the forward-looking statements. Our forward-looking statements and factors that might cause future actual results to differ materially from our recent results or those projected in the forward-looking statements include, but are not limited to, those discussed in Part II, Item 1A. “Risk Factors”.

Overview

Our mission is to provide data intelligence for all users by delivering trusted data when and where is it needed. We are a key enabler of the data-driven enterprise where data is a strategic asset powering business. Talend Data Fabric allows customers in any industry to improve business performance by using their data to create new insights and to automate business processes. Our customers rely on our software to better understand their customers, offer new applications and services, and improve operations.

We had 1,376 employees as of September 30, 2020 and we plan to continue to grow our employee base to address the needs of our global customers as well as to acquire customers in new geographies. We also plan to continue to invest in new product development.

Our business model combines our open source approach with self-service trials of our commercial software and direct sales. We have been able to rapidly expand awareness and usage of our products through our free open source versions and self-service trials. This enables developers and users to download and try the free and paid versions of our products, creating sales leads for our more feature-rich commercial solutions. Users of our open source products often catalyze adoption of our commercial solutions by their organizations, primarily to benefit from enterprise-grade features that include the scaling out of our offering to a larger set of users, among others. Following an initial deployment of our paid subscription products, organizations often purchase more subscriptions or expand usage to additional products from our fully integrated suite after realizing the benefits of additional features or scale. We sell our product offerings as subscriptions based primarily on the number of users of our platform.

We generate the majority of our revenue from subscriptions of our commercial solution Talend Data Fabric. We primarily sell annual contracts billed in advance. Our subscription offering includes enterprise-grade features and capabilities to scale our solutions across production environments and customer infrastructures. These product features and capabilities include scheduling, management and monitoring of data integration flows, collaboration across a team of users and technical support. We also provide professional services to implement our solutions. Our subscription revenue represents a significant portion of our revenue, growing from 86% of our total revenue in the year ended December 31, 2018, to 88% in the year ended December 31, 2019, to 90% in the nine months ended September 30, 2020.

COVID-19 Update

COVID-19 was first reported in December 2019, and in January 2020, the World Health Organization (“WHO”) declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level, and the WHO characterized COVID-19 as a pandemic on March 11, 2020. Across the United States and the world, national and local governments instituted measures in an effort to control the spread of COVID-19.

Our first priority remains ensuring the safety and health of our employees, customers and others with whom we partner in conducting our business. In response to the pandemic, and in line with guidance provided by government agencies and international organizations, we temporarily closed our offices and requested our employees work remotely, suspended all non-essential travel and activated our business continuity plan so we can continue to support customers while protecting our employees. We continue, in the vast majority of instances, to operate our business remotely. We have also moved all in-person customer-facing events to virtual ones. To date, the pandemic, which has affected nearly all regions around the world, and preventive measures taken to contain or mitigate the pandemic, are adversely impacting economic activity and have caused and may continue to cause significant disruptions in the financial markets. The COVID-19 pandemic and resulting economic uncertainty has negatively impacted our business and we anticipate that it will continue to have an adverse impact on our results

of operations and financial performance. We cannot predict with any certainty the degree to, or the time period over, which we will be affected by this pandemic.

While we believe the pandemic has had certain impacts on our business, we do not believe there has been, nor are we anticipating, a material impact from the effects of the pandemic on our operations, financial condition, liquidity and capital and financial resources; however, the situation is rapidly changing and hard to predict and actual results may differ materially from our current expectations. The broader implications of the COVID-19 pandemic on our results of operations and overall financial performance remain uncertain, particularly because the full extent to which the COVID-19 pandemic may impact our results of operations and financial performance will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to, the duration and geographic spread of the pandemic, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. We have experienced and expect to continue to experience curtailed customer demand that could adversely impact our business, results of operations and overall financial performance in future periods. Specifically, we have experienced and expect to continue to experience impacts from reduced IT budgets of customers and potential customers resulting in deferred purchase decisions, delayed implementation of our products, reduced renewals of subscriptions by existing customers, and decreases in software license sales driven by channel partners. We also have experienced challenges in creating sales pipeline in the absence of in-person marketing events. We have seen and may see in the future a slowing in our collections of outstanding accounts receivable and requested changes in billing terms from some of our customers. Moreover, because of our subscription-based business model, the effect of the COVID-19 pandemic will not be fully reflected in our results of operations and overall financial performance until future periods. There has been no impact to our financial reporting systems, internal control over financial reporting, or any disclosure controls or procedures.

Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future. Specifically, difficult macroeconomic conditions, such as decreases in per capita income and levels of disposable income, increased and prolonged unemployment or a decline in business confidence and business investment as a result of the COVID-19 pandemic, could have a continuing adverse effect on the demand for some of our products. The degree of impact of the COVID-19 pandemic on our business will depend on several factors, such as the duration and the extent of the pandemic, as well as actions taken by governments, businesses and others in response to the pandemic, all of which continue to evolve and remain uncertain at this time. We have established a task force to actively monitor the ongoing COVID-19 pandemic situation and provide updates, current information, and support to our employees. We remain committed to serving our customers' needs and to providing creative and flexible customer support. We may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees, customers, partners, and shareholders. See the Risk Factors section for further discussion of the possible impact of the COVID-19 pandemic on our business.

New Accounting Standards

Refer to Note 1 contained in the "Notes to Condensed Consolidated Financial Statements" included in Part I of this Quarterly Report on Form 10-Q for further information.

Key Business Metrics

We review a number of metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key business metrics include the following:

Annual Recurring Revenue

We believe disclosing Annual Recurring Revenue ("ARR") provides greater clarity into our results because it is not affected by revenue recognition differences between our on-premise and cloud offerings, accounting changes, or contract duration. Our management uses ARR to monitor the growth of our subscription business. ARR represents the annualized recurring value of all active contracts at the end of a reporting period. ARR includes subscriptions for use of premise-based products and SaaS offerings and excludes original equipment manufacturer ("OEM") sales. Both multi-year contracts and contracts with terms less than one year are annualized by dividing the total committed contract value by the number of months in the subscription term and then multiplying by twelve.

Due to the significant portion of our customers who are invoiced in non-U.S. dollar denominated currencies, we also calculate our ARR growth rate on a constant currency basis, thereby removing the effect of currency fluctuation.

The following table summarizes ARR and its year-over-year growth rate on both an actual and constant currency basis as of the end of each reporting period since September 30, 2019. The year-over-year growth rate for each quarter was calculated

against the corresponding quarter in the prior year. We calculate ARR growth on a constant currency basis by applying the spot currency rate from the last day of the comparative period to the corresponding day in the current period. ARR growth for the period ended September 30, 2020 was driven by strong demand for our cloud-based solutions. During the three months ended September 30, 2020, our ARR was negatively impacted by the absence of in-person marketing events for demand generation, and reduced IT budgets as a result of the COVID-19 pandemic.

(Dollars in thousands)	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
ARR	\$ 224,761	\$ 243,137	\$ 245,943	\$ 255,926	\$ 268,906
Actual FX growth rate	24 %	23 %	20 %	17 %	20 %
Constant Currency growth rate	27 %	23 %	22 %	19 %	16 %

ARR does not have any standardized definition and is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or to replace either of those items. ARR is not a forecast and the active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers.

Cloud Annual Recurring Revenue

We believe disclosing Cloud Annual Recurring Revenue (“Cloud ARR”) provides greater clarity into our results because it is not affected by accounting changes or contract duration. Furthermore, the majority of new ARR comes from cloud and providing the metric enables investors to better understand our progress in our shift to cloud. Our management uses Cloud ARR to monitor the growth of our cloud subscription business. Cloud ARR represents the annualized recurring value of all active cloud-based subscription contracts at the end of a reporting period and excludes OEM sales. Both multi-year contracts and contracts with terms less than one year are annualized by dividing the total committed contract value by the number of months in the subscription term and then multiplying by twelve.

Due to the significant portion of our customers who are invoiced in non-U.S. dollar denominated currencies, we also calculate our Cloud ARR growth rate on a constant currency basis, thereby removing the effect of currency fluctuation.

The following table summarizes Cloud ARR and its year-over-year growth rate on both an actual and constant currency basis as of the end of each reporting period since September 30, 2019. We calculate Cloud ARR growth rate on a constant currency basis by applying the spot currency rate from the last day of the comparative period to the corresponding day in the current period. The year-over-year growth rate for each quarter was calculated against the corresponding quarter in the prior year. Cloud ARR growth for the period ended September 30, 2020 was driven by strong demand for our cloud-based solutions. During the three months ended September 30, 2020, our Cloud ARR was negatively impacted by the absence of in-person marketing events for demand generation, and reduced IT budgets as a result of the COVID-19 pandemic.

(Dollars in thousands)	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Cloud ARR	\$ 41,146	\$ 53,895	\$ 61,082	\$ 74,992	\$ 87,822
Actual FX growth rate	310 %	179 %	150 %	128 %	113 %
Constant Currency growth rate	319 %	179 %	154 %	130 %	109 %

Cloud ARR does not have any standardized definition and is therefore unlikely to be comparable to similarly titled measures presented by other companies. Cloud ARR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or to replace either of those items. Cloud ARR is not a forecast and the active contracts at the end of a reporting period used in calculating Cloud ARR may or may not be extended or renewed by our customers.

Subscription Revenue Growth Rate

Subscription revenue is primarily derived from the sale of subscription-based license agreements to our customers. The growth of our subscription revenue reflects our ability to renew subscriptions with our existing customers, expand the sales of existing and new products within our existing customer base and sell our products to new customers. We believe subscription revenue growth is an important performance metric because it reflects the adoption of our software.

Due to the significant portion of our customers who are invoiced in non-U.S. dollar denominated currencies, we also calculate our subscription revenue growth rate on a constant currency basis, thereby removing the effect of currency fluctuation

on our results of operations. Management uses the constant currency subscription growth rate to monitor the growth of our subscription business absent currency fluctuations.

The table below shows our subscription revenue growth rate on both an actual and constant currency basis for the past five quarters, calculated against the corresponding quarter in the prior year. We calculate revenue on a constant currency basis by applying the average monthly currency rate for each month in the comparative period to the corresponding month in the current period. Headwinds to sales and renewals related to the macroeconomic conditions resulting from the COVID-19 pandemic may impact subscription revenue growth.

	Three Months Ended				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Actual FX rates	23 %	21 %	22 %	16 %	20 %
Constant Currency	26 %	22 %	24 %	17 %	18 %

Number of Customers Above a Certain ARR Threshold

We believe our ability to increase the number of customers above a certain threshold is an indicator of our ability to penetrate large enterprise customers and is therefore monitored by management and we believe provides useful insight to investors. We track and disclose the number of customers that, as of the end of the relevant period, have ARR of \$0.1 million or more.

The following table summarizes on a quarterly basis since September 30, 2019 the number of customers that have, as of the end of the relevant period, ARR of \$0.1 million or more.

	Three Months Ended				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Customers count	540	593	598	614	642

As we continue to expand the sales of existing and new products within our existing customer base, over time we expect more of our existing customers will cross the \$0.1 million ARR threshold, driven particularly by cloud customers as we increasingly focus our resources on our cloud offerings and the overall market shifts to cloud. However, this increase may not materialize if we do not successfully renew subscriptions with our existing customers, particularly if our on-premise subscription business growth falls below our expectations.

Dollar-Based Net Expansion Rate

Our ability to generate and increase revenue is dependent on our ability to maintain and grow our relationships with our existing customers. We believe our ability to retain customers and expand their subscription revenue over time is an indicator of the stability of our revenue base and the long-term value of our customer relationships and is therefore monitored by management and, we believe, is useful information for investors. We track our performance in this area by measuring our dollar-based net expansion rate. Our dollar-based net expansion rate increases when customers expand their number of subscribed users or use additional Talend Data Fabric components. Our dollar-based net expansion rate is reduced when customers reduce their number of subscribed users, use fewer Talend Data Fabric components, or cease to be customers.

We calculate our dollar-based net expansion rate by dividing our recurring customer revenue by our base revenue. We define base revenue as the subscription revenue we recognized from all customers during the four quarters ended one year prior to the date of measurement. We define our recurring customer revenue as the subscription revenue we recognized during the four quarters ended on the date of measurement from the same customer base included in our measure of base revenue, including revenue resulting from additional sales to those customers. This analysis excludes revenue derived from our OEM sales. We expect our dollar-based net expansion rate to potentially decline as we scale our business, particularly as we continue to focus on increasing sales of our cloud-based solutions to new customers and market demand for on-premise solutions continues to slow. Further, we may experience greater customer loss or reduction in contract renewals due to customers' IT budgetary constraints related to COVID-19 and the current macroeconomic environment, which would negatively impact this measure.

Due to the significant portion of our customers who are invoiced in non-U.S. dollar denominated currencies, we also calculate our dollar-based net expansion rate on a constant currency basis, thereby removing the effect of currency fluctuation.

The following table summarizes our quarterly dollar-based net expansion rate since September 30, 2019 on both an actual and constant currency basis. We calculate dollar-based net expansion rate on a constant currency basis by applying the average monthly currency rate for each month in the comparative period to the corresponding month in the current period.

	Three Months Ended				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Actual FX rates	110 %	108 %	109 %	108 %	107 %
Constant Currency	113 %	111 %	111 %	110 %	107 %

Free Cash Flow

To provide additional information regarding our financial results, we use free cash flow, a financial measure not calculated in accordance with GAAP, within this Quarterly Report. We define free cash flow as net cash from (used in) operating activities less net cash used in investing activities for purchases of property and equipment and intangible assets, except for those acquired as part of a business combination. We have included free cash flow in this Quarterly Report because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. We believe that free cash flow provides investors useful information in understanding and evaluating our results of operations in the same manner as our management and board of directors. Although free cash flow measures are frequently used by investors and securities analysts in their evaluation of companies, free cash flow measures each have limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our cash flows as reported under GAAP. Free cash flow as defined by us may not be comparable to similar measures used by other companies.

The table below shows our free cash flow for each of the three and nine months ended September 30, 2020 and 2019, and a reconciliation to the most directly comparable GAAP measure for such period (in thousands). We expect free cash flow during fiscal year 2020 to be negatively affected by headwinds to sales and renewals related to the macroeconomic conditions resulting from the COVID-19 pandemic.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net cash used in operating activities	\$ (10,733)	\$ (10,785)	\$ (22,984)	\$ (16,406)
Less: Acquisition of property & equipment	2,487	520	5,652	2,064
Free Cash Flow	<u>\$ (13,220)</u>	<u>\$ (11,305)</u>	<u>\$ (28,636)</u>	<u>\$ (18,470)</u>

Results of Operations

The following table sets forth our consolidated statement of operations (in thousands). The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Consolidated statements of operations				
Revenue				
Subscriptions	\$ 65,985	\$ 54,952	\$ 187,779	\$ 157,432
Professional services	6,717	7,484	20,780	22,975
Total revenue	72,702	62,436	208,559	180,407
Cost of revenue (1)				
Subscriptions	10,553	7,976	27,524	23,782
Professional services	6,065	6,772	19,065	21,925
Total cost of revenue	16,618	14,748	46,589	45,707
Gross profit	56,084	47,688	161,970	134,700
Operating expenses (1)				
Sales and marketing	40,686	33,240	118,470	102,428
Research and development	16,836	15,552	50,409	46,987
General and administrative	16,796	12,163	47,448	34,191
Total operating expenses	74,318	60,955	216,327	183,606
Loss from operations	(18,234)	(13,267)	(54,357)	(48,906)
Interest income (expense), net	(2,063)	(631)	(5,790)	(637)
Other income (expense)	(62)	396	203	(189)
Loss before benefit (provision) for income taxes	(20,359)	(13,502)	(59,944)	(49,732)
Benefit (provision) for income taxes	18	(9)	(48)	(48)
Net loss for the period	\$ (20,341)	\$ (13,511)	\$ (59,992)	\$ (49,780)

⁽¹⁾ Amounts include share-based payment and amortization of acquired intangibles expense, as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenue - subscriptions	\$ 1,313	\$ 773	\$ 2,592	\$ 2,301
Cost of revenue - professional services	574	472	1,389	1,602
Sales and marketing	4,046	3,030	10,237	7,663
Research and development	2,340	3,587	9,826	10,834
General and administrative	5,100	2,496	13,521	7,859
Total share-based payment and amortization of acquired intangibles expense	\$ 13,373	\$ 10,358	\$ 37,565	\$ 30,259

The following table sets forth our results of operations data for each of the periods indicated as a percentage of total revenue.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue				
Subscriptions	91 %	88 %	90 %	87 %
Professional services	9 %	12 %	10 %	13 %
Total revenue	100 %	100 %	100 %	100 %
Total cost of revenue	23 %	24 %	22 %	25 %
Gross profit	77 %	76 %	78 %	75 %
Operating expenses				
Sales and marketing	56 %	53 %	57 %	57 %
Research and development	23 %	25 %	24 %	26 %
General and administrative	23 %	19 %	23 %	19 %
Total operating expenses	102 %	97 %	104 %	102 %
Loss from operations	(25)%	(21)%	(26)%	(27)%
Interest income (expense), net	(3)%	(1)%	(3)%	— %
Other income (expense)	— %	1 %	— %	— %
Loss before benefit (provision) for income taxes	(28)%	(21)%	(29)%	(27)%
Benefit (provision) for income taxes	— %	— %	— %	— %
Net loss for the period	(28)%	(21)%	(29)%	(27)%

Revenue

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Subscriptions	\$ 65,985	\$ 54,952	\$ 11,033	20 %	\$ 187,779	\$ 157,432	\$ 30,347	19 %
Professional services	6,717	7,484	\$ (767)	(10)%	20,780	22,975	\$ (2,195)	(10)%
Total revenue	\$ 72,702	\$ 62,436	\$ 10,266	16 %	\$ 208,559	\$ 180,407	\$ 28,152	16 %

We primarily derive our revenue from the sale of subscriptions and professional services engagements.

Subscription revenue consists of fees earned from arrangements to provide customers with the right to use our commercial software either in a cloud-based infrastructure that we provide or installed within the customer's own environment. Our subscriptions include unspecified future updates, upgrades and enhancements and technical product support that includes single offering customer success packages comprised of initial onboarding, technical advice, mission critical support, and training.

Professional services revenue consists of fees earned for consulting engagements related to the deployment and configuration of our product offering, training customers and associated expenses. Consulting engagements consist of time-based arrangements for which the revenue is recognized using a time and materials basis. Training revenue results from contracts to provide educational services to customers and partners regarding the use of our technologies and is recognized as delivered. We expect professional services revenue will decline as we work with more systems integrators, who assist with the implementation of our solutions, as our cloud-based offerings increase because cloud customers typically demand fewer professional services, and potential project implementation delays resulting from the COVID-19 pandemic.

Total revenue increased \$10.3 million, or 16%, for the three months ended September 30, 2020 compared to the corresponding period in 2019. The increase in revenue was attributable to an increase in subscription revenue, partially offset by a decrease in professional services revenue.

Subscription revenue increased \$11.0 million, or 20%, for the three months ended September 30, 2020 compared to the corresponding period in 2019. The increase in subscription revenue was primarily attributable to greater demand for our cloud-

based solutions, which grew by over 100% in the three months ended September 30, 2020 compared to the corresponding period in 2019.

Professional services revenue decreased \$0.8 million, or 10%, for the three months ended September 30, 2020 compared to the corresponding period in 2019, primarily due to lower demand for professional services resulting from the increasing proportion of cloud-based solutions as a percentage of our sales. Customers of our cloud-based solutions typically have lower demand for our professional services.

Total revenue increased \$28.2 million, or 16%, for the nine months ended September 30, 2020 compared to the corresponding period in 2019. The increase in revenue was attributable to an increase in subscription revenue, partially offset by a decrease in professional services revenue.

Subscription revenue increased \$30.3 million, or 19%, for the nine months ended September 30, 2020 compared to the corresponding period in 2019. The increase in subscription revenue was primarily attributable to greater demand for our cloud-based solutions.

Professional services revenue decreased \$2.2 million, or 10%, for the nine months ended September 30, 2020 compared to the corresponding period in 2019, primarily due to lower demand for professional services resulting from the increasing proportion of cloud-based solutions as a percentage of our sales. Customers of our cloud-based solutions typically have lower demand for our professional services.

Subscription revenues by geography were as follows for the three and nine months ended September 30, 2020 and 2019 (in thousands):

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Americas	\$ 31,219	\$ 25,651	\$ 5,568	22 %	\$ 87,295	\$ 72,177	\$ 15,118	21 %
EMEA	26,800	23,971	2,829	12 %	78,882	70,473	8,409	12 %
Asia Pacific	7,966	5,330	2,636	49 %	21,602	14,782	6,820	46 %
Total subscription revenue	\$ 65,985	\$ 54,952	\$ 11,033	20 %	\$ 187,779	\$ 157,432	\$ 30,347	19 %

Cost of Revenue

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Cost of subscription	\$ 10,553	\$ 7,976	\$ 2,577	32 %	\$ 27,524	\$ 23,782	\$ 3,742	16 %
Cost of professional services	6,065	6,772	(707)	(10)%	19,065	21,925	(2,860)	(13)%
Total cost of revenue	\$ 16,618	\$ 14,748	\$ 1,870	13 %	\$ 46,589	\$ 45,707	\$ 882	2 %
Gross Profit	\$ 56,084	\$ 47,688	\$ 8,396	18 %	\$ 161,970	\$ 134,700	\$ 27,270	20 %
Gross Margin	77 %	76 %			78 %	75 %		

Cost of subscription revenue consists primarily of employee-related costs, including salaries and bonuses, share-based payment expense, and employee benefit costs associated with our customer support organization, including our customer success team. It also includes expenses related to hosting and operating our cloud infrastructure, licensing of third-party intellectual property and related overhead. We intend to continue to invest additional resources in our cloud-based offering and services and expect that the cost of third-party infrastructure and hosting fees will increase over time as we sell more of our cloud-based products.

Cost of professional services revenue consists primarily of personnel costs for employees including salaries and bonuses, share-based payment expense and employee benefit costs and fees to external consultants associated with our professional service contracts, travel costs and allocated shared costs.

Total cost of revenue for the three months ended September 30, 2020 increased \$1.9 million, or 13%, compared to the corresponding period in 2019 driven by higher cost of subscription revenue partially offset by lower cost of professional services revenue.

Cost of subscription revenue increased \$2.6 million, or 32% for the three months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily attributable to an increase in employee compensation expenses of \$1.5 million, which resulted from increased headcount and share-based compensation, and an increase in hosting support costs for our cloud-based offerings of \$0.7 million as a result of the increase of purchases of our cloud solutions.

Cost of professional services revenue decreased \$0.7 million, or 10%, for the three months ended September 30, 2020 compared to the corresponding period in 2019, primarily due to a decrease of \$0.5 million in travel and entertainment expenses due to the impact of COVID-19 and a decrease in consultant fees of \$0.5 million because of lower demand for professional services resulting from the increasing proportion of cloud-based solutions as a percentage of our sales. The decreases in expenses were partially offset by an increase of \$0.3 million in employee compensation expenses, IT-related costs and other operation costs.

Total cost of revenue for the nine months ended September 30, 2020 increased \$0.9 million, or 2%, compared to the corresponding period in 2019 driven by higher cost of subscription revenue partially offset by lower cost of professional services revenue.

Cost of subscription revenue increased \$3.7 million, or 16%, for the nine months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily attributable to an increase in hosting support costs for our cloud-based offerings of \$2.1 million as a result of the increase of purchases of our cloud-based solutions, an increase in employee compensation expenses of \$1.4 million, which resulted from an increase in headcount, and an increase in office and operational expenses of \$0.8 million. The increases in expense were partially offset by a decrease of \$0.7 million in travel and entertainment expenses due to the impact of COVID-19.

Cost of professional services revenue decreased \$2.9 million, or 13%, for the nine months ended September 30, 2020 compared to the corresponding period in 2019, primarily due to a decrease of \$1.6 million in travel and entertainment expenses due to the impact of COVID-19, a decrease of \$1.0 million in consultant fees because of lower demand for professional services resulting from the increasing proportion of cloud-based solutions as a percentage of our sales, and a decrease in employee compensation expenses of \$0.4 million, which resulted from a decrease in headcount.

Sales and Marketing

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Sales and Marketing	\$ 40,686	\$ 33,240	\$ 7,446	22 %	\$ 118,470	\$ 102,428	\$ 16,042	16 %

Sales and marketing expenses consist primarily of salaries, sales commissions and related expenses, including share-based payment expense, for our sales and marketing employees, marketing programs and related overhead. We plan to continue to invest in sales and marketing by expanding our global promotional activities, building brand awareness, attracting new customers and sponsoring additional marketing events. The timing of these events, such as our annual sales kickoff, will affect our sales and marketing costs in a particular quarter. We plan to invest in training and retention of our sales team.

Sales and marketing expenses increased \$7.4 million, or 22%, in the three months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily due to a \$5.9 million increase in employee compensation expenses, which resulted from increased headcount and share-based compensation, an increase in online marketing costs of \$2.0 million as we shifted from in person events, and an increase in IT-related costs, office and other operational expenses of \$0.7 million. These increases were partially offset by a decrease in travel and entertainment expenses of \$1.3 million due to the impact of COVID-19.

Sales and marketing expenses increased \$16.0 million, or 16%, in the nine months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily due to a \$14.9 million increase in employee compensation expenses, which resulted from increased headcount and share-based compensation, an increase in online marketing costs of \$2.6 million as we shifted from in person events, and an increase in IT-related costs, office and other operational expenses of \$2.5 million. These increases were partially offset by a decrease in travel and entertainment expenses of \$3.9 million due to the impact of COVID-19.

Research and Development

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Research and Development	\$ 16,836	\$ 15,552	\$ 1,284	8 %	\$ 50,409	\$ 46,987	\$ 3,422	7 %

Research and development expenses consist primarily of salaries and related expenses, including share-based payment expense, contractor software development costs and related overhead, as well as amortization of acquired developed technology, less any research and development subsidies. We expect that research and development expenses will increase in absolute dollars as we invest to build the necessary employee and system infrastructure required to enhance existing and support development of new technologies and the integration of acquired businesses and technologies.

Research and development expenses increased \$1.3 million, or 8%, in the three months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily due to a \$2.5 million increase in employee compensation expenses, which resulted from increased headcount, consultant fees and fees incurred in connection with reorganizational activities. Higher IT-related costs also contributed \$0.3 million to the increase in expenses. These increases were partially offset by a decrease in share-based compensation of \$1.3 million in connection with reorganizational activities and a decrease in travel and entertainment expenses of \$0.3 million due to the impact of COVID-19.

Research and development expenses increased \$3.4 million, or 7%, in the nine months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily due to a \$5.4 million increase in employee compensation expenses, which resulted from increased headcount, consultant fees and fees incurred in connection with reorganizational activities. Higher IT-related costs also contributed \$0.7 million to increased expenses. These increases were partially offset by a decrease in office and other operational expenses of \$1.4 million, a decrease of \$1.0 million in share-based compensation expense in connection with reorganizational activities, and a decrease in travel and entertainment expenses of \$0.6 million due to the impact of COVID-19.

General and Administrative

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
General and Administrative	\$ 16,796	\$ 12,163	\$ 4,633	38 %	\$ 47,448	\$ 34,191	\$ 13,257	39 %

General and administrative expenses consist of salaries and related expenses, including share-based payment expense, for finance, legal, human resources and information systems management personnel, as well as external legal, accounting and other professional fees, other corporate expenses and related overhead. We expect that general and administrative expenses will increase as we invest in our infrastructure and we incur additional employee-related costs and professional services related to the growth of our business.

General and administrative expenses increased \$4.6 million, or 38%, in the three months ended September 30, 2020, compared to the corresponding period in 2019. The increase was primarily due an increase in employee compensation expenses of \$4.8 million, which resulted from increased headcount, share-based compensation and consultant fees for business optimization, and an increase software license costs of \$0.4 million. These increases were partially offset by allocations of IT-related costs and other operational costs of \$0.7 million.

General and administrative expenses increased \$13.3 million, or 39%, in the nine months ended September 30, 2020, compared to the corresponding period in 2019. The increase was primarily due higher employee compensation expenses of \$10.3 million, audit and professional fees of \$3.4 million, software license costs of \$1.2 million and insurance costs of \$0.8 million. The increase in employee compensation expense is due to an increase in employee headcount, consultant fees for business optimization, fees incurred in connection with reorganizational activities, and share-based compensation expense related to one-time impact of adjustments to the performance metrics of performance-based stock units granted in 2019 as part of the annual executive equity incentive cycle. These increases were partially offset by allocations of IT-related costs and other costs of \$1.8 million and a decrease in travel and entertainment expenses of \$0.6 million due to the impact of COVID-19.

Interest income (expense), net

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Interest income (expense), net	\$ (2,063)	\$ (631)	\$ (1,432)	NM	\$ (5,790)	\$ (637)	\$ (5,153)	NM

Interest income (expense), net consists primarily of the interest associated with our outstanding debt obligations, including the amortization of debt issuance costs, and interest income from our investments in money market securities.

Interest income (expense), net changed unfavorably by \$1.4 million in the three months ended September 30, 2020, compared to the corresponding period in 2019. The change was primarily due to an increase of \$1.5 million in contractual interest expense and amortization of debt discount and issuance costs from the issuance of our 1.75% Convertible Senior Notes due September 1, 2024, or our 2024 Notes.

Interest income (expense), net changed unfavorably by \$5.2 million in the nine months ended September 30, 2020, compared to the corresponding period in 2019. The change was primarily due to an increase of \$5.3 million in contractual interest expense and amortization of debt discount and issuance costs from the issuance of our 1.75% Convertible Senior Notes due September 1, 2024, or our 2024 Notes.

Other income (expense), net

(Dollars in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Other income (expense), net	\$ (62)	\$ 396	\$ (458)	NM	\$ 203	\$ (189)	\$ 392	NM

Other income (expense), net changed unfavorably by \$0.5 million in the three months ended September 30, 2020, compared to the corresponding period in 2019. The change is primarily due to fluctuations in foreign exchange rates, which impact our foreign currency denominated monetary assets and liabilities.

Other income (expense), net changed favorably by \$0.4 million in the nine months ended September 30, 2020, compared to the corresponding period in 2019. The change is primarily due to fluctuations in foreign exchange rates, which impact our foreign currency denominated monetary assets and liabilities.

Liquidity and Capital Resources

(In thousands)	Nine Months Ended September 30,	
	2020	2019
Cash used in operating activities	\$ (22,984)	\$ (16,406)
Cash used in investing activities	(5,652)	(2,064)
Cash from financing activities	6,684	158,152
Net increase (decrease) in cash and cash equivalents	\$ (21,952)	\$ 139,682

Through September 30, 2020, we have financed our operations primarily through cash received from customers for subscriptions of our software and professional services, as well as equity and equity-linked financings. In 2019, we received net proceeds, after deducting discounts and commission to the initial purchasers and issuance expenses, of \$147.5 million from the issuance of our 2024 Notes. In connection with the issuance of our 2024 Notes, we terminated our secured revolving credit facility. As of September 30, 2020, we had \$160.5 million of cash and cash equivalents. We believe that our current cash and cash equivalents will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months, despite the uncertainty in the changing market and economic conditions resulting from the COVID-19 pandemic.

Our future capital requirements will depend on many factors, including our growth rate, and the timing and extent of our spending to support our operating expenses and strategic investments. In the event that we require or choose to seek financing from outside sources, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when needed or desired, our business, results of operations and financial condition could be adversely affected.

Operating Activities

During the nine month period ended September 30, 2020, operating activities used \$23.0 million in cash as a result of net loss of \$60.0 million and an unfavorable impact of \$22.5 million from changes in working capital, primarily driven by decreases in deferred revenue and accrued expenses and other current liabilities and an increase in contract acquisition costs. These unfavorable changes were offset by non-cash charges of \$59.4 million

During the nine month period ended September 30, 2019, operating activities used \$16.4 million in cash as a result of a net loss of \$49.8 million, and a \$11.5 million unfavorable impact from changes in working capital, offset by non-cash charges of \$44.9 million.

Investing Activities

Cash used in investing activities for the nine month period ended September 30, 2020 was \$5.7 million. Investing activities consist primarily of capital expenditures to purchase furniture and equipment to support additional office space as well as miscellaneous information technology equipment for our employees and software licenses.

Cash used in investing activities for the nine month period ended September 30, 2019 was \$2.1 million. Investing activities consist primarily of capital expenditures to purchase furniture and equipment to support additional office space as well as miscellaneous information technology equipment for our employees.

Financing Activities

Cash from financing activities for the nine month period ended September 30, 2020 was \$6.7 million. Financing proceeds for the nine month period ended September 30, 2020 was primarily driven by \$2.7 million of proceeds from the exercise of employee stock awards and \$4.6 million of proceeds received from employees as part of the Company's employee stock purchase plan. The proceeds were partially offset by \$0.7 million from the repayment of the Bpifrance loan.

Cash from financing activities for the nine month period ended September 30, 2019 was \$158.2 million. Financing proceeds for the nine month period ended September 30, 2019 was driven by \$149.1 million of net proceeds from the issuance of the 2024 Notes (after deducting the initial purchasers' discount), \$4.4 million of proceeds from the exercise of employee stock awards and \$4.7 million of proceeds received from employees as part of the Company's employee stock purchase plan.

Off-Balance Sheet Arrangements

As of September 30, 2020, we did not have any relationships with any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations as a result of changes in foreign currency exchange rates. Our sales contracts are generally denominated in the local currency of the entity with which they are contracted. Our operating expenses are generally denominated in the local currencies of the countries where our operations are located. Most of our expenses are incurred in euros and U.S. dollars. Fluctuations in foreign currencies impact the amount of total assets, liabilities, revenues, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. As the U.S. dollar fluctuates against certain international currencies, the amounts of revenue and deferred revenue that we report in U.S. dollars for foreign subsidiaries that transact in international currencies may also fluctuate relative to what we would have reported using a constant currency rate.

For the nine months ended September 30, 2020, approximately 54% of our revenue and approximately 56% of aggregate cost of sales and operating expenses were generated in currencies other than U.S. dollars. For the year ended December 31, 2019 approximately 54% of our revenue and approximately 56% of aggregate cost of sales and operating expenses were generated in currencies other than U.S. dollars. We have not entered into derivatives or hedging transactions, as our exposure to foreign currency exchange rates has historically been partially hedged as our euro denominated inflows have covered our euro denominated expenses and our U.S. dollar denominated inflows have covered our U.S. dollar denominated expenses. However, we may enter into derivative or hedging transactions in the future if our exposure to foreign currency should become more significant. For the periods ended September 30, 2020 and December 31, 2019, a hypothetical 10% increase or decrease in the

foreign exchange rate of the euro to the U.S. dollar would lead to a corresponding increase or decrease of the consolidated net loss to the Company of approximately \$5.3 million and \$3.9 million, respectively.

Interest Rate Risk

We had cash and cash equivalents of \$160.5 million and \$177.1 million at September 30, 2020 and December 31, 2019, respectively. The carrying amount of our cash equivalents reasonably approximates fair value, as a result of the short maturities of investment instruments used. The primary objective of our investment activities is the preservation of capital, and we do not enter into investments for trading or speculative purposes. A large majority of short-term and long-term investments we hold are in the form of term deposits with fixed interest rates, thereby limiting their exposure related to interest rate fluctuations. A hypothetical 10% increase or decrease in interest rates would not have a material impact on our financial statements during either of the periods ended September 30, 2020 and December 31, 2019.

In September 2019, we issued €139.8 million aggregate principal amount of 1.75% Convertible Senior Notes due September 1, 2024 (the “2024 Notes”). The 2024 Notes have a fixed annual interest rate of 1.75% and, therefore, we do not have economic interest rate exposure on the 2024 Notes. However, the fair value of the 2024 Notes is exposed to interest rate risk. Generally, the fair market value of the fixed interest rate 2024 Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the 2024 Notes fluctuates when the market price of our ADSs fluctuate. We carry the 2024 Notes at face value less unamortized discount and issuance costs on our balance sheet, and we present the fair value for required disclosure purposes only.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of September 30, 2020, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level due to a material weakness in internal control over financial reporting that was disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. The material weakness relates to the assumptions in the stand-alone selling price (SSP) model used to determine the allocation of the transaction price to each performance obligation of on-premise subscriptions, where we did not sufficiently maximize the use of observable inputs relating to the useful life of the intellectual property used in the SSP model for the on-premise subscription transactions.

Remediation

As previously described in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, we began implementing a remediation plan to address the material weakness mentioned above. The material weakness will not be considered remediated, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal year 2020.

Changes in Internal Control Over Financial Reporting

Other than the changes intended to remediate the material weakness noted above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is

reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that a vast majority of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the impact of the COVID-19 pandemic situation on our internal controls to minimize its effect on their design and operating effectiveness.

Inherent Limitations on Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The information set forth under Note 8 in the notes to the consolidated financial statements under the caption "Legal Proceedings" is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

You should carefully consider the risks described below and all other information contained in this Quarterly Report and the Annual Report on Form 10-K filed with the SEC on March 17, 2020. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that event, the market price of the ADSs could decline. In addition, the impact of the COVID-19 pandemic and any worsening of the economic environment may exacerbate the risks described below, any of which could have a material impact on us. This situation is changing rapidly and additional impacts may arise that we are not aware of currently. This Quarterly Report also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in this Quarterly Report. See "Special Note Regarding Forward-Looking Statements" above.

Summary Risk Factors

Investing in our ADSs involves a high degree of risk because our business is subject to numerous risks and uncertainties, as fully described below. The principal factors and uncertainties that make investing in our ADSs risky include, among others:

- The effects of the global COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.
- We have a history of losses and may not be able to achieve profitability or positive cash flows on a consistent basis. If we cannot achieve profitability or positive cash flows, our business, financial condition and results of operations may suffer.
- Our business and operations have experienced rapid growth, and if we do not appropriately manage any future growth or are unable to improve our systems and processes, our business, financial condition, results of operations and prospects will be adversely affected.
- If we are unable to increase sales of our solution to new customers and sell additional products to our existing customers, our future revenue and results of operations will be harmed.
- The market for our cloud-based offerings is relatively new, unproven and evolving, and our future success depends on the growth and expansion of such market and our ability to adapt and respond effectively to an evolving market.
- If we fail to successfully manage our business model transition to cloud-based offerings and a cloud oriented sales model, our results of operations could be negatively impacted.
- If we are not successful in executing our strategy to increase sales of our solution to new and existing large enterprise customers, our operating results may suffer.
- Recent significant changes to our leadership team and the resulting management transitions might harm our future operating results.
- We depend on a highly skilled workforce, our executive officers and members of our leadership team. An inability to retain and attract highly skilled employees or the loss of one or more of our executive officers or members of our leadership team could harm our business.
- We rely significantly on revenue from subscriptions, which may decline and, because we recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, downturns or upturns in sales are not immediately reflected in full in our results of operations.
- If our existing customers terminate or do not renew their subscriptions, it could have an adverse effect on our business and results of operations.

- Our future success depends in large part on the growth of the market for cloud data management and an increase in the desire to ingest, store and process data in the cloud, and the market for cloud data warehouses and applications may not grow as expected and, even if such growth occurs, our business may not grow at similar rates, or at all.
- We face intense competition in our market and we may lack sufficient financial or other resources to maintain or improve our competitive position.
- Because of the characteristics of open source software, there are few technological barriers to entry into the open source market by new competitors and it may be relatively easy for competitors, some of whom may have greater resources than we have, to enter our markets and compete with us. Further, our use of open source software could negatively affect our ability to sell our solution and subject us to possible litigation.
- We may acquire other businesses which could require significant management attention, disrupt our business, dilute shareholder value and adversely affect our results of operations.
- Our relatively limited operating history makes it difficult to evaluate our current business and prospects and may increase the risks associated with your investment.
- The competitive position of our product offerings depends in part on their ability to operate with third-party products and services and our customers' existing infrastructure.
- Our current research and development efforts may not produce successful products or features that result in significant revenue, cost savings or other benefits in the near future, if at all.
- Failure to protect our proprietary technology and intellectual property rights could substantially harm our business and results of operations.
- We have incurred substantial indebtedness that may decrease our business flexibility, access to capital, and/or increase our borrowing costs, and we may still incur substantially more debt, which may adversely affect our operations and financial results.
- Provisions in the indenture for our 2024 Notes could discourage or make more difficult certain corporate actions.
- We have identified a material weakness in our internal control over financial reporting that, if not properly remediated, could adversely affect our business, financial condition, and results of operations, and investor confidence and the market price of our ADSs.

Risks Related to Our Business and Industry

Prolonged economic uncertainties or downturns could harm our business.

Current or future economic downturns, fear or anticipation of such conditions, or uncertainty as to how the U.S. or foreign governments will act with respect to the outbreak of the novel coronavirus (COVID-19), tariffs, and international trade agreements and policies, could harm our business and results of operations, cause a decrease in corporate spending on enterprise software in general and slow down the rate of growth of our business. In addition, financial and credit market fluctuations, the impact and uncertainty regarding global central bank monetary policy, changes in interest rates and inflation, changes in international trade relationships and trade disputes between the U.S. and other countries, instability in the geopolitical environment as a result of the withdrawal of the United Kingdom "Brexit" from the European Union, economic challenges in China, and terrorist attacks in the United States, Europe or elsewhere, individually or collectively, could negatively affect the U.S. and global macroeconomic environment. A prolonged period of economic uncertainty or a downturn may also significantly affect financing markets including the availability of capital and the terms, cost and conditions of financing arrangements, including the overall cost of financing. Circumstances may arise in which we need, or desire, to raise additional capital, and such capital may not be available on commercially reasonable terms, or at all.

The U.S. and global macroeconomic environment is currently being negatively affected by the COVID-19 pandemic. The current worldwide economic conditions attributable to the COVID-19 pandemic have made it challenging for our customers and us to forecast and plan future business activities accurately and has caused and could continue to cause customers to reevaluate their decision to purchase our products, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. In fact, a limited number of prospective customers have delayed or canceled planned purchases of our products and some existing customers reduced or have not renewed contracts in light of the COVID-19 pandemic, new IT budget approval processes, and current economic conditions. We anticipate that the current global macroeconomic conditions will result in slower

revenue growth across our business as a result of fewer purchases by new customers, decisions by customers not to increase, or even decrease, the size of their contracts with us when their contracts are up for renewal, and lower renewal rates. Furthermore, during these challenging economic times our customers may face issues in gaining timely access to sufficient credit, which could impair their ability to make timely payments to us. If that were to occur, we may be required to, among other things, increase our allowance for doubtful accounts, grant payment concessions or modify payment terms, which would harm our results of operations. For example, in March we saw an increase in the days outstanding of our accounts receivables and requests from certain customers for extended payment terms and flexibility. These trends have since stabilized and improved. However, at this time, we cannot ascertain the expected impact, if any, of the fluctuations we have observed in days outstanding and extended or more flexible payment terms for certain of our customers on our future results of operations, cash flows or financial condition. We have a significant number of customers in industries highly impacted by the COVID-19 pandemic, including the travel and hospitality, retail, and energy industries. Current macroeconomic conditions have caused and may cause firms in certain of these and any other impacted industries to react to current economic conditions by reducing their capital expenditures in general or by specifically reducing their spending on information technology. Customers in industries affected by current macroeconomic conditions may delay or cancel information technology projects or seek to lower their costs by renegotiating vendor contracts. To the extent purchases of our offerings are perceived by customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general information technology spending. Also, subscription customers may choose to develop or utilize in-house support capabilities as an alternative to purchasing our subscription offerings. Moreover, competitors may respond to market conditions by lowering prices of subscription offerings. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our subscription offerings.

We cannot predict the timing, depth or duration of the current economic slowdown, generally or within any particular geographic region or industry. If the economic conditions of the general economy or industries in which we operate remain subdued or worsen from present levels, our business, results of operations, financial condition and cash flows could be adversely affected.

The effects of the global COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

In December 2019, COVID-19 was reported in China, in January 2020 the WHO declared it a Public Health Emergency of International Concern, and in March 2020 the WHO declared it a pandemic. This contagious disease outbreak has continued to spread across the globe and is impacting worldwide economic activity and financial markets. In light of the rapidly evolving situation relating to the spread of COVID-19 and relevant government orders, we have taken measures intended to minimize the risk of the virus to our employees, our customers, and the communities in which we operate, which could negatively impact our business. We are generally requiring all employees around the globe to work remotely. We continue to monitor and safeguard our systems, networks and data; however, the unprecedented scale of remote work may require additional personnel and resources, which nevertheless cannot be guaranteed to fully safeguard all systems, networks, and data upon which we rely. We also have suspended all non-essential travel worldwide for our employees. While we have a distributed workforce and our employees are accustomed to working remotely or working with other remote employees, our workforce is not fully remote. Our employees travel frequently to establish and maintain relationships with one another, our customers and prospective customers, partners, and investors. In addition, we hold in-person marketing events to generate sales leads for our products and restrictions on in-person gatherings have affected our marketing efforts by limiting them to virtual events and digital channels, which may not prove as effective at building sales leads. Further, some projects to assist our customers to implement our software also require presence at the customer's site and as a result some implementation projects have been and others in the future may be delayed. In addition, current social distancing measures could: negatively affect our sales efforts and our ability to enter into customer contracts in a timely manner; slow down our recruiting efforts; challenge our ability to effectively onboard new hires; or create operational or other challenges. Any of the foregoing could harm our business and results of operations. We continue to monitor the situation and will adjust our current policies as the COVID-19 pandemic evolves and public health and other government officials issue additional guidance or orders. In addition, the COVID-19 pandemic has and will continue to disrupt the operations of certain of our customers, channel partners, resellers and systems integrators for an indefinite period of time, including as a result of travel restrictions and/or business shutdowns, uncertainty in the financial markets or other harm to their business and financial results, resulting in delayed purchase decisions, extended payment terms, and postponed or canceled projects, all of which could negatively impact our business and results of operations. More generally, the COVID-19 pandemic is adversely affecting economies and financial markets globally. The impacts of the global COVID-19 pandemic on the broader global economy have been swift, dramatic and unpredictable. The latency and duration of these impacts are diverse across geographies and jurisdictions in which we market and sell our solutions. We have had a limited number of planned purchases of our solutions delayed or canceled because of current economic conditions and may in the future see reduced demand for our solutions. We or our customers may also experience increased costs associated with security of our infrastructure and data, as the increase in remote

work has also increased the surface area potentially vulnerable to cyberattack. As a result of these factors, the current COVID-19 pandemic and economic conditions may adversely affect demand for our solutions and may harm our business and results of operations. It is not currently possible to estimate with any reasonable certainty the precise impact that the COVID-19 pandemic could have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted at this time, such as the duration and spread of the pandemic, the extent and effectiveness of containment actions and the impact of these and other factors on our employees, customers, partners, and vendors.

We have a history of losses and may not be able to achieve profitability or positive cash flows on a consistent basis. If we cannot achieve profitability or positive cash flows, our business, financial condition and results of operations may suffer.

We have incurred losses in all years since our inception. We incurred a net loss of \$60.0 million in the nine months ended September 30, 2020, \$61.5 million in the year ended December 31, 2019 and \$39.0 million in the year ended December 31, 2018. As a result, we had accumulated losses of \$338.5 million as of September 30, 2020. We anticipate that our operating expenses will increase for the foreseeable future as we continue to develop our technology, enhance our product and service offerings, broaden our installed customer base, expand our sales channels and our operations, and hire additional employees. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. Revenue growth may slow or revenue may decline for a number of possible reasons, including slowing demand for our products or services, increasing competition, a decrease in the growth of our overall market, failure to acquire or renew subscriptions with customers, particularly large enterprise customers, a failure to capitalize on growth opportunities or the impact of the COVID-19 pandemic and macroeconomic conditions on IT spending. Any failure to increase our revenue as we grow our business could prevent us from achieving profitability or improving cash flow on a consistent basis. If we are unable to meet these risks and challenges as we encounter them, our business, financial condition and results of operations may suffer.

Our business and operations have experienced rapid growth, and if we do not appropriately manage any future growth or are unable to improve our systems and processes, our business, financial condition, results of operations and prospects will be adversely affected.

We have experienced rapid growth and increased demand for our products over the last few years. You should not consider our revenue growth in recent periods as indicative of our future performance. While we have historically experienced significant revenue growth, we may not achieve similar revenue growth in future periods or at all. Our employee headcount and number of customers have increased significantly, and although our near-term headcount growth was recalibrated in light of current economic conditions, over time we expect to continue to grow our headcount significantly. The growth and expansion of our business and product offerings places a continuous significant strain on our management, operational and financial resources. As we have grown, we have managed more complex deployments of our subscriptions with large enterprise customers, and our growth strategy is dependent upon increased sales to these large enterprise customers. We must continue to improve and expand our information technology and financial infrastructure, our operating and administrative systems, and our ability to manage headcount, capital and processes in an efficient manner to manage our growth to date and any future growth effectively.

We may not be able to scale improvements successfully to our product offering or implement our other systems, processes and controls in an efficient or timely manner or in a manner that does not negatively affect our results of operations. In addition, our existing systems, processes and controls may not prevent or detect all errors, omissions or fraud. We may experience difficulties in managing improvements to our systems, processes and controls or in connection with third-party software, which could disrupt existing customer relationships, cause us to lose customers, limit us to smaller deployments of our products, or increase our technical support costs. Our failure to improve our systems, processes and controls, or their failure to operate in the intended manner, may result in our inability to manage the growth of our business and to forecast our revenue, forecast our expenses and earnings accurately, or to prevent certain losses. For example, we are implementing certain new enterprise management systems and any failure to implement these systems may disrupt our operations and our operating expenses could increase. Additionally, our productivity and the quality of our products and services may be adversely affected if we do not integrate and train our new employees quickly and effectively. Any future growth would add complexity to our organization and require effective coordination throughout our organization. If we do not successfully manage the coordination of our internal teams, including our sales and marketing functions, we may experience reduced productivity of our employees and may be constrained in our ability to further grow and scale our business. Failure to manage any future growth effectively could result in increased costs, negatively affect our customers' satisfaction with our products and services and harm our results of operations.

If we are unable to increase sales of our solution to new customers and sell additional products to our existing customers, our future revenue and results of operations will be harmed.

Our future success depends, in part, on our ability to sell our subscriptions to new customers and to expand the deployment of our platform with existing customers by selling additional subscriptions. As a result, we may be required to use increasingly sophisticated and costly sales efforts to differentiate our offerings from those of our competitors, which may not result in additional sales. In addition, the rate at which our customers purchase additional subscriptions depends on a number of factors, including the perceived need for additional data integration and integrity products, evolving sales strategies as well as general economic conditions. We expect the current economic situation will make it more challenging to sell our subscriptions to new customers. Some industries particularly impacted by the COVID-19 pandemic, including travel and hospitality, retail, and energy, have significantly cut or eliminated capital expenditures at this time. If we are unable to build new relationships with those verticals during the pandemic, that could harm our customer base later. Even if we are able to convince a potential customer of the benefits of our solution, they may choose to adopt our competitors' offerings instead. If our efforts to sell additional subscriptions to our customers are not successful, our business may suffer.

The market for our cloud-based offerings is relatively new, unproven and evolving, and our future success depends on the growth and expansion of such market and our ability to adapt and respond effectively to an evolving market.

The market for cloud-based offerings is relatively new, rapidly evolving and unproven. Our future success will depend in large part on our cloud-based offerings' ability to penetrate the existing market for data integration and integrity platforms, as well as the continued growth and expansion of the market for data integration and integrity platforms. It is difficult to predict subscription customer adoption and renewals, subscription customers' demand for our offerings, the size, growth rate and expansion of these markets, the entry of competitive products or the success of existing competitive products. If we do not correctly anticipate changes in these markets or are unable to respond quickly and effectively to changes in these markets, our business may be harmed. Our ability to penetrate the existing market and any expansion of the market depends on a number of factors, including the cost, performance and perceived value associated with our offerings, as well as subscription customers' willingness to adopt an alternative approach to data integration and integrity platforms. Additionally, demand for our cloud-based offerings will depend in large part on the adoption of cloud data warehouses. Furthermore, many potential subscription customers have made significant investments in hand coding or legacy ETL software and may be unwilling to invest in a new solution. If the market for cloud-based offerings fails to grow or decreases in size, or if we fail to adapt to any changes in the industry, our business would be harmed.

If we fail to successfully manage our business model transition to cloud-based products and a cloud oriented sales model, our results of operations could be negatively impacted.

We have observed an industry transition to cloud-based technologies and a decrease in on-premise big data application adoption. To address these trends, we accelerated the development of our cloud offerings. In connection with the transition to cloud-based technologies, we have also shifted to a cloud oriented sales model. During our business model transition, revenue, orders, gross margin, net income (loss), earnings (loss) per share, deferred revenue, and cash flow from operations will be impacted as revenue is recognized ratably rather than a portion up front. Further, our cloud customers typically demand fewer professional services from us compared to on-premise customers, which has had, and we anticipate will continue to have, a negative impact on our professional services revenue. In addition, the metrics we use to gauge the status of our business model transition may evolve over the course of the transition as significant trends emerge.

Our transition may give rise to a number of risks and uncertainties, and if we do not successfully navigate and execute this transition, our business and future operating results could be adversely affected. Continued development of existing cloud offerings as well as new cloud offerings requires a considerable investment of technical, financial, legal, and sales resources, and a scalable organization. Market acceptance of such offerings is affected by a variety of factors, including but not limited to: security, reliability, performance, current license terms, customer preference, social/community engagement, customer concerns with entrusting a third-party to store and manage their data, public concerns regarding privacy, security, and data protection and the enactment of restrictive laws or regulations. Whether our business model transition will prove successful and will accomplish our business and financial objectives is subject to numerous uncertainties, including but not limited to: customer demand, attach and renewal rates, channel acceptance, our ability to further develop and scale infrastructure, our ability to include functionality and usability in such offerings that address customer requirements, competitive offerings, particularly from low-end cloud competition, tax and accounting implications, pricing, and our costs. Even if we successfully implement this transition, new customers and existing customers may not purchase subscriptions for our new or redeveloped cloud offerings.

Moreover, if our sales model is not successful, or if new sales models we adopt are not successful, our business, financial condition and results of operation could be adversely affected. In addition, any failure of our management and sales personnel to develop and implement sales strategies for our new product offerings could harm our ability to successfully introduce new products.

If we are not successful in executing our strategy to increase sales of our solution to new and existing large enterprise customers, our operating results may suffer.

Our growth strategy is significantly dependent upon increasing sales of our solution to new and existing large enterprise customers, particularly when such sales result in large orders for our solution. Sales to these large enterprise customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller customers, which can act as a disincentive to our sales team to pursue these larger customers. These risks include:

- Competition from companies that traditionally target larger enterprises and that may have pre-existing relationships or purchase commitments from such customers;
- Increased purchasing power and leverage held by large enterprise customers in negotiating contractual arrangements with us;
- More stringent requirements in our support services, including demand for quicker support response times and penalties for any failure to meet support requirements; and
- Longer sales cycles and the associated risk that substantial time and resources may be spent on a potential customer that elects not to purchase our solutions.

Large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. Although we rely on our channel partners for a portion of our sales, our sales representatives typically engage in direct interaction with our prospective customers as well as our distributors and resellers. We typically provide evaluation products to these customers and may spend substantial time, effort and money in our sales efforts to these prospective customers. In addition, product purchases by large organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Finally, large organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, demand that vendors take on a larger share of risks, require acceptance provisions that can lead to a delay in revenue recognition and expect greater payment flexibility. All of these factors can add further risk to business conducted with these customers.

Our business is substantially dependent on sales leads from in-person marketing events and digital marketing efforts and if we are unable to generate significant volumes of such leads, traffic to our websites and our revenue may decrease.

We utilize in-person marketing events to educate potential customers about our solutions and generate sales leads. In light of social distancing measures implemented to combat the COVID-19 pandemic, we have been unable to hold in-person marketing events and attend trade shows and instead have had to rely on virtual-only events. We do not have a history of utilizing virtual-only events to such a large extent. As a result, our virtual-only events have not been and may continue to not be as successful in creating an interest in our solutions or generating sales leads as our in-person events and our marketing team will need to continue to make adjustments as it adapts. If our virtual-only marketing efforts are not as successful as our in-person marketing events, then our results of operations and cash flows could be adversely affected.

We also utilize digital marketing channels, such as paid and free online search, display advertising, email and social media, in order to direct potential customers interested in our solution to our websites and generate sales leads. Many of these potential customers find our websites by searching for data integration solutions through Internet search engines, particularly Google. A critical factor in attracting potential customers to our websites is how prominently our websites are displayed in response to search inquiries. If we are listed less prominently or fail to appear in search result listings for any reason, visits to our websites by customers and potential customers could decline significantly and we may not be able to replace this traffic. Furthermore, if the costs associated with our digital marketing channels increase, we may be required to increase our sales and marketing expenses, which may not be offset by additional revenue, and our business and results of operations could be adversely affected.

Recent significant changes to our leadership team and the resulting management transitions might harm our future operating results.

We have recently experienced significant changes to our leadership team. In January 2020, Michael Tuchen, who had served as our Chief Executive Officer, or CEO, for over six years resigned and was succeeded by Christal Bemont. At the same time, we announced the hiring of Ann-Christel Graham as our Chief Revenue Officer, or CRO, and we also announced the creation of a new Chief Customer Officer position, or CCO, which was filled by Jamie Kiser. Moreover, in October 2020, Ms. Kiser was named our Chief Operating Officer, in addition to her position as CCO, and Krishna Tammanna joined as our Chief Technology Officer, or CTO. Although we believe these leadership changes are in the best interest of our stakeholders, these changes may result in loss of personnel with deep institutional or technical knowledge and have the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, decreased employee morale and productivity, and increased turnover. We must successfully integrate our new leadership team members within our organization to achieve our operating objectives and the leadership transition may temporarily affect the performance of our business and results of operations as the new members of our leadership team, particularly our CEO, CRO, COO, and CTO, become familiar with our business. In addition, our competitors may seek to use this transition and the related potential disruptions to gain a competitive advantage over us. Further, these changes also increase our dependency on other members of our team who remain with us. Such individuals are not contractually obligated to remain employed by us and may leave at any time. Any such departure could be particularly disruptive in light of the recent leadership transition and to the extent we experience management turnover, competition for top management is high and it may take months to find a candidate that meets our requirements. If we are unable to mitigate these or other similar risks, our business, results of operation and financial condition may be adversely affected.

We depend on a highly skilled workforce, our executive officers and members of our leadership team. An inability to retain and attract highly skilled employees or the loss of one or more of our executive officers or members of our leadership team could harm our business.

Our future success depends, in part, on our ability to attract and retain highly skilled personnel. The inability to attract or retain qualified personnel, or delays in hiring required personnel, particularly in engineering and sales, may seriously harm our business, financial condition and results of operations. In fact, we are substantially dependent on the continued service of our existing engineering personnel because of the complexity of our platform and any failure to hire, train, retain and adequately incentivize our sales personnel could negatively affect our growth and the inability of our recently hired sales personnel to effectively ramp up to target productivity levels could negatively affect our operating margins.

Our employees do not have employment arrangements that require them to continue to work for us for any specified period, and therefore, they can terminate their employment with us at any time. Additionally, the industry in which we operate generally experiences high employee attrition and in 2019 we experienced an increase in our attrition rates. Further, we are subject to restrictions under French law with respect to the number of restricted share units we may have outstanding relative to our share capital, as well as minimum vesting and holding period requirements for our restricted share units. These limitations have impacted and may continue to impact our ability to offer competitive equity compensation to current and prospective employees.

Our future performance also depends on the continued services and continuing contributions of our executives and members of our leadership team to execute on our business plan and to identify and pursue new opportunities and product innovations. Although we have entered into employment offer letters with our executive officers and the members of our leadership team, these agreements have no specific duration and constitute at-will employment. The loss of one or more of our executive officers or members of our leadership team at any time, particularly following our recent significant changes to our leadership team, could seriously harm our business and results of operations, reduce employee retention, disrupt our relationships with our employees, customers and vendors, and impair our ability to compete.

Further, competition for highly skilled personnel is often intense, especially in the San Francisco Bay Area, the United Kingdom and France, where we have substantial presence and need for highly skilled personnel. To the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, or that their former employers own their inventions or other work product. In addition, we have experienced difficulty, and in the future may not be successful, in attracting or integrating qualified personnel to fulfill our current or future needs. We recalibrated our hiring plans in response to the economic impacts of the COVID-19 pandemic, which could put a strain on our existing workforce and result in increased attrition, which could adversely affect our ability to execute our business strategy. Moreover, if we fail to fill positions essential to executing and achieving our strategic plans and objectives, whether because of our recalibrated hiring plans or an inability to recruit and attract talent, we may fail to execute and achieve

them, which could adversely affect our business, financial condition and results of operation. Temporary office closures and travel restrictions as a result of the COVID-19 pandemic could make it more difficult to onboard new employees, provide trainings and integrate them into our workforce, which could adversely affect the productivity of our employees and our business.

Interruptions or performance problems associated with our technology and infrastructure, such as security incidents, and our reliance on technologies from third parties, may adversely affect our business operations and financial results.

Our website and internal technology infrastructure may experience performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions or capacity constraints due to a number of potential causes, including technical failures, natural disasters or fraud or security incidents, such as ransomware attacks. Our use and distribution of open source software or remote work arrangements may increase this risk. If our website is unavailable, our users are unable to use our products or download our tools, we fail to satisfy contractual obligations guaranteeing minimum availability rates, or users or prospective users are unable to order subscription offerings or professional services within a reasonable amount of time or at all, our business could be harmed.

Further, we expect to continue to make significant investments to enable rapid releases of new features and applications for Talend Data Fabric and maintain our cloud infrastructure. To the extent that we do not effectively upgrade our systems as needed and continually develop our technology to accommodate actual and anticipated changes in technology, our business and results of operations may be harmed.

In addition, we rely on cloud technologies from third parties in order to operate critical functions of our business, including financial management services, relationship management services and lead generation management services. If these services become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices, our expenses could increase, our ability to manage our finances could be interrupted, our processes for managing sales of our subscription offerings and professional services and supporting our customers could be impaired, and our ability to generate and manage sales leads could be weakened until equivalent services, if available, are identified, obtained and implemented, all of which could harm our business and results of operations.

Our sales cycle can be long and variable, particularly with respect to sales through our channel partners or sales to large enterprise customers, and our sales efforts require considerable time and expense.

Our results of operations may fluctuate, in part, because of the resource-intensive nature of our sales efforts, the length and variability of the sales cycle of our subscription offerings and the difficulty in making short-term adjustments to our operating expenses. Our results of operations depend in large part on sales to larger subscription customers and increasing sales to existing customers. The length of our sales cycle, from initial contact with our sales team to contractually committing to our subscription offerings, can vary substantially from customer to customer based on deal complexity as well as whether a sale is made directly by us or through a channel partner. Particularly for larger enterprise customers, the sales cycle can be longer and require additional resources as these customers may undertake an evaluation process and we may spend substantial time, effort and money in these sales efforts. Additionally, product purchases by larger organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Larger enterprise customers may also have longer implementation cycles and require greater product functionality or support. It is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers. As a result, large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. In fact, as a result of current economic conditions, we have had a limited number of expected sales delayed or canceled as potential customers reevaluate their IT spending budgets or implement additional approval processes. In the future, we may experience delays and cancellations as a result of any current or future recession. The loss or delay of one or more large transactions in a quarter could affect our cash flows and results of operations for that quarter and our revenue for any future quarters. Because a substantial proportion of our expenses are relatively fixed in the short term, our results of operations will suffer if we are unable to convert large enterprise customers and our revenue falls below our expectations in a particular quarter, which could cause the price of our ADSs to decline.

We rely significantly on revenue from subscriptions, which may decline and, because we recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, downturns or upturns in sales are not immediately reflected in full in our results of operations.

Subscription revenue accounts for a significant portion of our revenue, comprising 90% of total revenue in the nine months ended September 30, 2020, 88% in the year ended December 31, 2019 and 86% in the year ended December 31, 2018. We have experienced fluctuations in our renewal rates, particularly with respect to our cloud-based products. Sales of new or renewal

subscription contracts may decline and fluctuate as a result of a number of factors, including customers' level of satisfaction with our products, the prices of our products, the prices of products affected by our competitors and reductions in our customers' spending levels, including as a result of COVID-19 pandemic induced economic weakness. If our sales of new or renewal subscription contracts decline, our total revenue and revenue growth rate may decline and our business will suffer.

Under ASC 606, the new revenue recognition standard, adopted by us on January 1, 2018, the support and maintenance element of on-premise subscription arrangements represents a series of performance obligations that are delivered over time and are recognized ratably over time. Our on-premise subscriptions are also comprised of a separate performance obligation related to the software license element of the subscription, which is a much smaller portion of the subscription arrangement. We allocate a portion of the transaction price of an on-premise subscription arrangement to the software license performance obligation and the remainder of the transaction price to the support and maintenance performance obligation (See Note 2(d), *Revenue recognition*, in the notes to our consolidated financial statements for the year ended December 31, 2019 in our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission, or SEC, on March 17, 2020 for more details). Subscriptions for our cloud-based offerings represent the right of access to our software as a service for which revenue is recognized ratably over the term of the arrangement. Subscription agreements typically have a contractual term of one to three years and are generally billed annually in advance and non-cancelable.

As a result, a significant portion of the subscription revenue we report each quarter continues to be recognition of deferred revenue from subscription contracts entered into during previous fiscal quarters. Consequently, a decline in new or renewed subscription contracts in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter but will negatively affect our revenue in future fiscal quarters. Accordingly, the effect of significant downturns in new or renewed sales of our subscriptions is not reflected in full in our results of operations until future periods. Also, it is difficult for us to increase our subscription revenue rapidly through additional sales in any period, as the vast majority of revenue from new and renewal subscription contracts must be recognized ratably over the applicable period.

If our existing customers terminate or do not renew their subscriptions, it could have an adverse effect on our business and results of operations.

We expect to derive a significant portion of our revenue from renewals of existing subscription agreements. For the nine months ended September 30, 2020, the majority of our subscription revenues were derived from the renewals of existing subscription agreements. As a result, achieving a high renewal rate of our subscription agreements, particularly with our large enterprise customers, is critical to our business. Our existing customers that purchase our subscription services have no contractual obligation to renew their contracts after the completion of their initial subscription term, which is typically one year, and some customers may have a right to terminate during the subscription term. As a result, we may not accurately predict future revenue from existing customers. Our customers' renewal rates have in the past, and may in the future, decline or fluctuate, and termination rates may increase or fluctuate, as a result of a number of factors, including their satisfaction with our platform and our customer support, our products' ability to integrate with new and changing technologies, the frequency and severity of subscription outages, the capabilities of competing products, the introduction of competing technologies, our product uptime or latency, the pricing of our or competing products, and changes in IT budgets and macroeconomic conditions, including the current economic conditions resulting from the COVID-19 pandemic. Moreover, if we experience difficulties assisting customers with the successful implementation of new projects, including as a result of COVID-19 social distancing measures, our renewal rates may be adversely affected. In addition, any prolonged shutdown of a significant portion of global economic activity or a downturn in the global economy, including as a result of the COVID-19 pandemic, would adversely affect the industries in which our customers operate, which could adversely affect our customers' willingness or ability to renew their subscription agreements. Even if our customers renew their subscriptions, they may renew for lower subscription amounts or for shorter subscription terms or on other terms that are less economically beneficial to us. We have limited historical data with respect to rates of customer terminations or renewals, particularly for our cloud-based products, so we may not accurately predict future renewal trends. If our customers terminate or do not renew their subscriptions, or renew on less favorable terms, our revenue may grow more slowly than expected or decline and our dollar-based net expansion rate, a key metric we use to track the growth of our business, may grow more slowly than expected or decline.

Our future success depends in large part on the growth of the market for cloud data management and an increase in the desire to ingest, store and process data in the cloud, and the market for cloud data warehouses and applications may not grow as expected and, even if such growth occurs, our business may not grow at similar rates, or at all.

Our ability to increase the adoption of our cloud integration solutions, increase sales of related support subscriptions and professional services depends on the increased adoption of big data services and applications by enterprises. While we believe that cloud data management, including data warehouses and integration solutions, can offer a compelling value proposition to many

enterprises, its broad adoption presents challenges to enterprises, including developing the internal expertise and infrastructure to manage these solutions effectively, coordinating multiple data sources, and implementing the necessary security and controls to become comfortable with storing and accessing critical data in the cloud. Accordingly, our expectations regarding the potential for future growth in the market for big data applications and services, and the third-party growth estimates for this market are subject to significant uncertainty. If the overall market for cloud data management does not grow as expected, our business prospects may be adversely affected. Even if the market for cloud data management and services increases, our business may not grow at a similar rate, or at all.

We derived a substantial portion of our subscription revenue in the year ended December 31, 2019 from our on-premise Talend Big Data Integration and Talend Cloud solutions and failure of these solutions to satisfy customer demands or to achieve increased market acceptance would harm our business, results of operations, financial condition and growth prospects.

We derived a substantial portion of our subscription revenue in the year ended December 31, 2019 and expect to continue to derive a significant portion of our subscription revenue from our on-premise Talend Big Data Integration and Talend Cloud solutions. Demand for on-premise Talend Big Data Integration and Talend Cloud is affected by a number of factors, many of which are beyond our control, including market acceptance of our solutions by referenceable accounts for existing and new use cases, the timing of development and release of new products by our competitors and additional capabilities and functionality by us, and technological change and growth or contraction in the market in which we compete, including the adoption of big data technologies. We expect the proliferation of data to lead to an increase in the IT integration needs of our customers, and on-premise Talend Big Data Integration and Talend Cloud may not be able to perform to meet those demands. If we are unable to continue to meet our subscription customer requirements, to achieve more widespread market acceptance of on-premise Talend Big Data Integration and Talend Cloud, or to increase demand for these solutions, our business, results of operations, financial condition and prospects will be harmed.

Incorrect implementation or use of our software could result in customer dissatisfaction and negatively affect our business, operations, financial results and growth prospects.

Our platform is designed to be operated in a self-service manner by our customers who subscribe to our cloud-based solution and our platform may also be deployed on-premise in large scale, complex IT environments of our customers. Our customers and channel partners require training and experience in the proper use of and the variety of benefits that can be derived from our platform to maximize its benefit for their business. If our platform is not implemented or used correctly or as intended, inadequate performance or security vulnerabilities may result. The incorrect implementation or use of our software or our failure to train customers on how to use our software productively may result in customer dissatisfaction, negative publicity and may adversely affect our reputation and brand. Failure by us to provide these training and implementation services to our customers would result in lost opportunities for follow-on sales to these customers and adoption of our platform by new customers and adversely affect our business and growth prospects. Further, we have in the past, and may in the future, experience reduced demand for our professional services. If we are not able to sell professional services to our customers, their ability to successfully implement our software may be harmed, which could result in customer dissatisfaction with our products, negatively impact renewal or expansion rates, harm our brand, and adversely affect our results of operations.

In cases where our platform has been deployed on-premise within a customer's IT environment, if we or our customers are unable to configure or implement our software properly, or are unable to do so in a timely manner, customer perceptions of our platform may be impaired, our reputation and brand may suffer, and customers may choose not to increase their use of our platform or to discontinue its use. In addition, our on-premise solution imposes server load and data storage requirements for implementation. If our customers do not have the server load capacity or the storage capacity required, they may not be able to implement and use our platform effectively and, therefore, may choose to discontinue their use of our platform or not increase their use.

Our ability to increase sales of our solution is highly dependent on the quality of our customer support, and our failure to offer high quality support would have an adverse effect on our business, reputation and results of operations.

After our products are deployed within our customers' IT environments, our customers depend on our technical support services, as well as the support of our channel partners, including value added resellers, to resolve issues relating to our products. Our channel partners often provide similar technical support for third parties' products and may therefore have fewer resources to dedicate to the support of our products. If we or our channel partners do not succeed in helping our customers quickly resolve post-deployment issues or provide effective ongoing support, our ability to sell additional subscriptions to existing customers would be adversely affected and our reputation with potential customers could be damaged. The COVID-19 pandemic and

restrictions on travel and work-from-home orders could hinder our ability and the ability of our channel partners and systems integrators to provide adequate and timely support to our customers, which could adversely affect our relationship with customers and adversely affect our renewal rates. Many larger enterprise and government entity customers have more complex IT environments and require higher levels of support than smaller customers. If we or our channel partners fail to meet the requirements of these enterprise customers, it may be more difficult to grow sales with enterprise customers.

Additionally, if our channel partners do not effectively provide support to the satisfaction of our customers, we may be required to provide direct support to such customers, which would require us to hire additional personnel and to invest in additional resources. It can take several months to recruit, hire and train qualified technical support employees. We may not be able to hire such resources fast enough to keep up with unexpected demand, particularly if the sales of our products exceed our internal forecasts. To the extent that we or our channel partners are unsuccessful in hiring, training and retaining adequate support resources, our and our channel partners' ability to provide adequate and timely support to our customers, and our customers' satisfaction with our products and services, will be adversely affected. Additionally, to the extent that we may need to rely on our sales engineers to provide post-sales support while we are ramping our support resources, our sales productivity will be negatively affected, which would harm our revenue. Our or our channel partners' failure to provide and maintain high-quality support services would have an adverse effect on our business, financial condition and results of operations.

If we do not effectively expand and train our sales force, we may be unable to add new customers or increase sales to our existing customers and our business will be adversely affected.

We continue to be substantially dependent on our sales force to obtain new customers and to drive additional usage and sales among our existing customers. We believe that there is significant competition for sales personnel, including enterprise sales representatives and sales engineers, with the skills and technical knowledge that we require. In particular, there is significant demand for sales engineers with data integration and cloud-based software expertise. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. For example, attrition and changing sales team leadership have resulted and may continue to result in slower than expected growth in affected geographies. New hires require significant training and may take significant time before they achieve full productivity before we can continue to scale our sales efforts. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, as we continue to grow rapidly, a large percentage of our sales force will have relatively little experience working with us, our subscription offerings and our business model. If we are unable to hire and train sufficient numbers of effective sales personnel, or our sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be harmed.

We face intense competition in our market and we may lack sufficient financial or other resources to maintain or improve our competitive position.

The market for our products is highly competitive, quickly evolving and subject to rapid changes in technology, which may expand the alternatives to our customers for their data integration and integrity requirements. Our current primary competitors generally fall into six categories:

- Diversified technology companies that offer data integration solutions, including: IBM, Microsoft, Oracle and SAP;
- Pure-play data integration vendors, including: Ab Initio, Informatica and Tibco;
- Cloud providers such as Amazon, Google and Microsoft, which offer their own integration tools and services;
- Vendors from other related markets (for example, SnapLogic, a traditional integration platform as a service vendor, and MuleSoft and Boomi, API providers) entering into the data integration and integrity market;
- Early-stage, cloud native, niche data integration technologies, including Fivetran and Matillion; and
- Hand-coded, custom data integration solutions built internally by organizations that we target as potential customers.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as:

- Greater name recognition and longer operating histories;
- Larger sales and marketing budgets and resources;
- Broader distribution and established relationships with distribution partners and customers;
- Greater customer support resources;
- Greater resources to make acquisitions;
- Lower labor and development costs;

- Larger and more mature intellectual property portfolios; and
- Substantially greater financial, technical and other resources.

Certain of our current strategic partners, such as Cloudera, Amazon Web Services (AWS), Google, Microsoft, and Snowflake have developed or may develop and offer their own data integration solutions. Such competitors may be more likely to promote and sell their own solutions over our products and they may ultimately be able to transition customers onto their competing solutions, which could materially and adversely affect our revenues and growth. Further, such competitors may cease their relationships with us. For example, we use the cloud hosting services provided by AWS and Microsoft Azure for our cloud offerings. While our customer contracts do not obligate us to use a particular cloud hosting service platform, if either AWS or Microsoft denied us access to their cloud hosting services, we could lose customers who are sensitive to the cloud hosting service platform we utilize for their account.

In addition, some of our larger competitors have substantially broader and more diverse product offerings and leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products, including through selling at zero or negative margins, product bundling, or closed technology platforms. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. These larger competitors often have broader market focus and may therefore not be as susceptible to downturns in a particular market. Many of our smaller competitors that specialize in niche data integration technologies may introduce new products which are disruptive to our solution. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering by our competitors, or continuing market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with our products and technology. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. While we endeavor to engage customers on our standard form agreements, in order to successfully engage larger customers in a highly competitive environment we may be required to negotiate our standard terms or transact on our customers' forms, which may result in accepting more onerous terms and obligations, and greater liability exposure, than we do in our standard forms.

Some of our competitors have made or could make acquisitions of businesses that may allow them to offer more directly competitive and comprehensive solutions than they had previously offered. As a result of such acquisitions, our current or potential competitors might be able to adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products and services, initiate or withstand substantial price competition, take advantage of acquisitions or other opportunities more readily, or develop and expand their product offerings more quickly than we do. Due to various reasons, organizations may be more willing to add solutions incrementally to their existing data management infrastructure from competitors than to replace it with our solution. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins and loss of market share. Any failure to meet and address these factors could seriously harm our business and results of operations.

If we do not accurately predict, prepare for, and respond promptly to the rapidly evolving technological and market developments and changing customer needs in our market, our competitive position and prospects will be harmed.

The market for our products is characterized by continuing rapid technological development, the emergence of new technologies, evolving industry standards, changing customer needs and frequent new product introductions and enhancements. The introduction of products by our direct competitors or others incorporating new technologies, the emergence of new industry standards, or changes in customer requirements could render our existing products obsolete, unmarketable, or less competitive. In addition, industry-wide adoption or increased use of hand-coding, open source standards or other uniform open standards across heterogeneous applications could minimize the importance of the integration functionality of our products and materially adversely affect the competitiveness and market acceptance of our products. Furthermore, the standards on which we choose to develop new products or enhancements may not allow us to compete effectively for business opportunities.

Our success depends upon our ability to enhance existing products, respond to changing customer requirements and develop and introduce, in a timely manner, new products that keep pace with technological and competitive developments and emerging industry standards. For example, many of our customers have transitioned to cloud computing environments, which has accelerated the development of our cloud offerings. We have in the past experienced delays in releasing new products and product enhancements and may experience similar delays in the future. We may also pursue marketing strategies that focus on certain products or features over other offerings, and decisions to deploy our limited resources towards particular goals that do not meet a positive market response will harm our operating results. As a result, in the past, some of our customers deferred purchasing our products until the next upgrade was released. Additionally, the success of new product introductions depends on a number of

factors including, but not limited to, timely and successful product development, market acceptance, our ability to manage the risks associated with new product releases, our ability to successfully plan and execute on a sales strategy for our new products, the availability of software components for new products, the effective management of development and other spending in connection with anticipated demand for new products, the availability of newly developed products and the risk that new products may have bugs, errors or other defects or deficiencies in the early stages of introduction. Future delays or problems in the installation or implementation of our new releases may cause customers to forgo purchases of our products and purchase those of our competitors instead. Additionally, even if we are able to develop new products and product enhancements, we they may not achieve market acceptance.

One of our marketing strategies is to offer trial versions of our products, and we may not be able to realize the benefits of this strategy.

We are dependent upon lead generation strategies, including our marketing strategy of offering trial versions of our products, to generate sales opportunities. These strategies may not be successful in continuing to generate sufficient sales opportunities necessary to increase our revenue. Many users never convert from the trial versions to the paid versions of our products. To the extent that users do not become, or we are unable to successfully attract, paying customers, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue will be adversely affected.

Because of the characteristics of open source software, there are few technological barriers to entry into the open source market by new competitors and it may be relatively easy for competitors, some of whom may have greater resources than we have, to enter our markets and compete with us.

One of the characteristics of open source software is that anyone may obtain access to the source code for our open source products and then modify and redistribute the existing open source software and use it to compete in the marketplace. Such competition can develop without the degree of overhead and lead time required by traditional proprietary software companies. It is possible for competitors to develop their own software, including software based on Talend Open Studio, potentially reducing the demand for our solution and putting price pressure on our subscription offerings. We may not be able to compete successfully against current and future competitors and competitive pressure or the availability of new open source software may result in price reductions, reduced operating margins and loss of market share, any one of which could harm our business, financial condition, results of operations and cash flows.

We may be unable to predict the future course of open source technology development, which could reduce the market appeal of our offerings, damage our reputation and adversely affect our business, financial condition, results of operations and cash flows.

We do not exercise control over many aspects of the development of open source technology. Different groups of open source software programmers compete with one another to develop new technology. Typically, the technology developed by one group will become more widely used than that developed by others. If we acquire or adopt new technology and incorporate it into our offerings but competing technology becomes more widely used or accepted, the market appeal of our offerings may be reduced, which could harm our reputation, diminish our brands and adversely affect our business, financial condition, results of operations and cash flows.

A significant defect, security vulnerability, error or performance failure in our software could cause us to lose revenue and expose us to liability.

The software and professional services we offer are inherently complex and, despite extensive testing and quality control, have in the past and may in the future contain defects or errors or not perform as contemplated, especially when first introduced. These defects, security vulnerabilities, errors or performance failures could cause damage to our reputation, loss of customers or revenue, product returns, order cancellations, service terminations, or lack of market acceptance of our software, all of which could negatively impact our business and operating results and materially damage our reputation and brand. As the use of our solution, including products that were recently acquired or developed, expands to more sensitive, secure, or mission critical uses by our customers, we may be subject to increased scrutiny, potential reputational risk, or potential liability should our software fail to perform as advertised or contemplated in such deployments. We have in the past and may in the future need to issue corrective releases of our software to fix these defects, errors or performance failures, which could require us to allocate significant research and development and customer support resources and capital to address these problems.

Our standard form agreements with our customers typically contain provisions intended to limit both the types of claims for which we would be liable and the maximum amount of our liability. However, some of our customers require us to accept

contract terms that do not include the same limitations. Additionally, any limitation of liability provisions that may be contained in our license agreements may not be effective as a result of existing or future national, federal, state, or local laws or ordinances or unfavorable judicial decisions. Although we have not experienced any liability claims to date with respect to defects, security vulnerabilities, errors, or performance failures, the sale and support of our products entail the risk of such claims, which could be substantial in light of the use of our products in enterprise-wide environments. In addition, our insurance against this liability, subject to applicable deductibles, may not be adequate to cover a potential claim, and if we experienced a significant incident that impacted many customers, we could be subject to indemnity claims or other damages that exceed our insurance coverage. If such a breach or incident occurred, our insurance coverage might not be adequate for data handling or data security liabilities actually incurred, such insurance may not continue to be available to us in the future on economically reasonable terms, or at all, and insurers may deny us coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

A breach of our security measures or unauthorized access to private or proprietary data, or a perception that any security breach or other incident has occurred, may result in our software being perceived as not secure, lower customer use or stoppage of use of our products, and significant liabilities.

Our products involve the processing of large amounts of our customers' sensitive and proprietary information, as well as personal data and personal information. Additionally, we collect and store certain sensitive and proprietary information, and personal data and personal information, in the operation of our business, including trade secrets, intellectual property, employee data, and other confidential data. While we have taken measures to protect our own proprietary and confidential information, as well as the personal information, personal data, and confidential information that we otherwise obtain, including confidential information we may obtain through customer usage of our cloud-based services, we have experienced and may in the future experience, security breaches, including breaches resulting from a cybersecurity attack, phishing attack, or other means, including unauthorized access, unauthorized usage, viruses or similar breaches or disruptions. These attacks may come from individual hackers, criminal groups, and state-sponsored organizations. These sources can also implement social engineering techniques to induce our employees, contractors, or customers to disclose passwords or other sensitive information or take other actions to gain access to our data or our customers' data. Further, security breaches and other security incidents may result from employee or contractor error or negligence or those of vendors, service providers, and strategic partners on which we rely. We may be more susceptible to security breaches and other security incidents while social distancing measures restricting the ability of our employees to work at our offices are in place to combat the COVID-19 pandemic because we have less capability to implement, monitor and enforce our information security and data protection policies.

Any compromise of our security or any unauthorized access to or breaches of the security of our or our service providers' systems or data processing tools or processes, or of our product offerings, as a result of third-party action, employee error, defects or bugs, malfeasance, or otherwise, which results in someone obtaining unauthorized access to our proprietary or confidential information, personal information or other private or proprietary data, or any such information or data of our customers, could result in the loss or corruption of any such information or data, or unauthorized access to or acquisition of, such information or data. We have experienced unauthorized access to information from certain of our repositories, hosted by a third-party provider, and from a separate cloud services platform. Past and future security breaches could result in reputational damage, litigation, regulatory investigations and orders, loss of business, indemnity obligations, damages for contract breach, penalties for violation of applicable laws, regulations, or contractual obligations, and significant costs, fees and other monetary payments for remediation, including in connection with costly and burdensome breach notification requirements.

Further, any belief by customers or others that a security breach or other incident has affected us or any of our vendors or service providers, even if a security breach or other incident has not affected us or any of our vendors or service providers or has not actually occurred, could have any or all of the foregoing impacts on us, including damage to our reputation. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers.

We incur significant costs in an effort to detect and prevent security breaches and other security-related incidents, and we expect our costs will increase as we make improvements to our systems and processes to prevent future breaches and incidents. In the event of a future breach or incident, we could be required to expend additional significant capital and other resources in an effort to prevent further breaches or incidents. Moreover, we could be required to expend significant capital and other resources to address the incident and any future data security incident or breach.

We engage third-party vendors and service providers to store and otherwise process some of our and our customers' data, including sensitive and personal information. Our vendors and service providers may also be the targets of cyberattacks, malicious software, phishing schemes, fraud, and other risks to the confidentiality, security, and integrity of their systems and the data they process for us. Our ability to monitor our vendors and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, disclosure, loss or destruction of our and our customers' data, including sensitive and personal information.

Techniques used to sabotage or obtain unauthorized access to systems or networks are constantly evolving and, in some instances, are not identified until launched against a target. We and our service providers may be unable to anticipate these techniques, react, remediate or otherwise address any security breach or other security incident in a timely manner, or implement adequate preventative measures.

Further, any limitations of liability provisions in our customer and user agreements, contracts with third-party vendors and service providers or other contracts may not be enforceable or adequate or otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security-related matter. While our insurance policies include liability coverage for certain of these matters, subject to applicable deductibles, if we experienced a widespread security breach or other incident that impacted a significant number of our customers, we could be subject to indemnity claims or other damages that exceed our insurance coverage. If such a breach or incident occurred, our insurance coverage might not be adequate for data handling or data security liabilities actually incurred, such insurance may not continue to be available to us in the future on economically reasonable terms, or at all, and insurers may deny us coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete and could harm our business.

In September 2019, we received net proceeds of \$149.1 million (after deducting the initial purchasers' discount) from the issuance of the 2024 Notes. To that end, we expect that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for the foreseeable future. We anticipate negative cash flows during fiscal 2020 as we intend to make investments in our business in order to support our growth. We have a history of negative cash flow from operating activities and as a result may need to raise additional funds in the future or we may elect to raise additional capital to fund investments in our business or strategic investments. If we seek to raise capital for any reason, we may not be able to obtain additional debt or equity financing on favorable terms, if at all. In addition, we expect that our status as a French entity and our ADS structure may negatively impact the trading volume of our ADSs, which may harm our ability to access capital from the public markets. If we raise additional capital by issuing equity or securities convertible into equity, our shareholders may experience significant dilution of their ownership interests and the per share value of our ordinary shares and ADSs could decline. Furthermore, if we engage in debt financing, the holders of debt would have priority over the holders of ADSs and underlying ordinary shares, and we may be required to accept terms that restrict our ability to incur additional indebtedness. We may also be required to take other actions that would otherwise be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which could harm our business, results of operations and financial condition. If we need or seek additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- Develop or enhance our products and professional services;
- Continue to expand our sales and marketing and research and development organizations;
- Acquire complementary technologies, products or businesses;
- Expand operations in the United States or internationally;
- Hire, train and retain employees; or
- Respond to competitive pressures or unanticipated working capital requirements.

Our failure to have sufficient capital to do any of these things could seriously harm our business, financial condition and results of operations.

Our relatively limited operating history makes it difficult to evaluate our current business and prospects and may increase the risks associated with your investment.

We were founded in 2005, launched our first product in 2006 and began offering our platform on a subscription basis in 2007. Our relatively limited operating history makes it difficult to evaluate our current business and our future prospects,

including our ability to plan for and model future growth. We have encountered and will continue to encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, including changing customer preferences, competing offerings and pricing, evolving sales strategies and other risks described in this Quarterly Report. If we do not address these risks successfully, our business and results of operations will be adversely affected, and the market price of our ADSs could decline. Further, we have limited historical financial data and we operate in a rapidly evolving market. As such, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.

Delivering certain of our products via the cloud increases our expenses and may pose other challenges to our business.

We offer and sell our products via both the cloud and on premise using the customer's own infrastructure. Historically, our products were developed in the context of the on-premise offering, and we have less operating experience offering and selling our products via our cloud offering. Although a majority of our revenue has historically been generated from customers using our on-premise products, a majority of our new subscription business comes from the cloud and we believe that over time more customers will continue to move to the cloud offering. As more of our customers transition to the cloud, we may be subject to additional contractual obligations with respect to privacy, security and data protection, as well as competitive pressures and higher operating costs, any of which may harm our business. If our cloud offering does not develop as quickly as we expect, or if we are unable to continue to scale our systems to meet the requirements of a large cloud offering, our business may be harmed. We are directing a significant portion of our financial and operating resources to implement a robust cloud offering for our products and to transition our existing customers to our cloud offerings, but even if we continue to make these investments, we may be unsuccessful in growing or implementing our cloud offering competitively, and our business, results of operations and financial condition could be harmed.

The sales prices of our products may decrease, which may reduce our gross profits and adversely affect our financial results.

The sales prices for our subscription offerings and professional services may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of subscription offerings and professional services and their respective margins, introduction of new pricing models such as on-demand pricing or new sales models, anticipation of the introduction of new subscription offerings or professional services, or promotional programs. Competition continues to increase in the market segments in which we participate, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Additionally, currency fluctuations in certain countries and regions may negatively impact actual prices that channel partners and customers are willing to pay in those countries and regions. We may not be successful in developing and introducing new subscription offerings with enhanced functionality on a timely basis. Any such new subscription offerings, if introduced, may not enable us to maintain our prices and gross profits at levels that will allow us to achieve and maintain profitability.

The competitive position of our product offerings depends in part on their ability to operate with third-party products and services and our customers' existing infrastructure.

The competitive position of our product offering depends in part on their ability to operate with products and services of third parties, including companies that offer big data solutions, cloud-based solutions, software services and infrastructure, and our products must be continuously modified and enhanced to adapt to changes in hardware, software, networking, browser and database technologies. In the future, one or more technology companies, whether our partners or otherwise, may choose not to support the operation of their software, software services and infrastructure with our product offerings. In addition, to the extent that a third-party were to develop software or services that compete with ours, that provider may choose not to support our product offering. We intend to facilitate the compatibility of our solution with various third-party software, big data solutions, cloud-based solutions, software services and infrastructure offerings by maintaining and expanding our business and technical relationships. If we are not successful in achieving this goal, our business, financial condition and results of operations may suffer.

Additionally, our products must interoperate with our customers' existing infrastructure, which often have different specifications, deploy products from multiple vendors, and contain multiple generations of products that have been added over time. As a result, when problems occur, it may be difficult to identify the sources of these problems. If we find errors in the existing software that create integration errors or problems in our customers' IT environments, as we have in the past, we may have to issue software updates as part of our normal maintenance process. Any delays in identifying the sources of problems or in providing necessary modifications to our software could have a negative impact on our reputation and our customers' satisfaction with our products and services, and our ability to sell products and services could be adversely affected. In addition, governments and other customers may require our products to comply with certain security or other certifications and standards.

We rely on channel partners to execute a portion of our sales. If our channel partners fail to perform, our ability to sell our solution will be limited, and, if we fail to optimize our channel partner model going forward, our results of operations will be harmed.

A portion of our revenue is generated by sales through our channel partners, especially in international markets. As we grow our business into new and existing international markets, we expect that our reliance on channel partners to generate sales will also grow. We provide our channel partners with specific training and programs to assist them in selling our products, but there can be no assurance that these steps will be effective. In addition, our channel partners may be unsuccessful in marketing, selling and supporting our products. The COVID-19 pandemic and related mitigation measures may adversely affect the ability of our channel partners to sell our products, which could adversely affect our results of operations. Moreover, if we are unable to develop and maintain effective sales incentive programs for our channel partners, we may not be able to incentivize these partners to sell our products to customers and, in particular, to large enterprises. These partners may also market, sell, and support products and services that are competitive with ours and may devote more resources to the marketing, sales and support of such competitive products. These partners may have incentives to promote our competitors' products to the detriment of our own or may cease selling our products altogether. Our agreements with our channel partners may generally be terminated for any reason by either party with advance notice prior to each annual renewal date. We may not retain these channel partners and may not be able to secure additional or replacement channel partners. The loss of one or more of our significant channel partners or a decline in the number or size of orders from any of them could harm our results of operations. In addition, any new channel partner requires extensive training and may take several months or more to achieve productivity. Our channel partner sales structure could subject us to lawsuits, potential liability and reputational harm if, for example, any of our channel partners misrepresents the functionality of our products or services to customers or violates laws or our corporate policies. If we fail to effectively manage our existing sales channels, if our channel partners are unsuccessful in fulfilling the orders for our products, or if we are unable to enter into arrangements with, and retain a sufficient number of, high-quality channel partners in each of the regions in which we sell products and services and keep them motivated to sell our products, our ability to sell our products and results of operations will be harmed.

If we are unable to maintain successful relationships with our strategic partners, our business operations, financial results and growth prospects could be adversely affected.

In addition to our direct sales force and channel partners, we maintain strategic relationships with a variety of strategic partners, including systems integrators and big data, cloud application and analytical software vendors, to jointly market and sell our subscription offerings. We expect that sales through our strategic partners will continue to grow as a proportion of our revenue for the foreseeable future.

Our agreements with our strategic partners are generally non-exclusive, meaning our strategic partners may offer customers the products and services of several different companies, including products and services that compete with ours, or may themselves be or become competitors. If our strategic partners do not effectively market and sell our subscription offerings, choose to use greater efforts to market and sell their own products and services or those of our competitors, or fail to meet the needs of our customers, our ability to grow our business and sell our subscription offerings may be harmed. Our strategic partners may be adversely affected by temporary office closures and travel restrictions related to the COVID-19 pandemic and be unable to or less effective at selling our subscription offerings. Further, our strategic partners may cease marketing our subscription offerings with limited or no notice and with little or no penalty. The loss of a substantial number of our strategic partners, our possible inability to replace them, or the failure to recruit additional strategic partners could harm our results of operations.

Our ability to achieve revenue growth in the future will depend in part on our success in maintaining successful relationships with our strategic partners, and in helping our partners enhance their ability to market and sell our subscription offerings. If we are unable to maintain our relationships with these strategic partners, our business, results of operations, financial condition or cash flows could be harmed.

Reliance on sales at the end of the quarter could cause our revenue for the applicable period to fall below expected levels.

As a result of customer buying patterns, we have historically received a substantial portion of subscriptions during the last month or later of each fiscal quarter. If expected sales at the end of any fiscal quarter is delayed for any reason, including the failure of anticipated purchases to materialize, particularly larger deals that may be dictated by a customer's internal evaluation process outside of our control, our inability to release new products on schedule, any failure of our systems related to order review and processing, or any delays in order fulfillment based on trade compliance requirements, our cash flows and results of operations for that quarter, and our revenue for subsequent periods could fall below our expectations and the estimates of analysts, which could adversely impact our business and results of operations and cause a decline in the market price of our ADSs.

The seasonality of our business can create variance in our quarterly purchases, subscription revenue and cash flows from operations.

We operate on a December 31 fiscal year end and believe that there are seasonal factors which may cause us to experience lower levels of sales in our first fiscal quarter ending March 31 as compared with other quarters. We believe that this seasonality results from a number of factors, including:

- Companies using their IT budget at the end of the calendar year resulting in higher sales activity in the quarter ending December 31;
- Sales personnel being compensated on annual plans and finalizing sales transactions in the quarter ending December 31, thereby exhausting most of their sales pipeline for the quarter ending December 31; and
- Recruiting sales personnel primarily in the first and second quarters, which leads to greater sales productivity in the second half of the fiscal year.

Additionally, to the extent we experience lower new customer purchases in earlier quarters, the resulting reduced subscription revenue may not be reflected in our operating results until subsequent quarters. We believe that these seasonal trends have been masked in recent periods due to our growth, but we anticipate that they may be more pronounced in future periods.

Our future quarterly results may fluctuate significantly, which could adversely affect the trading price of our ADSs.

Our results of operations, including the levels of our revenue, cost of revenue, gross margin, operating expenses, cash flow and deferred revenue, have fluctuated from quarter-to-quarter in the past and may continue to vary significantly in the future so that period-to-period comparisons of our results of operations may not be meaningful. Accordingly, our financial results in any one quarter should not be relied upon as indicative of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, may be difficult to predict, and may or may not fully reflect the underlying performance of our business. If our revenue does not meet our expectations, we are unlikely to be able to adjust our spending to levels commensurate with our revenue. As a result, the effect of revenue shortfalls on our results of operations may be more accentuated, and these and other fluctuations in quarterly results may negatively affect the market price of our ADSs.

Factors that may cause fluctuations in our quarterly financial results include, but are not limited to, those listed below:

- Our ability to attract and retain new customers;
- The addition or loss of enterprise customers;
- Our ability to successfully expand our business domestically and internationally;
- Our ability to gain new channel partners and retain existing channel partners;
- Our ability to successfully integrate new leadership team members within our organization;
- Fluctuations in the growth rate of the overall market that our solution addresses;
- Fluctuations in the mix of our revenue;
- The amount of subscription revenue that we recognize ratably as the proportion of our business represented by cloud increases;
- The amount and timing of operating expenses related to the maintenance and expansion of our business and operations, including continued investments in sales and marketing, research and development and general and administrative resources;
- Network outages or performance degradation of our cloud service;
- Actual or perceived security breaches and incidents;
- General economic, industry and market conditions;
- Travel restrictions, shelter-in-place orders and other social distancing measures implemented to combat the COVID-19 pandemic, and their effects on economic, industry and market conditions, IT spending budgets and our ability to conduct business;
- Customer renewal rates;
- Increases or decreases in the number of elements of our subscription offerings or pricing changes upon any renewals of customer agreements;
- Changes in our pricing policies or those of our competitors;
- The budgeting cycles and purchasing practices of customers;
- Decisions by potential customers to purchase alternative solutions from larger, more established vendors, including from their primary software vendors;
- Decisions by potential customers to develop in-house solutions as alternatives to our platform;

- Insolvency or credit difficulties confronting our customers, which could adversely affect their ability to purchase or pay for our software and services;
- Delays in our ability to implement our customers' orders;
- Seasonal variations in sales of our solution;
- The cost and potential outcomes of future litigation or other disputes;
- Future accounting pronouncements or changes in our accounting policies;
- Our overall effective tax rate, including impacts caused by any reorganization in our corporate tax structure and any new legislation or regulatory developments;
- Fluctuations in share-based compensation expense;
- Fluctuations in foreign currency exchange rates;
- The timing and success of new products, features and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- The timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
- Other risk factors described in this Quarterly Report.

Our current research and development efforts may not produce successful products or features that result in significant revenue, cost savings or other benefits in the near future, if at all.

Developing our products and related enhancements is expensive. Our investments in research and development may not result in significant design improvements, marketable products or features, or may result in products that are more expensive than anticipated. Additionally, we may not achieve the cost savings or the anticipated performance improvements we expect, and we may take longer to generate revenue, or generate less revenue, than we anticipate. Our future plans include significant investments in research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position, including through the use of external consultant resources. However, we may not receive significant revenue from these investments in the near future, if at all, or these investments may not yield the expected benefits, either of which could adversely affect our business and results of operations.

A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.

Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government certification requirements for products like ours may change, thereby restricting our ability to sell into the U.S. federal government, U.S. state government, or foreign government sectors until we have attained the revised certification. Government demand and payment for our subscription offerings and professional services may be affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our subscription offerings and professional services. The COVID-19 pandemic is expected to cause governments to run significant budget deficits, which may result in cuts to government budgets and adversely affect demand from government entities for our solutions.

Governmental entities often require contract terms that differ from our standard arrangements, including terms that can lead to those customers obtaining broader rights in our products than would be standard. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default, and any such termination may adversely affect our future results of operations. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our subscription offerings, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely affect our results of operations in a material way.

Risks Related to Intellectual Property

Failure to protect our proprietary technology and intellectual property rights could substantially harm our business and results of operations.

Our success depends to a significant degree on our ability to protect our proprietary technology, methodologies, know-how and our brand. We rely on a combination of trade secrets, trademarks, copyrights, contractual restrictions, patents and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are

unable to enforce our rights or if we do not detect unauthorized use of our intellectual property, including any intellectual property, including trading secrets, obtained through a breach of our information technology systems. In fact, in the past we have experienced breaches into our information technology systems that could have resulted in unauthorized access to our intellectual property. As a result of past breaches or a failure in the future to protect our intellectual property rights adequately, our competitors may gain access to our technology and our business may be harmed. In addition, defending our intellectual property rights might entail significant expense. Any patents, trademarks, or other intellectual property rights that we have or may obtain may be challenged by others or invalidated through administrative process or litigation. As of September 30, 2020, we had two issued patents. We intend to seek further patent protection in the future; however, we may be unable to obtain any patent protection for our technology. In addition, our issued patent and any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours. Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our products are available. We may be unable to prevent third parties from acquiring domain names or trademarks that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information will likely increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties. These agreements, however, may not be effective in controlling access to and distribution of our proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our products, impair the functionality of our products, delay introductions of new products, result in our substituting inferior or more costly technologies into our products, or injure our reputation.

We could incur substantial costs as a result of any claim of infringement or other violations by us of another party's intellectual property rights.

In recent years, there has been significant litigation involving patents, copyrights, trademarks, trade secrets and other intellectual property rights in the software industry. Companies providing software are increasingly bringing and becoming subject to suits alleging violations of proprietary rights, particularly patent infringement, misappropriation or other violations, and to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement, misappropriation or other claims. As of September 30, 2020, we had two issued patents. As a result, we currently have a limited patent portfolio, which could prevent us from deterring patent infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. The risk of patent litigation has been amplified by the increase in the number of a type of patent holder, which we refer to as a non-practicing entity, whose sole business is to assert such claims and against whom our own intellectual property portfolio may provide little deterrent value. We could incur substantial costs in prosecuting or defending any intellectual property litigation. If we sue to enforce our rights or are sued by a third-party that claims that we or our solution violates its intellectual property rights, the litigation could be expensive and could divert our management resources. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- Cease selling or using products that incorporate the intellectual property that we allegedly infringe;
- Make substantial payments for legal fees, settlement payments or other costs or damages;
- Obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or
- Redesign the allegedly infringing products to avoid infringement, which could be costly, time-consuming or impossible.

If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement or other claims against us or any obligation to indemnify our customers for such claims, such payments or actions could harm our business.

Our use of open source software could negatively affect our ability to sell our solution and subject us to possible litigation.

A portion of our technologies incorporate open source software, and we expect to continue to incorporate open source software in our solution in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, if we incorporate or have incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures, then we may be subject to certain requirements, including requirements that we offer our solutions that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third-party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our solutions that contained the open source software and required to comply with onerous conditions or restrictions on these solutions, which could disrupt the distribution and sale of these solutions. In addition, there have been claims challenging the ownership rights in of open source software against companies that incorporate open source software into their products, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products, and to re-engineer our products or discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis. We and our customers may also be subject to suits by parties claiming infringement due to the reliance by our solutions on certain open source software, and such litigation could be costly for us to defend or subject us to an injunction. Any of the foregoing could require us to devote additional research and development resources to re-engineer our solutions, could result in customer dissatisfaction, and may adversely affect our business, results of operations and financial condition.

Risks Related to the Regulation of our Business

In connection with the operation of our business, we collect, store, transfer and otherwise process certain personal data and personally identifiable information. As a result, our business is subject to a variety of federal, state, foreign government and industry regulations, as well as self-regulation, related to privacy, data security and data protection. Our actual or perceived failure to protect personal data and other information could have an adverse effect on our business.

Privacy, security, and data protection have become significant issues in the United States, Europe and in other jurisdictions where we offer our products. The regulatory frameworks for privacy, security, and data protection issues worldwide are rapidly evolving, being tested in courts, likely to remain uncertain for the foreseeable future and may result in ever-increasing regulatory and public scrutiny as well as escalating levels of enforcement and sanctions. Federal, state, and foreign government bodies and agencies have in the past adopted, and may in the future adopt, new laws and regulations or may make amendments to existing laws and regulations affecting privacy, security and data protection, including collection, use, retention, protection, disclosure, transfer and other processing of personal data and other information. Industry organizations also regularly adopt and advocate for new standards in these areas.

Moreover, evolving and changing definitions of personal data and personal information, within the European Union, the United States and elsewhere, especially relating to classification of IP addresses, machine identification, location data and other information, may limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of data. Any perception of privacy, security, or data protection concerns or an inability to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, even if unfounded, may result in additional cost and liability to us, harm our reputation and inhibit adoption of our products by current and future customers, and adversely affect our business, financial condition and results of operations.

In the United States, we may be subject to investigation and/or enforcement actions brought by federal agencies and state attorneys general and consumer protection agencies. We publicly post notices and other documentation regarding our practices concerning the processing, use and disclosure of personally identifiable information and other data. Although we endeavor to comply with our published notices and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy notices and other documentation that provide promises and assurances about privacy, security, and data

protection can subject us to potential state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices.

At the federal level, we have reviewed our privacy, security, and data protection policies and procedures in regard to our role as a business associate for customers that are covered entities and as a sub-business associate for customers that are business associates under the Health Insurance Portability and Accountability Act, which we refer to as HIPAA.

As a business associate we are subject to the privacy, security, data breach notification, and enforcement rules (the “HIPAA Rules”) promulgated pursuant to HIPAA by the Department of Health and Human Services, or HHS, as well as similar state medical information privacy laws. In addition to contractual obligations with our customers that are covered entities or business associates, should we be deemed in violation of the HIPAA Rules as a result of an audit from HHS, we may be exposed to civil and criminal liabilities. State Attorneys General also have the authority to bring civil actions on behalf of state residents for violations of the HIPAA Rules and equivalent state law, obtain damages on behalf of state residents, or to enjoin further violations of the HIPAA Rules and state law.

At the state level, on June 28, 2018, California enacted the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020. The CCPA, among other things, requires covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt-out of certain sales of personal information, and other information. The enforcement of the CCPA by the California Attorney General commenced on July 1, 2020. We cannot fully predict the impact of the CCPA on our business or operations, but it may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Additionally, a new privacy law, the California Privacy Rights Act (CPRA), recently was certified by the California Secretary of State to appear on the ballot for the November 3, 2020 election. It appears that this initiative has been approved by California voters. We are currently assessing the impact of CPRA's significant modifications to the CCPA on our data processing practices and policies. Our ongoing assessment and any necessary changes to our data processing practices and policies may potentially require us to incur additional costs and expenses in an effort to comply. Future restrictions on the collection, use, sharing or disclosure of our users' data or additional requirements for express or implied consent of users for the use, disclosure or other processing of such information could increase our operating expenses, require us to modify our solutions, possibly in a material manner, or stop offering certain solutions, and could limit our ability to develop and implement new features.

Internationally, virtually every jurisdiction in which we operate has established its own privacy, security and data protection legal frameworks with which we or our customers must comply. In the European Union, the General Data Protection Regulation (“GDPR”) replaced prior European Union data protection law as of May 25, 2018. The GDPR imposes additional obligations and risk upon our business and increases substantially the penalties to which we could be subject in the event of any non-compliance. Administrative fines under the GDPR can be as great as 20 million euros or four percent of annual global turnover, whichever is highest. We have incurred substantial expense in complying with the obligations imposed by the GDPR and we may be required to make significant changes in our business operations in connection with compliance with the GDPR, all of which may adversely affect our revenue and our business overall. Additionally, because the GDPR contains a number of obligations that differ from previously-effective data protection legislation in the European Union, and because the GDPR’s enforcement history is limited, we are unable to predict how certain obligations under the GDPR may be applied to us. Despite our efforts to attempt to comply with the GDPR, a regulator may determine that we have not done so and subject us to fines and public censure, which could harm our company.

Among other requirements, the GDPR regulates transfers of personal data outside of the European Economic Area, or EEA, to third countries that have not been found to provide adequate protection to such personal data, including the United States. We have undertaken certain efforts to conform transfers of personal data from the EEA to the United States and other jurisdictions based on our understanding of current regulatory obligations and the guidance of data protection authorities, including the use of standard contractual clauses approved by the European Commission, or SCCs, and our certifications under the EU-US and Swiss-US Privacy Shield Frameworks. With regard to transfers to the U.S. of personal data from our employees and European customers and users, we rely upon the SCCs. The EU-U.S. and Swiss-U.S. Privacy Shield Frameworks and SCCs have been subject to legal challenge and may be modified or invalidated, and we may be unsuccessful in maintaining legitimate means for our transfer and receipt of personal data from the EEA. Although the “Schrems II” decision issued by the Court of Justice of the European Union on July 16, 2020 invalidated the EU-U.S. Privacy Shield Framework, we believe we continue to satisfy regulatory requirements through our use of SCCs. We may, in addition to other impacts, experience additional costs associated with increased compliance burdens, and we and our customers face the potential for regulators in the EEA to apply different standards to the transfer of personal data from the EEA to the U.S., and to block, or require ad hoc verification of measures taken with respect to, certain data flows from the EEA to the U.S. We also may be required to engage in new contract negotiations with third parties that aid in

processing data on our behalf. We may experience reluctance or refusal by current or prospective European customers to use our products, and we may find it necessary or desirable to make further changes to our handling of personal data of EEA residents.

The regulatory environment applicable to the handling of EEA residents' personal data, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs and could result in our business, operating results and financial condition being harmed. We and our customers may face a risk of enforcement actions by data protection authorities in the EEA relating to personal data transfers to us and by us from the EEA. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and negatively affect our business, operating results and financial condition.

The GDPR also gave more weight to other existing European Union data protection rules, and in particular the Privacy and Electronic Communications Directive 2002/58/EC (or ePrivacy Directive), which regulates electronic marketing activities in the EEA. The ePrivacy Directive has strict rules restricting communication with individuals for marketing purposes, and these rules have been implemented heterogeneously by European Union member states. To comply with local legal requirements, we have incurred significant costs to attempt to ensure that our electronic marketing activities are (1) adapted to the legal framework of the relevant European Union member state in which we are sending electronic marketing communication, and (2) updated regularly to address changes in local case law and, as appropriate, privacy recommendations from local authorities. Failure to comply with the ePrivacy Directive and its implementing rules exposes us to additional reputational and financial risk under the GDPR.

Further, on January 31, 2020, the United Kingdom left the European Union (commonly referred to as "Brexit"). Brexit may lead to further legislative and regulatory changes. The United Kingdom Data Protection Act that substantially implements the GDPR became law in May 2018, and it has undergone additional statutory amendments further aligning it with the GDPR. It remains unclear, however, how United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfers to and from the United Kingdom will be regulated.

Owing to the regulatory environment and sentiment regarding international data transfers, we may experience hesitancy, reluctance, or refusal by European or multi-national customers to continue to use our platform. We may find it necessary or appropriate to establish systems to maintain personal data originating from certain countries or regions within those countries or regions. This may involve substantial expense and may cause us to need to divert resources from other aspects of our business, all of which may adversely affect our business.

In addition, some countries are considering or have enacted legislation, such as the Japan Act on Protection of Personal Information, which we are subject to, requiring local storage and processing of data that could increase the cost and complexity of delivering our services.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may legally or contractually apply to us. One example of such a self-regulatory standard is the Payment Card Industry Data Security Standard, or PCI DSS, which relates to the processing of payment card information. In the event we fail to comply with the PCI DSS, fines and other penalties could result, and we may suffer reputational harm and damage to our business. We may also be bound by and agree to contractual obligations to comply with other obligations relating to privacy, security, or data protection, such as particular standards for information security measures. Further, we expect that there will continue to be changes in interpretations of existing laws and regulations, or new proposed laws and regulations concerning privacy, security, and data protection. We cannot yet determine the impact these laws and regulations or changed interpretations may have on our business, but we anticipate that they could impair our or our customers' ability to collect, use or disclose information relating to consumers, which could decrease demand for our platform, increase our costs and impair our ability to maintain and grow our customer base and increase our revenue.

Moreover, because the interpretation and application of many laws and regulations relating to privacy, security, and data protection, along with mandatory industry standards, are uncertain, it is possible that these laws, regulations and standards, or contractual obligations to which we are or may become subject, may be interpreted and applied in a manner that is inconsistent with our existing or future data management practices or features of our products. Any actual or perceived loss, improper retention or misuse of personal data, personal information, or other information or any actual or alleged violations of laws and regulations relating to privacy, security, or data protection could result in us facing regulatory investigations, enforcement actions, fines, lawsuits and other claims (including from customers and individuals), penalties, consent decrees or other orders that may hamper our ability to conduct business or adapt our business, and liability, including potential criminal liability of company executives, and we could find it necessary or appropriate to fundamentally change our products, or our practices, which could have an adverse effect on our business. Any actual or perceived inability to adequately address privacy, security, and data protection concerns, even if unfounded, or to comply with applicable privacy, security, and data protection laws, regulations,

policies or other obligations, could result in additional cost and liability to us, damage our reputation and market position (both in relation to existing customers and prospective customers), cause us to lose goodwill, inhibit sales and adversely affect our operations, financial performance and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our products. Privacy, security, and data protection concerns, whether valid or not, may inhibit market adoption of our products, particularly in certain industries and foreign countries. If we are not able to adjust to changing laws, regulations and standards in these areas, our business may be harmed.

We are subject to governmental export and import controls and economic sanctions that could impair our ability to compete in international markets or subject us to liability if we violate these controls.

Our business activities are subject to U.S. export controls, specifically the Export Administration Regulations, and economic sanctions enforced by the Office of Foreign Assets Control. Because our products use encryption, certain of our products are subject to U.S. export controls and may be exported from the United States only with the required export license or through an export license exception. Obtaining the necessary export license for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by U.S. sanctions. The inclusion of one of our foreign customers on any U.S. Government sanctioned persons list, including but not limited to the U.S. Department of Commerce's List of Denied Persons and the U.S. Department of Treasury's List of Specially Designated Nationals and Blocked Persons List, may also be material to our business. We take precautions to prevent our products and services from being exported in violation of these laws and, we have advised our channel partners and distributors that they must also comply with the laws when working with the Company.

Any failure to comply with the U.S. export requirements, U.S. customs regulations, U.S. economic sanctions, or other laws could result in the imposition of penalties against the Company or individuals responsible for any such violations. The penalties may include substantial civil and criminal fines, incarceration for responsible employees and managers, the possible loss of export or import privileges and reputational harm.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products into international markets, prevent our customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our products by, or our decreased ability to export or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets would likely adversely affect our business, financial condition and results of operations.

Employment laws in some of the countries in which we operate are stringent, which could restrict our ability to react to market changes and cause us to incur higher expenses.

As of September 30, 2020, we had 1,376 full-time employees, of whom approximately 37% were located in the United States, 28% were located in France, 7% were located in Germany, 7% were located in China and 7% were located in the United Kingdom. In some of the countries in which we operate, employment laws may grant significant job protection to certain employees, including rights on termination of employment and setting maximum number of hours and days per week a particular employee is permitted to work. In addition, in certain countries in which we operate, we are often required to consult and seek the advice of employee representatives and unions. These laws, coupled with the requirement to consult with any relevant employee representatives and unions, could affect our ability to react to market changes and the needs of our business and cause us to incur higher expenses.

Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act of 2010, the French anti-corruption law known as "Sapin II" and possibly other

anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anti-corruption and anti-bribery laws that prohibit companies and their employees and third-party intermediaries from authorizing, promising, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties or candidates, employees of public international organizations and private-sector recipients for a corrupt purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we use various third-party intermediaries to sell our solutions and conduct our business abroad. We, our channel partners, and our other third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. Although we continue to implement our FCPA/anti-corruption compliance program, some of our employees and agents, as well as those companies to which we outsource certain of our business operations, may nevertheless take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anti-bribery, anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have a material and adverse effect on our reputation, business, results of operations and prospects. In addition, responding to any enforcement action may result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Risks Related to Our International Operations

Our international operations and expansion expose us to several risks.

During the nine months ended September 30, 2020 and the years ended December 31, 2019 and 2018, total revenue generated outside of France and the Americas was 42.0%, 42.5% and 41.4% of our total revenue, respectively. Our primary research and development operations are located in France, the United States, China and Germany. In addition, we currently have international offices outside of France, China, Germany and the United States, which focus primarily on selling and implementing our solution in those regions. In the future, we may expand to other international locations. Our current international operations and future initiatives will involve a variety of risks, including:

- Unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions;
- Government trade restrictions, including those which may impose restrictions, including prohibitions, on the exportation, re-exportation, sale, shipment or other transfer of programming, technology, components and/or services to foreign persons;
- Changes in diplomatic and trade relationships, including new tariffs, trade protection measures, import or export licensing requirements, trade embargoes and other trade barriers;
- Tariffs imposed by the U.S. government on goods from other countries and tariffs imposed by other countries on U.S. goods, including the tariffs implemented and additional tariffs that have been proposed by the U.S. government on various imports from China, Canada, Mexico and the European Union and by the governments of these jurisdictions on certain U.S. goods, and any other possible tariffs that may be imposed on services such as ours, the scope and duration of which, if implemented, remains uncertain;
- Different labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- Exposure to many onerous and potentially inconsistent privacy, security, and data protection laws and regulations, particularly in the European Union;
- Changes in a specific country's or region's political or economic conditions;
- The impact of pandemics and epidemics, like COVID-19, on global and regional economic conditions, international and domestic travel, and IT spending budgets;
- Deterioration of political relations between the United States and France, the United Kingdom, Germany and Japan, which could have a material adverse effect on our sales and operations in these countries;
- Challenges inherent to efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;

- Risks resulting from changes in currency exchange rates and the implementation of exchange controls, including restrictions promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury and other similar trade protection regulations and measures in the United States or in other jurisdictions;
- Reduced ability to timely collect amounts owed to us by our clients in countries where our recourse may be more limited;
- Limitations on our ability to reinvest earnings from operations derived from one country to fund the capital needs of our operations in other countries;
- Limited or unfavorable intellectual property protection;
- Exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, and similar applicable laws and regulations in other jurisdictions; and
- Restrictions on repatriation of earnings.

Furthermore, weak domestic or global economic conditions, fear or anticipation of such conditions, or uncertainty how the U.S. or foreign governments will act with respect to tariffs, international trade agreements and policies, and the COVID-19 pandemic, could adversely affect our business, financial condition, results of operations and prospects in a number of ways, including lower prices for our products, reduced sales and lower or no growth. For example, the global macroeconomic environment could be negatively affected by, among other things, instability in global economic markets resulting from the COVID-19 pandemic, increased U.S. trade tariffs and trade disputes between the U.S. and other countries, instability in the global credit markets, the impact and uncertainty regarding global central bank monetary policy, changes in interest rates and increased inflation, the instability in the geopolitical environment as a result of the United Kingdom's withdrawal from the European Union, economic challenges in China and ongoing U.S. and foreign governmental debt concerns. Such challenges have caused, and are likely to continue to cause, uncertainty and instability in local economies and in global financial markets, particularly if any future sovereign debt defaults or significant bank failures or defaults occur. Market uncertainty and instability in Europe, Asia or the United States could intensify or spread further, particularly if ongoing stabilization efforts prove insufficient. Continuing or worsening economic instability could adversely affect sales of our products. Moreover, continued turmoil in the geopolitical environment in many parts of the world may also affect the overall demand for our products. In fact, we anticipate that current political and economic conditions in Europe may negatively impact revenue growth in our Europe, Middle East and Africa region. A prolonged period of economic uncertainty or a downturn may also significantly affect financing markets, the availability of capital and the terms and conditions of financing arrangements, including the overall cost of financing. Circumstances may arise in which we need, or desire, to raise additional capital, and such capital may not be available on commercially reasonable terms, or at all.

We have limited experience in marketing, selling and supporting our solutions outside of France, the United Kingdom, the United States, Germany and Japan. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and results of operations will suffer.

Additionally, operating in international markets also requires significant management attention and financial resources. The investment and additional resources required in establishing operations in other countries may not produce desired levels of revenue or profitability.

If we are not successful in sustaining and expanding our international business, we may incur additional losses and our revenue growth could be harmed.

Our future results depend, in part, on our ability to sustain and expand our penetration of the international markets in which we currently operate and to expand into additional international markets. We depend on direct sales and our channel partner relationships to sell our subscription offerings and professional services in international markets. Our ability to expand internationally will depend upon our ability to deliver functionality and foreign language translations that reflect the needs of the international clients that we target. Our ability to expand internationally involves various risks, including the need to invest significant resources in such expansion, and the possibility that returns on such investments will not be achieved in the near future or at all in these less familiar competitive environments. We may also choose to conduct our international business through strategic alliances. If we are unable to identify strategic alliance partners or negotiate favorable alliance terms, our international growth may be harmed. In addition, we have incurred and may continue to incur significant expenses in advance of generating material revenue as we attempt to establish our presence in particular international markets.

Sustaining and expanding our international business will also require significant attention from our management and will require us to add additional management and other resources in these new markets. Our ability to expand our business, attract talented employees, maintain consistent sales and marketing practices and standards across regions, and enter into channel partnerships in an increasing number of international markets requires considerable management attention and resources and is

subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems, commercial infrastructures and technology infrastructure. If we are unable to grow our international operations in a timely and effective manner, we may incur additional losses and our revenue growth could be harmed.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

A portion of our subscription agreements and operating expenses are incurred outside the United States and denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the euro. As a result of the COVID-19 pandemic, foreign currency exchange rates have been and could continue to be subject to increased volatility. The strengthening of the U.S. dollar increases the real cost of our products to some of our customers outside of the United States where we price in U.S. dollar instead of local currency, leading to delays in the purchase of our products and the lengthening of our sales cycle. The U.S. dollar has strengthened against the euro since early 2018 and if the U.S. dollar continues to strengthen, this could adversely affect our financial condition and results of operations. In addition, increased international sales in the future, including through our channel partners and other partnerships, may result in greater foreign currency denominated sales, increasing our foreign currency risk. Moreover, operating expenses incurred outside the United States and denominated in foreign currencies are increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our financial condition and results of operations could be adversely affected. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and results of operations.

Exposure to United Kingdom political developments, including the impact of “Brexit”, could have a material adverse effect on us.

On January 31, 2020, the United Kingdom left the European Union, which is commonly referred to as “Brexit”. The United Kingdom’s withdrawal from the European Union creates an uncertain political and economic environment in the United Kingdom and potentially across other European Union member states, for the foreseeable future, including while the United Kingdom negotiates terms of trade with the European Union and reviews and reforms regulations derived from its prior membership in the European Union.

The political and economic instability created by the United Kingdom’s withdrawal from the European Union has caused and may continue to cause significant volatility in global financial markets and the value of the Pound Sterling currency or other currencies, including the euro. We are exposed to the economic, market and fiscal conditions in the United Kingdom and the European Union and to changes in any of these conditions. We anticipate that current political and economic conditions in Europe may negatively impact revenue growth in our Europe, Middle East and Africa region.

Consequently, the United Kingdom’s withdrawal from the European Union could adversely impact our operating results, financial condition and prospects.

Because we conduct operations in China, risks associated with economic, political and social events in China could negatively affect our business and results of operations.

We operate a research and development center in Beijing, China and may plan to continue to increase our presence in China. Our operations in China are subject to a number of risks relating to China’s economic and political systems, including:

- A government-controlled foreign exchange rate and limitations on the convertibility of the Chinese Renminbi;
- Uncertainty regarding the validity, enforceability and scope of protection for intellectual property rights and the practical difficulties of enforcing such rights;
- Ability to secure our business proprietary information located in China from unauthorized acquisition;
- Extensive government regulation;
- Changing governmental policies relating to tax benefits available to foreign-owned businesses;
- A relatively uncertain legal system; and
- Instability related to continued economic, political and social reform.

Any actions and policies adopted by the government of the People's Republic of China, particularly with regard to intellectual property rights, any prolonged slowdown in China's economy, or increased restrictions related to the transfer of data pursuant to the Chinese Cyber Security Law could have an adverse effect on our business, results of operations and financial condition.

Further, at various times during recent years, the United States and China have had disagreements over political and economic issues. Controversies may arise in the future between these two countries. Any political or trade controversy between the United States and China could adversely affect the U.S. and European economies and materially and adversely affect the market price of our ADSs, our business, financial position and financial performance.

Risks Related to Taxes

Unanticipated changes in effective tax rates, adverse outcomes resulting from examination of our income or other tax returns, and other aspects of our international operations and structure could expose us to greater than anticipated tax liabilities.

We are subject to income taxes in France, the United States and other jurisdictions, and our income tax obligations are based in part on our corporate structure and intercompany arrangements, including the manner in which we develop, value and use our intellectual property and the valuations of our intercompany transactions. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses as a result of acquisitions, the valuation of deferred tax assets and liabilities, and changes in federal, state, or international tax laws and accounting principles. The tax laws applicable to our business are subject to interpretation and certain jurisdictions may aggressively interpret their laws in an effort to raise additional tax revenue. It is not uncommon for taxing authorities in different countries to have conflicting views with respect to, among other things, the manner in which the arm's length standard is applied for transfer pricing purposes, the valuation of intellectual property, or the tax treatment of subscription software companies, which could increase our worldwide effective tax rate and harm our financial position and results of operations. It is possible that tax authorities may disagree with certain positions we have taken or may determine that the manner in which we operate our business does not achieve our intended tax consequences and any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. Further, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our condensed consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added, digital services, or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our financial results.

The various jurisdictions in which we have sales and operations have different rules and regulations governing sales and use, value added, digital services, and similar taxes, and these rules and regulations are subject to varying interpretations that change over time. Certain jurisdictions in which we did not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future. For example, certain jurisdictions, such as the United Kingdom and France, have recently introduced a digital services tax, which is generally a tax on gross revenue generated from users or customers located in those jurisdictions, and other jurisdictions have enacted or are considering enacting similar laws. Any tax assessments, penalties and interest, or future requirements may adversely affect our results of operations. Moreover, imposition of such taxes on us going forward will effectively increase the cost of our products to our customers and might adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

Our ability to use our accumulated gross tax losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2019, we had accumulated gross tax losses in various jurisdictions of \$290.5 million, which may be utilized against future income taxes. Limitations imposed by the applicable jurisdictions on our ability to utilize accumulated gross tax losses could cause income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such accumulated gross tax losses to expire unused, in each case reducing or eliminating the benefit of such accumulated gross tax losses. Furthermore, we may not be able to generate sufficient taxable income to utilize our accumulated gross tax losses before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our accumulated gross tax losses.

Our failure to maintain certain tax benefits applicable to French technology companies may adversely affect our results of operations.

As a French technology company, we have benefited from certain tax advantages, including, for example, the French research tax credit (*crédit d'impôt recherche*), or CIR. The CIR is a French tax credit aimed at stimulating research and development. The CIR can be offset against French corporate income tax due and the portion in excess (if any) may be refunded at the end of a three fiscal-year period, subject to certain conditions. The CIR is reflected as an offset to our research and development expense. It is calculated based on our claimed amount of eligible research and development expenditures in France and represented \$0.5 million for 2019, \$0.5 million for 2018 and \$0.6 million for 2017. The French tax authority with the assistance of the Research and Technology Ministry may audit each research and development program in respect of which a CIR benefit has been claimed and assess whether such program qualifies in their view for the CIR benefit, in accordance with the French tax code (*Code général des impôts*) and the relevant official guidelines. If the French tax authority determines that our research and development programs do not meet the requirements for the CIR benefit, or that certain CIR rules were inconsistently applied, we could be liable for additional corporate tax, and penalties and interest related thereto, which could have a significant impact on our results of operations and future cash flows. Furthermore, if the French Parliament decides to eliminate, or reduce the scope or the rate of, the CIR benefit, either of which it could decide to do at any time, our results of operations could be adversely affected.

Risks Related to Accounting Practices, Policies, and Standards

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the trading price of the ADSs.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our ADSs. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition (including allocation of the transaction price to separate performance obligations), the amortization period for contract acquisition costs, fair value of acquired intangible assets, goodwill impairment test and measurement of share-based compensation.

An impairment of the carrying value of goodwill or intangible assets could adversely affect our financial results and shareholders' equity.

As of September 30, 2020, we had goodwill of \$50.0 million and net intangible assets of \$10.2 million, which in the aggregate represent 16% of our total consolidated assets. Goodwill is not amortized, but we evaluate for impairment annually in the fourth quarter or more frequently if events or changes in circumstances indicate that impairment may exist. Intangible assets are amortized, and we review the net carrying value for impairment whenever events or changes in circumstances indicate that the net carrying value of an intangible asset may not be recoverable. Factors that could indicate that our goodwill or net intangible assets are impaired include, but are not limited to, a decline in our stock price and market capitalization; lower than projected sales growth rates, operating results and cash flows; slower growth rate in our industry; and a change in weighted average cost of capital or economic or market conditions. Some of these factors are outside of our control. In the future we may be required to record significant charges in our consolidated financial statements during the period in which we determine that our goodwill or net intangible assets are impaired. Any impairment charge may have an adverse effect on our results of operation and shareholders' equity.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

We prepare our financial statements in conformity with GAAP. GAAP is subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. For example, the adoption of ASC 842 in 2019 has had and continues to have a significant impact on our consolidated balance sheet and the adoption of ASC 606

previously required us to change how we recognize revenue from on-premise subscription licenses. Further, the interpretation of these new standards may continue to evolve as other public companies adopt the new guidance and the standard setters issue new interpretative guidance related to these rules. New accounting pronouncements, changes in accounting principles, and changes in the interpretation of these rules have occurred in the past and are expected to occur in the future, which could adversely affect our financial results. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Risks Related to Our Convertible Senior Notes

We have incurred substantial indebtedness that may decrease our business flexibility, access to capital, and/or increase our borrowing costs, and we may still incur substantially more debt, which may adversely affect our operations and financial results.

In September 2019, we issued €139.8 million aggregate principal amount of the 2024 Notes. Further, we may incur substantial additional debt in the future, some of which may be secured debt. We are not restricted under the terms of the indenture governing the 2024 Notes, which we refer to as the indenture, from incurring additional indebtedness, securing existing or future debt, recapitalizing our debt or taking a number of other actions to increase our debt levels. Our indebtedness may:

- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments, including the 2024 Notes;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions

Servicing our debt, including the 2024 Notes, will require a significant amount of cash. We may not have sufficient cash flow from our business to pay our substantial debt, and we may not have the ability to raise the funds necessary to settle conversions of the 2024 Notes in cash or to repurchase the 2024 Notes upon a fundamental change, which could adversely affect our business and results of operations.

Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the amounts payable under the 2024 Notes, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our indebtedness, including the 2024 Notes, and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any of our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Further, holders of the 2024 Notes have the right to require us to repurchase all or a portion of their 2024 Notes upon the occurrence of a "fundamental change" (as defined in the indenture for the 2024 Notes) before the maturity date at a repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. In addition, upon conversion of the 2024 Notes, unless we elect to deliver solely ADSs to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2024 Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of 2024 Notes surrendered therefor upon a fundamental change or pay cash with respect to 2024 Notes being converted in lieu of delivering ADSs upon conversion.

In addition, our ability to repurchase the 2024 Notes or to pay cash upon conversion of the 2024 Notes may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase 2024 Notes when the repurchase is required by the indenture or to pay cash upon conversion of the 2024 Notes as required by the indenture could constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the payment of such related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase 2024 Notes or to pay cash upon conversion of the 2024 Notes.

While our 2024 Notes are denominated in euros, we may hold a significant portion of the proceeds in U.S. dollars and our reporting currency is the U.S. dollar, which subjects us to foreign exchange risk.

Our 2024 Notes are denominated in euros and the majority of the proceeds are held in euros as of September 30, 2020. We may choose to hold a significant amount of the proceeds from our 2024 Notes in U.S. dollars in the future. A weakening of the U.S. dollar relative to the euro could therefore adversely affect our ability to service our debt obligations and repay the aggregate principal amount of the 2024 Notes if we are obligated to repurchase the 2024 Notes in the event of a fundamental change or deliver cash at maturity or upon conversion of the 2024 Notes to the extent that the 2024 Notes are not converted solely into our ADSs. In addition, because our reporting currency is the U.S. dollar, a weakening of the U.S. dollar against the euro would increase the amount of debt under our 2024 Notes that would be reportable on our balance sheet, which could have an adverse effect on our liquidity and financial condition.

In the future, we may enter into contractual arrangements designed to hedge a portion of the foreign currency exchange risk associated with any non-U.S. dollar-denominated debt. If these hedging arrangements are unsuccessful, we may experience an adverse effect on our business and results of operations.

The conditional conversion feature of the 2024 Notes, when triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2024 Notes is triggered, holders of the 2024 Notes will be entitled to convert their 2024 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2024 Notes, unless we elect to satisfy our conversion obligation by delivering solely ADSs (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity.

In addition, even if holders of 2024 Notes do not elect to convert their 2024 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2024 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the 2024 Notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options, or ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the 2024 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the 2024 Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our condensed consolidated balance sheet at the issuance date and the value of the equity component would be treated as debt discount for purposes of accounting for the debt component of the 2024 Notes. As a result, we are required to record a greater amount of non-cash interest expense as a result of the amortization of the discounted carrying value of the 2024 Notes to their face amount over the term of the 2024 Notes. We report larger net losses (or lower net income) in our financial results because ASC 470-20 requires interest to include both the amortization of the debt discount and the instrument's non-convertible coupon interest rate, which lowers our reported financial results, and could adversely affect the trading price of our ADSs and the trading price of the 2024 Notes.

In addition, under certain circumstances, convertible debt instruments (such as the 2024 Notes) that may be settled entirely or partly in cash may be accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of such 2024 Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of such 2024 Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. If we are unable or otherwise elect not to use the treasury stock method in accounting for the shares issuable upon conversion of the 2024 Notes, then our diluted earnings per share could be adversely affected.

Conversion of the 2024 Notes will dilute the ownership interest of existing shareholders or may otherwise depress the price of our ADSs.

The conversion of some or all of the 2024 Notes will dilute the ownership interests of existing stockholders to the extent we deliver ADSs upon conversion of any of the 2024 Notes. The 2024 Notes may from time to time in the future be convertible at

the option of their holders prior to their scheduled terms under certain circumstances specified in the indenture for the 2024 Notes. Moreover, because our ADSs trade in U.S. dollars but the conversion rate and conversion price set forth in the indenture for the 2024 Notes are set forth in euros, fluctuations in the U.S. dollar-euro exchange rate could cause the 2024 Notes to be convertible and result in dilution to our shareholders even if our ADSs do not significantly appreciate in value or appreciate in value at all. For example, one situation in which the 2024 Notes are convertible is when, during any calendar quarter ending after December 31, 2019, the last reported sale price of our ADS (converted into euros in the manner set forth in the indenture for the 2024 Notes) for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last day of the immediately preceding calendar quarter is greater than 130% of the conversion price of the 2024 Notes on each applicable trading day. As a result, if the U.S. dollar strengthened sufficiently against the euro, that conversion condition could be satisfied even if our ADSs do not appreciate in value.

Any sales in the public market of the ADSs issuable upon any conversion of the 2024 Notes could adversely affect prevailing market prices of our ADSs. In addition, the existence of the 2024 Notes may encourage short selling by market participants because the conversion of the 2024 Notes could be used to satisfy short positions, or anticipated conversion of the 2024 Notes into ADSs could depress the price of our ADSs.

Provisions in the indenture for our 2024 Notes could discourage or make more difficult certain corporate actions.

Provisions in the indenture for our 2024 Notes could discourage or make more difficult certain corporate actions. For example, if a “fundamental change” (as defined in the indenture for the 2024 Notes) occurs prior to the maturity date of the 2024 Notes, holders of the 2024 Notes will have the right, at their option, to require us to repurchase all or a portion of their 2024 Notes. If a “make-whole fundamental change” (as defined in the indenture for the 2024 Notes) occurs prior the maturity date, we will in some cases be required to increase the conversion rate of the 2024 Notes for a holder that elects to convert its 2024 Notes in connection with such make-whole fundamental change. Furthermore, the indenture for the 2024 Notes prohibits us from engaging in certain mergers or acquisitions or sales of assets unless, among other things, the surviving entity assumes our obligations under the 2024 Notes.

Risks Related to Ownership of Our Ordinary Shares and ADSs

The market price for our ADSs has been and may be volatile or may decline.

The stock markets, and securities of technology companies in particular, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. We believe that our stock is particularly susceptible to high volatility due to liquidity constraints and our average daily trading volume as a result of our ADS program. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business. Furthermore, the market price of our ADSs has fluctuated and may continue to fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- Actual or anticipated fluctuations in our revenue and other results of operations;
- The financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- Failure of securities analysts to initiate or maintain coverage of us and our securities, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- Announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- Changes in operating performance and stock market valuations of subscription model companies or other technology companies, or those in our industry in particular;
- Lawsuits threatened or filed against us;
- General economic conditions and trends which are impacted by the COVID-19 pandemic;
- Results of our competitors; and
- Other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

The requirements of being a public company in the United States, particularly while being domiciled in France, may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

Although we are domiciled in France, we are considered a U.S. domestic issuer under U.S. federal securities laws and regulations and are required to file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy materials and registration statements on U.S. domestic issuer forms with the SEC.

We are required under current SEC rules to prepare our financial statements in accordance with GAAP and our executive officers and directors are also subject to the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. As a French domiciled company, we are also required to prepare consolidated financial statements in accordance with International Financial Reporting Standards and standalone financial statements prepared in accordance with generally accepted accounting principles in France, each of which are subject to shareholder approval at our annual general meeting of shareholders. We expect that our status as a publicly traded company subject to U.S. domestic issuer requirements, together with our status as a French domiciled company, will require significant attention from management and may further strain our resources and cause us to incur additional legal, accounting and other expenses.

Additionally, as a public company in the United States, we have incurred and will continue to incur legal, accounting and other expenses. We are subject to the Exchange Act, including certain of the reporting requirements thereunder, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NASDAQ, enhanced legal and regulatory regimes and heightened standards relating to corporate governance and disclosure for public companies, and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources. Being both a public company in the United States and a French private company also has an impact on disclosure of information and requires compliance with two sets of applicable rules. This could result in uncertainty regarding compliance matters and higher costs necessitated by legal analysis of dual legal regimes.

If we fail to establish or maintain an effective system of internal controls, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of the ADSs may, therefore, be adversely affected.

As a public company in the United States, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. In addition, we are required to provide a report by management on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. This process is time-consuming, costly and complicated. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal controls over financial reporting. As described in more detail in the subsequent risk factor and Part II, Item 9A of our Annual Report on Form 10-K filed with the SEC on March 17, 2020, we have identified a material weakness in our internal control over financial reporting. Any material weakness in our internal control over financial reporting could cause: us to fail to detect errors on a timely basis; our financial statements to be materially misstated; the market price of our ADSs to decline; or subject us to sanctions or investigations by the SEC or other regulatory authorities, which could require additional financial and management resources.

We have identified a material weakness in our internal control over financial reporting that, if not properly remediated, could adversely affect our business, financial condition, and results of operations, and investor confidence and the market price of our ADSs.

As disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 17, 2020, in connection with our assessment of the effectiveness of internal control over financial reporting as of December 31, 2019, our management identified a material weakness in our internal control over financial reporting relating to ineffective process level controls over assumptions in our stand-alone selling price model used to determine the allocation of the transaction price of our on-premise license arrangements between the software element and the support and maintenance element. This material weakness resulted from an ineffective risk assessment process to identify changes to risks resulting from the adoption of ASC Topic 606 and the design of appropriate controls to address those risks. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of such material weakness, we concluded that our disclosure controls and procedures and internal controls over financial reporting were not effective.

As further described in Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 17, 2020, we are currently taking actions to design and implement a remediation plan to address the material weakness. If remedial measures are insufficient to address the material weakness, or if additional material weaknesses in internal control are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results. In addition, the timing of our financial reporting could be adversely affected and we may be unable to maintain compliance with the federal securities laws and NASDAQ listing requirements regarding the timely filing of periodic reports. If we fail to report our results in a timely manner, we could be required to pay additional interest under our convertible notes, which could impact our liquidity and financial condition. Any of the foregoing could cause investors to lose confidence in the reliability of our financial reporting, which could have a negative effect on the trading price of our ADSs and possibly impact our ability to obtain future financing on acceptable terms.

Share ownership is concentrated in the hands of certain large shareholders and management, who are able to exercise a direct or indirect controlling influence on us.

Our executive officers, directors, current five percent or greater shareholders and affiliated entities together beneficially own a significant percentage of our ordinary shares and ADSs outstanding as of September 30, 2020. As a result, these shareholders, acting together or in parallel, could have a significant influence over all matters that require approval by our shareholders, including the election of directors and approval of significant corporate transactions. Corporate action might be taken even if other shareholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of our company that other shareholders may view as beneficial.

Holders of our ADSs do not directly hold our ordinary shares.

As an ADS holder, you are not treated as one of our shareholders and you do not have ordinary shareholder rights. French law governs shareholder rights. The depository, JPMorgan Chase Bank, N.A., is the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you have ADS holder rights. The deposit agreement among us, the depository and you, as an ADS holder, and all other persons directly and indirectly holding ADSs, sets out ADS holder rights, as well as the rights and obligations of the depository.

You may not be able to exercise your right to vote the ordinary shares underlying your ADSs.

Holders of ADSs may exercise voting rights with respect to the ordinary shares represented by the ADSs only in accordance with the provisions of the deposit agreement and not as a direct shareholder. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, the depository will fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, if we so request, the depository shall distribute to the holders as of the record date (1) the notice of the meeting or solicitation of consent or proxy sent by us and (2) a statement as to the manner in which instructions may be given by the holders.

You may instruct the depository to vote the ordinary shares underlying your ADSs. Otherwise, you will not be able to exercise your right to vote, unless you withdraw the ordinary shares underlying the ADSs you hold. However, you may not know about the meeting far enough in advance to withdraw those ordinary shares. If we ask for your instructions, the depository, upon timely notice from us, will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot guarantee you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your ordinary shares or to withdraw your ordinary shares so that you can vote them yourself. If the depository does not receive timely voting instructions from you, it may give a proxy to a person designated by us to vote the ordinary shares underlying your ADSs in accordance with the recommendation of our board of directors. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote, and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested.

You may be subject to limitations on the transfer of your ADSs and the withdrawal of the underlying ordinary shares.

Your ADSs, which may be evidenced by American Depositary Receipts, or ADRs, are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason subject to your right to cancel your ADSs and withdraw the underlying ordinary shares. Temporary delays in the

cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, you may not be able to cancel your ADSs and withdraw the underlying ordinary shares when you owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities. For example, if changes are made to tax laws, our securities may then be subject to French or other applicable taxes.

Risks Related to Investing in a French Company

Provisions in our By-laws and French corporate law may delay or discourage a takeover attempt.

Provisions contained in our By-laws, and the corporate laws of France, the country in which we are incorporated, could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our shareholders. In addition, provisions of French law and our By-laws impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These provisions include the following:

- Provisions of French law allowing the owner of 90% of the share capital or voting rights of a public company to force out the minority shareholders following a tender offer made to all shareholders are only applicable to companies listed on a regulated market in a Member State of the European Union or in another state party to the Agreement on the European Economic Area, including the main French stock exchange and will therefore not be applicable to us, unless we dual-list on such regulated market;
- A merger (i.e., in a French law context, a stock-for-stock exchange after which our company would be dissolved without being liquidated into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of our board of directors as well as a two-thirds majority of the votes held by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- A merger of our company into a company incorporated outside of the European Union would require the unanimous approval of our shareholders;
- Under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;
- Our shareholders have granted and may grant in the future our board of directors' broad authorizations to increase our share capital or to issue additional ordinary shares or other securities (for example, warrants) to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our shares;
- Our shareholders have preferential subscription rights proportional to their shareholding in our company on the issuance by us of any additional shares or securities giving the right, immediately or in the future, to new shares for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general meeting (by a two-thirds majority vote) of our shareholders or on an individual basis by each shareholder;
- Our board of directors has the right to appoint directors to fill a vacancy created by the resignation or death of a director, subject to the approval by the shareholders of such appointment at the next shareholders' meeting, which prevents shareholders from having the sole right to fill vacancies on our board of directors;
- Our board of directors can only be convened by its chairman or, when no board meeting has been held for more than two consecutive months, by directors representing at least one-third of the total number of directors;
- Our board of directors' meetings can only be regularly held if at least half of the directors attend either physically or by way of videoconference or teleconference enabling the directors' identification and ensuring their effective participation in the board of directors' decisions;
- Under French law, a non-resident of France as well as any French entity controlled by non-residents of France may have to file a declaration for statistical purposes with the Bank of France (*Banque de France*) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold;
- Under French law, certain investments in a French company relating to certain strategic industries by individuals or entities not residents in a Member State of the European Union are subject to prior authorization of the Ministry of Economy;
- Approval of at least a majority of the votes held by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders' general meeting is required to remove directors with or without cause;

- Advance notice is required for nominations to the board of directors or for proposing matters to be acted upon at a shareholders' meeting, except that a vote to remove and replace a director can be proposed at any shareholders' meeting without notice;
- Pursuant to French law, our By-laws, including the sections relating to the number of directors and election and removal of a director from office, may only be modified by a resolution adopted by a two-thirds majority vote of our shareholders present, represented by a proxy or voting by mail at the meeting; and
- Our shares take the form of bearer securities or registered securities, if applicable legislation so permits, according to the shareholder's choice. Issued shares are represented by book entries in individual accounts opened with us or an authorized intermediary on our behalf or any authorized intermediary (depending on the form of such shares), in the name of each shareholder and kept according to the terms and conditions laid down by the legal and regulatory provisions and, in the case of an authorized intermediary, contractual provisions.

Your right as a holder of ADSs to participate in any future preferential subscription rights or to elect to receive dividends in shares may be limited, which may cause dilution to your holdings.

According to French law, if we issue additional shares or securities for cash giving right, immediately or in the future, to new shares, current shareholders will have preferential subscription rights for these securities proportionally to their shareholding in our company unless they waive those rights at an extraordinary meeting of our shareholders (by a two-thirds majority vote) or individually by each shareholder. However, our ADS holders in the United States will not be entitled to exercise or sell such rights unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. In addition, the deposit agreement provides that the depositary will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. Further, if we offer holders of our ordinary shares the option to receive dividends in either cash or shares, under the deposit agreement the depositary may require satisfactory assurances from us that extending the offer to holders of ADSs does not require registration of any securities under the Securities Act before making the option available to holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings or to elect to receive dividends in shares and may experience dilution in their holdings. In addition, if the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for these rights.

U.S. investors may have difficulty enforcing civil liabilities against our company and directors and the experts named in our annual report.

Certain members of our board of directors and certain of our subsidiaries and certain experts named in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC on March 17, 2020, are non-residents of the United States, and all of or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States.

Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forums in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides. In particular, there is some doubt as to whether French courts would recognize and enforce certain civil liabilities under U.S. securities laws in original actions or judgments of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in France. An award for monetary damages under the U.S. securities laws would be considered punitive if it does not seek to compensate the claimant for loss or damage suffered but is intended to punish the defendant. French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the directors of a corporation in the corporation's interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action are borne by the relevant shareholder or the group of shareholders.

The enforceability of any judgment in France will depend on the particular facts of the case as well as the laws and treaties in effect at the time. The United States and France do not currently have a treaty providing for recognition and enforcement of

judgments (other than arbitration awards) in civil and commercial matters. Therefore, the recognition and enforcement of any such judgment would be subject to French procedural law and a French court may not recognize or enforce any such judgment.

We do not currently intend to pay dividends on our securities, and, consequently, your ability to achieve a return on your investment depends on appreciation in the price of the ADSs. In addition, French law may limit the amount of dividends we are able to distribute.

We have never declared or paid any cash dividends on our ordinary shares and do not currently intend to do so for the foreseeable future. In addition, any future indebtedness may restrict our ability to pay dividends. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your ADSs for the foreseeable future and the success of an investment in ADSs will depend upon any future appreciation in its value. Consequently, investors in our ADSs may need to rely on sales of all or part of their holdings of ADSs after price appreciation, which may never occur, as the only way to realize any future gains on their investment. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which our shareholders have purchased the ADSs. Investors seeking cash dividends should not purchase the ADSs.

Further, under French law, the determination of whether we have been sufficiently profitable to pay dividends is made on the basis of our statutory financial statements prepared and presented in accordance with French generally accepted accounting principles. In addition, payment of dividends may subject us to additional taxes under French law. Therefore, we may be more restricted in our ability to declare dividends than companies not based in France.

In addition, exchange rate fluctuations may affect the amount of euros that we are able to distribute, and the amount in U.S. dollars that our shareholders receive upon the payment of cash dividends or other distributions we declare and pay in euros, if any. These factors could harm the value of the ADSs, and, in turn, the U.S. dollar proceeds that holders receive from the sale of the ADSs.

U.S. holders of ADSs may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

A non-U.S. corporation will be considered a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets that produce or are held for the production of passive income. Based on the historical and present value and composition of our assets, although not free from doubt, we do not believe we were a PFIC for the taxable year ended December 31, 2019, and we do not expect to be a PFIC for the current taxable year or in the foreseeable future. Because a separate factual determination as to whether we are or have become a PFIC must be made each year (after the close of such year), we could be or become a PFIC in the current year or any future taxable year. If we are a PFIC for any taxable year during which a U.S. holder holds ADSs, the U.S. holder may be subject to adverse tax consequences, including (1) the treatment of all or a portion of any gain on disposition as ordinary income, (2) the application of an interest charge with respect to such gain and certain dividends and (3) compliance with certain reporting requirements. Each U.S. holder is strongly urged to consult its tax advisor regarding the application of these rules and the availability of any potential elections.

If a United States person is treated as owning at least 10% of our ADSs, such person may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our ADSs, such person may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group (if any). Because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether or not we are treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income,” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. Failure to comply with such reporting requirements could result in adverse tax effects for United States shareholders and potentially significant monetary penalties. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries is treated as a controlled foreign corporation or furnish to any United States shareholders information that may be necessary to comply with the aforementioned obligations. A United States investor should consult its advisors regarding the potential application of these rules to an investment in our ADSs.

The rights of shareholders in companies subject to French corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.

We are a French company with limited liability. Our corporate affairs are governed by our By-laws and by the laws governing companies incorporated in France. The rights of shareholders and the responsibilities of members of our board of directors are in many ways different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. For example, in the performance of its duties, our board is required by French law to consider the interests of our company, its shareholders, its employees and other stakeholders, rather than solely our shareholders and/or creditors. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder.

General Risk Factors

Our estimates of market opportunities and expectations about market growth may prove to be inaccurate, and even if the markets in which we compete achieve the expected growth, our business could fail to grow at similar rates, if at all.

Our estimates and expectations about market opportunities and market growth are subject to significant uncertainty, including the effect the current economic environment will have on market opportunities and growth, and are based on assumptions and estimates that may not prove to be accurate. Even if the markets in which we compete meet the size estimates and growth expectations, our business could fail to grow for a variety of reasons, which would adversely affect our results of operations.

We may acquire other businesses which could require significant management attention, disrupt our business, dilute shareholder value and adversely affect our results of operations.

As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies. For example, in November 2018 we acquired Stitch Inc. Our ability as an organization to acquire and integrate other companies, products, or technologies in a successful manner is unproven given our limited track record, including our continued integration of Stitch. Our ability to successfully acquire companies, products and technologies depends, in part, on our ability to attract and retain highly skilled personnel. If we are unable to attract and retain qualified personnel, we may be unable to take advantage of opportunities to make beneficial acquisitions or investments. The identification of suitable acquisition candidates is difficult, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete future acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and business strategy, we may be subject to claims or liabilities assumed from an acquired company, product, or technology, and any acquisitions we complete could be viewed negatively by our customers, investors and securities analysts. In addition, if we are unsuccessful at integrating Stitch and any future acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management's attention, and we may not be able to manage the integration process successfully. Our continued integration of Stitch may be and integrating future acquisitions would be particularly challenging for us during the COVID-19 pandemic, due to temporary office closures, restrictions on travel, and remote working, and may not be successful.

We may not successfully evaluate or utilize the acquired technology or personnel, realize anticipated synergies from the acquisition, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges. We may have to pay cash, incur debt, or issue equity to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our ADSs. The issuance of equity to finance any future acquisitions could result in dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. The occurrence of any of these risks could harm our business, results of operations and financial condition.

Any unauthorized, and potentially improper, actions of our sales or other personnel could adversely affect our business, results of operations and financial condition.

The recognition of our revenue depends on, among other things, the terms negotiated in our contracts with our customers. Our sales or other personnel may act outside of their authority and negotiate additional terms or terms inconsistent with obligations we have under other contractual arrangements without our knowledge or consent. We have implemented policies to help prevent and discourage such conduct, but in the past some personnel have not followed our internal policies and in the future not all personnel may follow our policies and procedures. For instance, in the event that our sales personnel negotiate terms that do not appear in the contract and of which we are unaware, whether such additional terms are written or verbal, we could be

prevented from recognizing revenue in accordance with our plans. Furthermore, depending on when we learn of unauthorized actions and the size of the transactions involved, we may have to restate revenue for a previously reported period, which would seriously harm our business, results of operations and financial condition.

If we are not able to maintain and enhance our brands, our business and results of operations may be adversely affected.

We believe that the brand identities that we have developed have contributed significantly to the success of our business. We also believe that maintaining and enhancing our brands is important to expanding our customer base and attracting talented employees. In order to maintain and enhance our brands, we may be required to make further investments that may not be successful. For example, during 2020 we have introduced new branding, including a new logo, new trade dress, and new messaging, which if not successful could adversely affect our brand image and identity and our marketing efforts. Maintaining our brands will depend in part on our ability to remain a leader in data integration and integrity technology and our ability to continue to provide high-quality offerings. If we fail to promote and maintain our brands, or if we incur excessive costs in doing so, our business, financial condition, results of operations and cash flows may be harmed.

We may be the subject of litigation which, if adversely determined, could harm our business and operating results.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, data protection and data privacy, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws and tax laws and regulations. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages and civil and criminal penalties or injunctions. We have been, currently are, and may in the future be, subject to legal claims arising in the normal course of business. Such legal claims have included intellectual property-related, commercial, and employment claims, and may in the future include those categories of claims, as well as, product liability, class action, whistleblower and other litigation and claims. An unfavorable outcome on any litigation matter could require that we pay substantial damages. In addition, we may decide to settle any litigation, which could cause us to incur significant costs.

The outcome of litigation and other claims or lawsuits is intrinsically uncertain. Management's view of the litigation might also change in the future. Actual outcomes of litigation and other claims or lawsuits could differ from the assessments made by management in prior periods, which are the basis for our accounting for these litigations and claims under generally accepted accounting principles in the United States, or GAAP. A settlement or an unfavorable outcome on any litigation matter could have a material adverse effect on our business, operating results, reputation, financial position or cash flows. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

We are exposed to the credit risk of some of our distributors, resellers and customers and to credit exposure in weakened markets, which could result in material losses.

We have programs in place that are designed to monitor and mitigate credit risks of some of our distributors, resellers and customers, and our credit exposure in weakened markets. However, these programs may not be effective in reducing our credit risks, especially as we expand our business internationally. If we are unable to adequately control these risks, our business, results of operations and financial condition could be harmed.

Catastrophic events or man-made problems may disrupt our business.

A significant natural disaster, such as an earthquake, fire or flood, or significant power outage could have an adverse impact on our business, results of operations and financial condition. Our functional corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. In addition, the San Francisco Bay Area has been subject to power blackouts to mitigate the risk of wildfires and our functional corporate headquarters could be subject to such blackouts, potentially for an extended period of time. In the event our or our channel partners' abilities are hindered by any of the events discussed above, sales could be delayed, resulting in missed financial targets, such as revenue or cash flow, for a particular quarter. In addition, acts of terrorism, epidemics or pandemics, such as COVID-19, geopolitical unrest, or other man-made problems could cause disruptions in our business or the business of our channel partners, customers or the economy as a whole. Any disruption in the business of our channel partners or customers that affects sales at the end of a fiscal quarter could have a significant adverse impact on our future quarterly results. Further, if a natural disaster or man-made problem were to affect Internet service providers, this could adversely affect the ability of our customers to use our products. All of the aforementioned risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in our inability to continue our operations, system interruptions, reputational harm, delays in our development activities,

breaches of data security and loss of critical data, delays or cancellations of customer orders, or the delay in the deployment of our products, our business, financial condition and results of operations would be adversely affected.

Substantial future sales or perceived potential sales of our ADSs, ordinary shares, or other securities in the public market could cause the price of our ADSs to decline significantly.

The price of our ADSs could decline significantly if there are substantial sales of our ADSs, ordinary shares, or other equity securities in the public market (or the perception that these sales could occur), particularly by our directors, executive officers, and significant shareholders. The shares held by these persons may be sold in the public market in the United States, subject to prior registration in the United States, if required, or reliance upon an exemption from United States registration, including, in the case of shares held by affiliates or control persons, compliance with the volume restrictions of Rule 144. In addition, certain of our executive officers have entered into Rule 10b5-1 trading plans under which they have contracted with a broker to sell shares of our ADSs on a periodic basis.

Furthermore, we have reserved a significant number of ADSs (and ordinary shares underlying the ADSs) for issuance in connection with awards issued under our equity incentive plans, employee stock purchase program and upon conversion of the 2024 Notes, the issuance of which will dilute the ownership interests of existing shareholders. Any sales in the public market of the ADSs issuable upon such issuance or conversion could adversely affect prevailing market prices for our ADSs.

We may also issue ordinary shares or securities convertible into our ordinary shares from time to time in connection with a financing, acquisition, investment or otherwise. Any such issuance could result in substantial dilution to our existing holders and could cause the market price of our ADSs to decline significantly.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

On November 3, 2020, the Company's board of directors approved an update to Article 6 of the Company's By-laws (*statuts*), effective immediately, solely to reflect an increase in the Company's share capital as a result of shares issued upon the exercise of stock options and warrants, and the vesting of restricted stock units.

The foregoing description is qualified in its entirety by reference to the full text of the By-laws, the English translation of which is filed as Exhibit 3.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

ITEM 6. EXHIBITS.

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Bylaws (statuts) of Talend S.A. (English Translation)					X
10.1	Separation Agreement and Release by and between Talend, Inc., Talend S.A. and Laurent Bride, dated as of October 2, 2020.					X
10.2	Offer letter by and between Talend, Inc. and Krishna Tammana, dated as of September 25, 2020					X
31.1	Certificate of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certificate of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Talend S.A. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TALEND S.A.

/s/ Christal Bemont

Christal Bemont
Chief Executive Officer
(Principal Executive Officer)

/s/ Adam Meister

Adam Meister
Chief Financial Officer
(Principal Financial Officer)

Dated: November 9, 2020

TALEND

Société anonyme (French public limited company) with capital of € 2,540,858.16
Registered office: 5-7 Rue Salomon de Rothschild – 92150 Suresnes
484 175 252 R.C.S. (Trade and Companies Register) Nanterre

BYLAWS

UPDATED ON NOVEMBER 3, 2020

Copy certified by a Deputy Managing Director

Emilie Trailin

TITLE I

Form - Purpose - Company name - Registered Office - Duration

Article 1 Form

Talend (hereafter the "**Company**") was established as a *société par actions simplifiée* then changed into a *société anonyme* on the decision of the shareholders on April 14, 2006. The Company is governed by the provisions of Book II of the French Commercial Code and by these bylaws (the "**Bylaws**").

Article 2 Name

The name of the Company is:

TALEND

All the deeds and documents issued by the Company to third parties, in particular, the letters, invoices, notices and various publications, must show the company name immediately and legibly preceded or followed by the words "*Société Anonyme*" or the initials "S.A.", the statement of share capital and the registration number in the Trade and Companies Register.

Article 3 Purpose

The Company's purpose, either directly or indirectly, in particular through the intermediary of subsidiaries or holdings, in France and abroad, is:

- the development, research, production, marketing, purchase, sale, rental, after-sales support of software and/or IT equipment;
- the supply and sale of user services including in particular training, demonstration, methodology, rollout and use;
- the supply and sale of IT resources whether combined or not with software or service delivery.

The Company's purpose is also:

- the creation, acquisition, rental, lease-management of all business assets or facilities, lease, installation, operation of all establishments;
- the acquisition, use or sale of all intellectual or industrial property rights as well as any expertise in the field of information technology;
- and, more generally, investing in any enterprise or company created or to-be-created as well as carrying out any legal, economic, financial, industrial, civil and commercial transactions, whether in movable property or real estate, directly or indirectly relating, in whole or in part, to the aforementioned purpose or to other similar or related purposes.

Article 4 Registered Office - branches

The registered office is located at:

5-7 Rue Salomon de Rothschild
92150 Suresnes

It may be transferred to any other location in the French territory upon decision of the Board of Directors, subject to ratification by the next General Meeting, and in any other location by decision of an Extraordinary General Meeting.

The Board of Directors may create agencies, factories and branches wherever it deems useful.

Article 5 Duration

The duration of the Company is set at ninety-nine (99) years, starting from its first registration in the Trade and Companies Register, except in the case of extension or early dissolution decided by shareholders.

TITLE II

Share capital - Shares

Article 6 Share Capital

The share capital is set at € 2,540,858.16.

It is divided into 31,760,727 ordinary shares with a par value of € 0.08 per share, fully paid up and all of the same class.

Article 7 Change in the share capital

The share capital may be increased, reduced or amortized under the conditions set by law.

Article 8 Payment of shares

The shares are issued and paid up under the conditions set by law.

Capital calls and the date on which the corresponding sums must be paid are disclosed to shareholders at least 15 days before the date set for each payment by registered letter with acknowledgment of receipt, addressed to the shareholders or by a notice in a legal announcements newspaper published where the registered office is located.

The shareholder who does not make the requested additional payments for the shares on their due date is legally and without any other formality liable to the Company for late interest calculated daily from the due date at the legal rate.

The Company has the right, in order to obtain the payment of these amounts, of enforcement and penalties as provided by law.

Article 9 Type of Shares

Fully paid-up shares may be held in nominative or bearer form, at the shareholder's request, subject, nonetheless, to the legal provisions relating to the form of the shares held by certain natural or legal persons. Shares that are not fully paid-up must be held in nominative form.

Shares must be registered in an account in accordance with the terms and conditions provided for by the current legal and regulatory provisions.

Ownership of shares delivered in nominative form results from them being recorded in the share register.

Article 10 Transfer of Shares – Identification of the bearer of shares

10.1 Shares are freely transferable by transfer between accounts, in accordance with the current legal and regulatory provisions.

10.2 Furthermore, the Company has the right to request, in accordance with current legal and regulatory provisions, at any time and at its own expense, from any authorized body, the name, or corporate name in the case of legal persons, nationality and address of the holders of securities conferring immediate or future voting rights in its own Shareholders' Meetings, as well as the number of securities held by each of them and any restrictions on these securities.

Article 11 Rights and Obligations Governing Shares

Shares will be indivisible with respect to the Company.

Multiple holders of undivided interests in shares will be represented at General Meetings by one of them or by a single agent; in the event of disagreement, the agent will be designated by a court of law at the request of the co-owner who acts first.

Each share entitles its holder to one vote at General Meetings of shareholders.

As a result of the reverse share split approved by the Combined Shareholders' Meeting of 1 June 2016, and until the expiry of a period of two (2) years following the start date for reverse split transactions as set by the reverse share split notice published by the Company in the BALO (Bulletin des Annonces Légales et Obligatoires) pursuant to the resolutions adopted by the Combined Shareholders' Meeting of 1 June 2016, any shares that are not grouped (former shares with a par value of €0.01 each), will each give the holder the right to one (1) vote and any grouped shares with a par value of €0.08 each, will each give the holder the right to eight (8) votes, such that the number of votes attached to the shares will be proportional to the share of the capital that they represent.

The right to vote is held by the usufruct shareholder in Ordinary General Meetings and by the bare owner in Extraordinary General Meetings. Shareholders may, however, agree to allocate voting rights in a different manner at General Meetings, provided that the usufruct shareholder is not deprived of the right to vote on decisions concerning profits; in this case, they must bring their agreement to the Company's attention by registered letter with a notice of receipt sent to the registered office. The Company will be required to respect the above agreement for any General Meeting held at least five days after receipt of the notice of that agreement.

Even deprived of the voting right, the bare-owner of the shares will always have the right to participate in General Meetings.

Each share entitles the holder thereof to a proportionate ownership right in the profits of the Company and in the proceeds after liquidation equal to the pro rata portion of the registered capital represented by such share.

Ownership of a share automatically entails compliance with the Company's Bylaws and with resolutions duly adopted by the General Meeting of shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the necessary number of shares.

TITLE III

Company Management

Article 12 Board of Directors

The Company is managed by a Board of Directors composed of a minimum of three members and a maximum of twelve members.

The directors shall be appointed by the Ordinary General Meeting of shareholders.

Article 13 Appointment and Revocation of Directors

The directors' term of office is three (3) years. A director's duties end at the conclusion of the general meeting that approved the financial statements of the past year that is held in the current year in which the term of the said director expires.

Directors may be reappointed and they may be revoked at any time by decision of the Ordinary General Meeting of shareholders.

If a director seat becomes empty between two General Meetings, the Board of Directors may, in compliance with applicable laws and regulations, make temporary appointments. A director appointed to replace another holds the office only for the time remaining in the term of

his or her predecessor.

Appointments of directors made by the Board of Directors are subject to the approval of the next Ordinary General Meeting. When there is no ratification, the rulings and the acts carried out previously by the Board still remain valid.

A person more than 70 years old cannot be appointed director if their appointment brings the number of Board members over 70 years old to more than one third.

If this limit is reached, the oldest director shall be considered as resigning at the end of the meeting of the Annual Ordinary General Meeting ruling on the financial statements of the previous year held in the current year in which this one-third limit has been reached.

Article 14 Organization and Deliberations of the Board of Directors

1) Board meetings

The Board of Directors meets as often as required in the interest of the Company.

Directors are called to attend Board meetings by the Chairman. In addition, Directors representing at least one-third of the Board members may validly call a Board meeting if no such meeting has been held for more than two months.

Meetings of the Board of Directors are held at the registered office of the Company or at any other place.

Advance notice for calling directors to the meetings of the Board of Directors is at least five (5) working days on first call and twenty-four (24) hours on second call, except, for these two cases, when the directors would all be present or represented.

The calls for meeting may be made by any means of written communication including by simple postal or electronic mail.

2) Quorum

A meeting of the Board of Directors is considered valid when at least half of its members are present.

3) Deliberations

Decisions of the Board of Directors are made on the majority of the votes of participating members, present or represented. Decisions are binding on all members of the Board of Directors, even those absent or dissenting.

4) Meeting minutes

The meetings of the Board of Directors are documented in minutes prepared in a special register that is numbered, initialed and held in the registered office of the Company, in compliance with regulatory provisions.

5) Representation

Any director may be represented by another director at a meeting of the Board by means of a written proxy.

Each director can only have, during the same meeting, one single proxy received in application of the previous sub-paragraph.

These provisions are applicable to the permanent representatives of legal persons who are directors.

6) Confidentiality

Any and all directors or any person called to the meetings of the Board are held to confidentiality with respect to the information presenting a confidential character and data considered as such by the Chairman of the Board.

Article 15 Powers of the Board of Directors – Committees

1) Powers

The Board of Directors shall determine the focuses of the activity of the Company and oversee their implementation. Subject to the powers expressly granted to shareholders' meetings and limited to the Company's purpose, the Board of Directors deliberates on all matters concerning the operation of the Company's activities and rules on all affairs over which it has authority. Decisions falling within the scope of the Board of Directors' own powers referred to in Article L.225-37 of the French Commercial Code may be taken by written consultation of the directors.

In its relations with third parties, the Company is committed even by the actions of the Board of Directors that are not within the scope of the Company's purpose, unless it can prove that the third-party knew that the action exceeded this purpose or that it could not be unaware of it in view of the circumstances, and mere publication of the Bylaws shall not be sufficient proof thereof.

The Board of Directors shall carry out the controls and verifications that it deems necessary. The Chairman or the Chief Executive Officer shall provide each director with all of the documents and information necessary to carry out their mission.

2) Committees

The Board may decide to create committees charged with studying the issues that itself or its Chairman submits to them for their examination and advisement. The Board shall determine the composition and the responsibilities of the committees that conduct their activity under its responsibility. It shall set the compensation of the people who compose them.

Article 16 Executive Management

1) Chairman of the Board of Directors

The Board of Directors shall choose from among its members a Chairman who must be a physical person, otherwise the appointment is null and void. It shall determine his or her compensation in the conditions set by law.

The Chairman shall be appointed for a term that cannot exceed that of his or her director's term. He or she may be reappointed.

The Board of Directors may revoke the Chairman at any time.

The Chairman of the Board cannot be more than 70 years old. If the Chairman reaches this age limit during his or her term as Chairman, he or she is deemed to have resigned automatically from office. The term office is extended however until the next meeting of the Board of Directors during which the successor will be appointed.

In the case of temporary unavailability or death of the Chairman, the Board of Directors may appoint a director for the functions of the Chairman.

In the case of temporary unavailability, this appointment is made for a limited amount of time. It is renewable. In the case of death, it is valid until the election of the new Chairman.

The Chairman of the Board of Directors shall organize and manage its work, which is reported to the General Meeting. It shall oversee the proper functioning of the Company's management bodies and ensures, in particular, that the directors are able to carry out their mission.

2) Executive Management

Executive management of the Company shall be assumed, under its responsibility, by the Chairman of the Board of Directors, or by another physical person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board must choose between the two forms of exercising executive management at all times and, at least, each time the term of Chief Executive Officer expires or that of the Chairman of the Board of Directors when he or she also assumes the executive management of the Company.

Shareholders and third parties shall be informed of this choice in the conditions defined by decree.

The final decision of the Board of Directors on the choice of the form of exercising executive management shall be carried out based on the majority of the votes of the participating members, present or represented.

When the executive management of the Company is assumed by the Chairman of the Board of Directors, the provisions in the Bylaws relating to the Chief Executive Officer are applicable to him or her.

3) Chief Executive Officer

The Chief Executive Officer is empowered with the most extensive powers to act in all circumstances in the name of the Company. He or she shall exercise those powers within the limits of the Company's purpose and subject to those expressly granted by law to shareholders' meetings and to the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is committed even by the actions of the Chief Executive Officer that are not part of the Company's purpose, unless the Company proves that the third party knew that the action exceeded this purpose or could not be unaware of it in view of the circumstances, and mere publication of the Bylaws shall not be sufficient proof thereof.

The provisions in the Bylaws or the decisions of the Board of Directors limiting the powers of the Chief Executive Officer are unenforceable against third parties.

The Chief Executive Officer can delegate the powers belonging to him or her by law or the Bylaws or that are delegated to him or her by the Board of Directors or the shareholders.

The Board of Directors determines the compensation of the Chief Executive Officer in the conditions set by law.

The Chief Executive Officer cannot be more than 70 years old. When a Chief Executive Officer reaches this age limit during their term of office, he or she is deemed to have resigned automatically from office. The term of office is extended however until the next meeting of the Board of Directors in which the successor will be appointed. Subject to this provision, the Chief Executive Officer may be re-appointed.

4) Delegate Chief Executive Officers

On proposal of the Chief Executive Officer, the Board of Directors may grant authority to one or more physical persons to assist the Chief Executive Officer with the title of Delegate Chief Executive Officer. The Delegate Chief Executive Officer(s) may be revoked at any time by the Board of Directors on proposal of the Chief Executive Officer.

As approved by the Chief Executive Officer, the Board will determine the extent and the duration of the powers given to the Delegate Chief Executive Officer. The Board shall determine his or her compensation in the conditions set by law.

With respect to third parties, the Delegate Chief Executive Officers have the same powers as the Chief Executive Officer; in particular the Delegate Chief Executive Officers can take part in legal proceedings.

A Delegate Chief Executive Officer cannot be more than 70 years old. When a Delegate Chief Executive Officer reaches this age, he or she is deemed to have resigned automatically from office. The term of office is extended however until the next meeting of the Board of Directors during which a new Delegate Chief Executive Officer will be appointed.

There cannot be more than five (5) Delegate Chief Executive Officers.

Article 17 Compensation of Directors

The General Meeting can allocate a fixed annual amount to the directors, as compensation for their activity. The General Meeting will determine this amount without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the overall amounts allocated to the directors.

The Board of Directors may allocate exceptional compensation for missions or mandates granted to directors in the conditions specified by law.

The directors bound to the Company by an employment contract can receive compensation for said contract in the conditions specified by law.

The Board of Directors can authorize reimbursement of travel and movement fees and for expenses incurred by directors in the interest of the Company.

TITLE IV

Audits of the Company's Financial Statements

Article 18 Appointment of the Statutory Auditors – Incompatibility

One or more principal and alternate Statutory Auditors must be appointed pursuant to the current legal and regulatory provisions.

The Statutory Auditors are appointed for six (6) financial periods by the Ordinary General Meeting and their duties expire after the Ordinary General Meeting deliberating on the financial statements of the sixth financial period.

Article 19 Duties of the Statutory Auditors

The Statutory Auditors have the duties and powers granted to them by the applicable laws and regulations.

The Statutory Auditors can, at any time of the year, carry out the audits or controls that they deem necessary.

The compensation of the Statutory Auditors is determined according to procedures set by applicable regulations.

They must be invited to all shareholders' meetings as well as all meetings of the Board of Directors in which the annual or intermediate financial statements are examined or approved.

TITLE V

General Meetings

Article 20 General Meetings

General Meetings are convened and held in the conditions set by law.

When the Company wants to make a call for meeting using electronic telecommunication instead of a postal invitation, it must first obtain the agreement of the interested shareholders who will provide their electronic addresses.

Meetings will take place at the registered office or in any other place specified in the meeting invitation.

The right to participate in General Meetings is governed by current legal and regulatory provisions and, notably, is subject to the shares being registered in the name of the shareholder or the intermediary registered on his or her behalf, on the second (2nd) business day prior to the General Meeting, at midnight (00:00) Paris time, either in the registered share accounts held by the Company, or in the bearer share accounts held by the authorized intermediary.

A shareholder who is unable to personally attend the meeting may choose one of the three following options, to:

- give a proxy to another shareholder or to their spouse, or partner with whom they have a civil solidarity pact; or
- vote by mail; or
- send a proxy to the Company without indicating a representative;

in the conditions allowed by law and regulations.

The Board of Directors can organize, in the conditions specified by applicable laws and regulations, participation and voting of shareholders at meetings by videoconferencing or by other telecommunication means that allow their identification. If the Board of Directors decides to exercise this option for a given meeting, this decision of the Board shall be reported in the meeting notice and/or invitation. Shareholders who take part in meetings by videoconferencing or by any other telecommunication means mentioned above, depending on the choice of the Board of Directors, are deemed to be present with respect to quorum and majority.

The meetings are chaired by the Chairman of the Board of Directors, or when absent, by the Chief Executive Officer, by a Delegate Chief Executive Officer who is a director, or by a director specially appointed for this purpose by the Board. Otherwise, the Meeting itself will choose its Chairman.

The observers' duties are filled by the two members of the meeting who are present, who accept these duties and who have the greatest number of votes. The office will designate the Secretary, who may be chosen outside of the shareholders.

An attendance sheet will be kept in the conditions specified by law.

The general shareholders' meeting, whether ordinary, extraordinary or special, whether it is held on first or second convocation, validly deliberates only if the shareholders present or represented own at least $33\frac{1}{3}$ of the voting shares.

The deliberations of the Ordinary General Meeting are approved on the majority of votes cast by the shareholders present or represented.

The deliberations of the Extraordinary General Meeting are approved by a two-thirds majority of the votes cast by the shareholders present or represented.

Copies or extracts of meeting minutes are validly certified by the Chairman of the Board of Directors, by a director exercising the functions of Chief Executive Officer or by the meeting Secretary.

Ordinary and Extraordinary General Meetings exercise their respective powers in the conditions specified by law.

TITLE VI

Company Performance

Article 21 Financial Year

Each financial period lasts one year, starting on January 1 and ending on December 31.

Article 22 Profits - Legal Reserve

At least five per cent (5%) of the profits of the financial period, minus any prior losses, must be withheld and assigned to the creation of a reserve fund called the "legal reserve". This withholding no longer applies when the amount of the legal reserve reaches one-tenth of the share capital.

The distributable profit is made up of the profits of the financial period minus any prior losses and the withholding mentioned in the previous paragraph and increased by the retained earnings.

Article 23 Dividends

If the financial statements of the period, approved by the General Meeting, show the existence of a distributable profit, the General Meeting shall recognize it in one or more reserve items whose allocation or use it governs, carry it forward or distribute it in the form of dividends.

After having recognized the existence of reserves that it has at its disposal, the General Meeting may decide to distribute amounts taken from these reserves. In this case, the decision shall expressly indicate the reserve items from which these distributions shall be taken. However, the dividends shall be taken in priority from the distributable profits of the financial period.

The procedures for paying the dividends shall be set by the General Meeting or otherwise by the Board of Directors.

However, the payment of dividends must be made within a maximum time of nine (9) months after the close of the financial period.

The General Meeting deliberating on the financial statements of the financial period can give to each shareholder, for all or part of the dividend being distributed, the option of payment either in cash or in shares.

Likewise, the Ordinary General Meeting, deliberating in the conditions specified in Article L. 232-12 of the French Commercial Code, can give each shareholder a partial dividend payment and for all or part of the said partial dividend payment, the option of payment either in cash or in shares.

The offer for payment in shares, the price and the conditions for issuing the shares as well as the request for payment in shares and the conditions for carrying out the capital increase are governed by applicable laws and regulations.

When a balance sheet prepared during or at the end of the financial period and certified as compliant by the Statutory Auditor or Auditors shows that the Company, since the close of the previous financial period, after creation of the necessary amortizations and provisions and minus any prior losses as well as the amounts to place in reserves in application of the law or the Bylaws and taking into account the retained earnings, has made a profit, the Board of Directors may decide to distribute partial dividend payments before the approval of the financial statements of the period and set the amount and the date of the allocation. The amount of these partial payments cannot exceed the amount of the profit defined in this sub-paragraph. In this case, the Board of Directors cannot make use of the option described in the sub-paragraphs above.

TITLE VII

Dissolution - Liquidation

Article 24 Early Dissolution

The Extraordinary General Meeting can declare the early dissolution of the Company at any time.

Article 25 Loss of Half of the Share Capital

If, due to losses shown in the accounting documents, the shareholders' equity becomes less than half of the Company's share capital, the Board of Directors must, within four months of the approval of the financial statements showing this loss, convene an Extraordinary General Meeting to decide whether there should be early dissolution of the Company.

If dissolution is not declared, the capital must, at the latest by the close of the second financial year following the one in which the losses were recorded, and subject to laws relating to the minimum capital of corporations, be reduced by an amount at least equal to the losses that were not charged against the reserves, if within this period the shareholders' equity has not been restored up to a value of at least half of the share capital.

If there is no General Meeting, for example, if the meeting is not able to validly deliberate, any interested party may petition the courts for the dissolution of the Company.

Article 26 Effects of the Dissolution

The Company is considered in liquidation immediately upon dissolution regardless of the cause. It remains a legal person for the purposes of liquidation until the closing of the liquidation.

Throughout the liquidation, the General Meeting holds the same powers that it had while the Company was in existence.

Shares may be traded until the closing of the liquidation.

The dissolution of the Company has no impact on third parties until the date on which it is published in the Trade and Companies Register.

Article 27 Appointment of Liquidators - Powers

Upon expiration of the duration of the Company or in the case of early dissolution, the General Meeting shall determine the procedure for liquidation and appoint one or more liquidators whose powers it will determine and who will carry out their duties pursuant to applicable laws. When the liquidators are appointed, the duties of the directors, Chairman, Chief Executive Officer and Delegate Chief Executive Officers automatically end.

Article 28 Liquidation - Closing

After settling the liabilities, the balance of the assets is firstly used to repay to shareholders the amount of the non-amortized paid-up share capital.

Any surplus is split between all the shares.

The shareholders are called to meet at the end of liquidation to rule upon the final account, on the final discharge of the management of the liquidators and the discharge of their mandate, and to record the closing of the liquidation.

The closing of the liquidation will be published in accordance with applicable laws.

TITLE VIII

Notices - Disputes

Article 29 Notices

All notices stipulated in the Bylaws will be made by certified mail with request for proof of delivery or by extra-judicial document. At the same time, a copy of the notice must be sent to its recipient by regular mail.

Article 30 Disputes

Any and all disputes that could arise during the lifetime of the Company or during its liquidation, whether between the shareholders and the Company, or between the shareholders themselves, concerning the Company business, the interpretation or the execution of the Bylaws, are subject to the jurisdiction of the competent courts.

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SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (“Agreement”) is made by and between Talend, Inc. (the “Company”), Talend S.A., a French *société anonyme* registered with the French Trade and Companies Registry under number 484 175 252 (“Parent”), and Laurent Bride (“Employee”) (collectively referred to as the “Parties” or individually referred to as a “Party”).

RECITALS

WHEREAS, Employee was employed by the Company and by Parent;

WHEREAS, Employee previously was granted equity awards to acquire ordinary shares of Parent (each, an “Equity Award”) pursuant to the terms and conditions of the applicable Parent equity plan and award agreement under which such Equity Award was granted (the “Equity Agreements”);

WHEREAS, Employee resigned from his employment with and from his position as an officer of the Company and Parent effective October 2, 2020 (the “Termination Date”); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company, Parent, and any of the other Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee’s employment with or separation from the Company and Parent.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

a. *Payment.* The Company shall pay Employee one year of his base salary in the amount of Four Hundred and Thirty Thousand Dollars (\$430,000), less applicable withholdings. Such payment will be made in installments following the Company’s regular payroll schedule. The first installment payment will be made on the first regular payroll date following the Effective Date of this Agreement, with the entire sum to be paid in full no later than March 15, 2021, subject to any payment delay set forth in Section 20.

b. *Bonus.* The Company shall pay Employee an amount equal to the remaining pro-rata (until the Termination Date) portion of Employee’s target annual bonus for calendar year 2020, in the amount of Seventeen Thousand, Two Hundred Dollars (\$17,200), less applicable withholdings. Such bonus payment will be paid to Employee in one lump sum no later than March 15, 2021, subject to any payment delay set forth in Section 20.

c. *COBRA*. Provided that Employee timely elects and pays for COBRA coverage, the Company shall reimburse Employee for the premium payments Employee makes for COBRA coverage for Employee and his eligible dependents until the earliest of the date (i) that is (12) months following the Termination Date, (ii) on which Employee and his eligible dependents become covered under similar plans; and (iii) on which Employee and his eligible dependents, as applicable, cease to be eligible for coverage under COBRA. Such COBRA reimbursements shall be made by the Company to Employee consistent with the Company's normal expense reimbursement policy, and require Employee to submit documentation to the Company substantiating Employee's premium payments for COBRA coverage.

d. *Equity Vesting*. Employee will continue to vest in the unvested portion of each Equity Award that otherwise is scheduled to vest through March 15, 2021 under the existing terms of the Equity Agreements had Employee continued to be employed with the Company through such each date, with the vesting and settlement to occur on the same future vesting dates as set forth in the applicable Equity Agreement, subject to any delay that may be required under Section 20.

e. *Relocation Expenses*. The Company shall reimburse Employee's expenses to relocate himself and his family to France by providing Employee with a payment of Thirty Thousand Dollars (\$30,000), less applicable withholdings. Such payment shall be made by the Company to Employee in one lump sum by March 31, 2021.

f. *One-time Payment*. The Company shall provide Employee with a cash payment equal to an additional three months of his base salary in the amount of One Hundred and Seven Thousand, Five Hundred Dollars (\$107,500), less applicable withholdings. Such payment will be made to Employee in one lump sum within sixty (60) days after the Termination Date.

g. *Laptop*. The Company shall permit Employee to permanently retain the Company- issued laptop he was provided in connection with his employment with the Company, following the return by the Employee of all Company property pursuant to Section 10.b. below.

h. *Acknowledgement*. Employee acknowledges that without this Agreement, Employee is otherwise not entitled to the consideration listed in this Section 1.

2. Equity Awards. The Parties agree that, after taking into account the continued vesting provision set forth in Section 1.d. above with respect to each of Employee's outstanding Equity Awards, Employee will be considered to have vested only up through March 15, 2021, and that any unvested portion of outstanding Equity Awards that otherwise is scheduled to vest after March 15, 2021 under the Equity Agreements will immediately be forfeited as of the Termination Date. The Equity Awards, including the exercise terms with respect to any Equity Awards that are vested options, shall continue to be governed by the terms and conditions of the Equity Agreements.

3. Benefits. Employee's health insurance benefits shall cease on October 31, 2020, subject to Employee's right to continue Employee's health insurance under COBRA. Employee's participation in all benefits and incidents of employment, including, but not limited to, vesting in stock options, and the accrual of bonuses, vacation, and paid time off, ceased as of the Termination Date.

4. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company and Parent have paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, shares, equity awards, vesting, and any and all other benefits and compensation due to Employee.

5. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company, Parent, and their respective current and former: officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, professional employer organization or co-employer, insurers, trustees, divisions, parents, subsidiaries, predecessor and successor corporations, and assigns (collectively, the "Releasees"). Employee, on Employee's own behalf and on behalf of Employee's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Employee signs this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment relationship with the Company or Parent and the termination of his employment;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company or Parent, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment, termination in violation of public policy, discrimination, harassment, retaliation, breach of contract (both express and implied), breach of covenant of good faith and fair dealing (both express and implied), promissory estoppel, negligent or intentional infliction of emotional distress, fraud, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, unfair business practices, defamation, libel, slander, negligence, personal injury, assault, battery, invasion of privacy, false imprisonment, conversion, and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Equal Pay Act, the Fair Labor Standards Act, the Fair Credit Reporting Act, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Employee Retirement Income Security Act of 1974, the Occupational Safety and Health Act, the Worker Adjustment and Retraining Notification Act, the Family and Medical Leave Act, the Immigration Reform and Control Act, the National Labor Relations Act, the California Family Rights Act, the California Labor Code, the California Workers' Compensation Act, and the California Fair Employment and Housing Act;

- e. any and all claims for violation of the federal or any state constitution;
- f. any and all claims arising under the laws of France;
- g. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;
- h. any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and
- i. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this Section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law. Any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with this Agreement, except as required by applicable law. This release does not extend to any right Employee may have to unemployment compensation benefits.

6. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that Employee is waiving and releasing any rights Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Employee signs this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that Employee has been advised by this writing that: (a) Employee should consult with an attorney prior to executing this Agreement; (b) Employee has twenty-one (21) days within which to consider this Agreement; (c) Employee has seven (7) days following Employee's execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

7. California Civil Code Section 1542. Employee acknowledges that Employee has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Employee, being aware of said code section, agrees to expressly waive any rights Employee may have thereunder, as well as under any other statute or common law principles of similar effect.

8. No Pending or Future Lawsuits. Employee represents that Employee has no lawsuits, claims, or actions pending in Employee's name, or on behalf of any other person or entity, against the Company, Parent, or any of the other Releasees. Employee also represents that Employee does not intend to bring any claims on Employee's own behalf or on behalf of any other person or entity against the Company, Parent, or any of the other Releasees.

9. Application for Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company or Parent, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company or Parent.

10. Trade Secrets and Confidential Information/Company Property/Insider Trading Policy.

a. *Trade Secrets and Confidential Information*. Employee agrees at all times hereafter to hold in the strictest confidence, and not to use or disclose to any person or entity, any Confidential Information. Employee understands that "Confidential Information" means any non-public information, data, or know-how, and any trade secrets or proprietary information, pertaining to the Company or Parent that Employee acquired, obtained, or to which he had access by any means, directly or indirectly, in connection with or by virtue of his employment with the Company or Parent, including, but not limited to, research, product plans, products, services, customer lists and customers (including, but not limited to, customers of the Company or Parent on whom Employee has called or with whom Employee became acquainted during the term of Employee's employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information. Employee acknowledges that Confidential Information also includes such information disclosed to the Company by a third-party during the period of Employee's employment with the Company or Parent. Employee further understands that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Employee's or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof. Employee hereby grants consent to notification by the Company or Parent to any new

employer about Employee's obligations under this Section. Employee represents that Employee has not to date misused or disclosed Confidential Information to any unauthorized party.

b. *Return of Company Property.* Employee's signature below constitutes Employee's certification under penalty of perjury that Employee has returned all documents and other items provided to Employee by the Company or Parent, developed or obtained by Employee in connection with Employee's employment with the Company or Parent, or otherwise belonging to the Company or Parent (with the exception of a copy of the Employee Handbook and personnel documents specifically relating to Employee).

c. *Insider Trading Policy.* Employee acknowledges and agrees to continue to abide by the terms and conditions of Parent's Insider Trading Policy in accordance with its terms.

11. Invention Assignment.

a. *Inventions Defined.* "Inventions" means inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, know-how, trademarks, and trade secrets, whether or not patentable or registrable under copyright or similar laws, that Employee solely or jointly authored, conceived, developed, or reduced to practice.

b. *Assignment of Inventions and Works Made for Hire.* Employee hereby assigns to Company, or its designee, all of Employee's right, title, and interest (including all related intellectual property rights) in all Inventions that Employee created during the period of time Employee was in the employ of the Company or Parent (including during off-duty hours) ("Company Inventions"). In addition, Employee acknowledges that all original works of authorship that were made by Employee (solely or jointly with others) within the scope of and during the period of Employee's employment with Company or Parent and that are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act, and in accordance, the Company is considered the author of these works.

c. *Exception to Assignments.* EMPLOYEE ACKNOWLEDGES AND UNDERSTANDS THAT THE PROVISIONS OF THIS AGREEMENT REQUIRING ASSIGNMENT OF INVENTIONS TO COMPANY DO NOT APPLY TO ANY INVENTION THAT QUALIFIES FULLY UNDER THE PROVISIONS OF CALIFORNIA LABOR CODE SECTION 2870. California Labor Code section 2870 provides: "(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer. (b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

d. *Outside Inventions.* Employee acknowledges that Employee has not incorporated any inventions, discoveries, ideas, original works of authorship, developments, improvements, trade secrets and other proprietary information or intellectual property rights owned by any third party into any Invention without the Company's prior written permission. Employee acknowledges that Employee has informed the Company, in writing, before incorporating any inventions, discoveries, ideas, original works of authorship, developments, improvements, trade secrets and other proprietary information or intellectual property rights owned by Employee or in which Employee has an interest prior to, or separate from, Employee's employment with the Company or Parent, including, without limitation, any such inventions that are subject to California Labor Code Section 2870 ("Outside Inventions") into any Invention or otherwise utilizing any Outside Invention in the course of Employee's employment with the Company or Parent; and the Company is hereby granted a nonexclusive, royalty-free, perpetual, irrevocable, transferable worldwide license (with the right to grant and authorize sublicenses) to make, have made, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform, and otherwise exploit any such incorporated or utilized Outside Inventions, without restriction, including, without limitation, as part of, or in connection with, such Invention, and to practice any method related thereto.

e. *Moral Rights.* Any assignment to the Company of Company Inventions includes all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as "moral rights," "artist's rights," or the like (collectively, "Moral Rights"). If Moral Rights cannot be assigned under applicable law, Employee hereby waives and agrees not to enforce any and all Moral Rights, including any limitation on subsequent modification, to the extent permitted under applicable law.

f. *Further Assurances.* Employee will assist the Company, or its designee, at Company's expense, in every proper way to secure and protect the Company's rights in Company Inventions and any related copyrights, patents, mask work rights, or other intellectual property rights in any and all countries. Employee will disclose to Company all pertinent information and data. Employee will execute all applications, specifications, oaths, assignments, and all other instruments that Company deems necessary in order to apply for and obtain these rights and in order to deliver, assign, and convey to Company, its successors, assigns, and nominees the sole and exclusive rights, title, and interest in and to Company Inventions, and any related copyrights, patents, mask work rights, or other intellectual property rights. Employee will testify in a suit or other proceeding relating to such Company Inventions and any rights relating thereto.

12. No Cooperation. Subject to the Protected Activity provision, Employee agrees that Employee will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or upon written request from an administrative agency or the legislature or as related directly to the ADEA waiver in this Agreement. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order or written request from an administrative agency or the legislature, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order or written request from an administrative agency or the legislature. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes,

differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that Employee cannot provide counsel or assistance.

13. Protected Activity Not Prohibited. Employee understands that nothing in this Agreement shall in any way limit or prohibit Employee from engaging in any Protected Activity. Protected Activity includes filing and/or pursuing a charge, complaint, or report with, or otherwise communicating, cooperating, or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board (“Government Agencies”). Employee understands that in connection with such Protected Activity, Employee is permitted to disclose documents or other information as permitted by law, without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Employee agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies. Employee further understands that “Protected Activity” does not include the disclosure of any Company attorney-client privileged communications or attorney work product. Any language in any other agreement between Employee and the Company or Parent regarding Employee’s right to engage in Protected Activity that conflicts with, or is contrary to, this Section is superseded by this Agreement. In addition, pursuant to the Defend Trade Secrets Act of 2016, Employee is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney *solely* for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual’s attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

14. Non-disparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of the Company, Parent, and each of their respective officers, directors, and employees as of the Effective Date of this Agreement, and agrees to refrain from any tortious interference with the contracts and relationships of the Company, Parent, and the aforementioned individuals. The Company and Parent agree to refrain from any disparagement, defamation, libel, or slander of Employee, and agree to refrain from any tortious interference with Employee’s contracts and relationships. The foregoing obligation of the Company and Parent shall extend only to their respective officers and directors as of the Effective Date of this Agreement and only for so long as the individuals holding such positions continue to hold such positions with the Company or Parent. Employee shall direct any inquiries by potential future employers to the Company’s Chief Executive Officer.

15. Breach. In addition to the rights provided in the “Attorneys’ Fees” Section below, Employee acknowledges and agrees that any material breach of this Agreement, unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA shall entitle the Company and Parent immediately to

recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, except as provided by law.

16. No Admission of Liability. Employee understands and acknowledges that with respect to all claims released herein, this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee unless such claims were explicitly not released by the release in this Agreement. No action taken by the Company or Parent, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company or Parent of any fault or liability whatsoever to Employee or to any third party.

17. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

18. ARBITRATION. EXCEPT AS PROHIBITED BY LAW, THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, EMPLOYEE'S EMPLOYMENT WITH THE COMPANY OR PARENT OR THE TERMS THEREOF, OR ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION UNDER THE FEDERAL ARBITRATION ACT (THE "FAA") AND THAT THE FAA SHALL GOVERN AND APPLY TO THIS ARBITRATION AGREEMENT WITH FULL FORCE AND EFFECT; HOWEVER, WITHOUT LIMITING ANY PROVISIONS OF THE FAA, A MOTION OR PETITION OR ACTION TO COMPEL ARBITRATION MAY ALSO BE BROUGHT IN STATE COURT UNDER THE PROCEDURAL PROVISIONS OF SUCH STATE'S LAWS RELATING TO MOTIONS OR PETITIONS OR ACTIONS TO COMPEL ARBITRATION. EMPLOYEE AGREES THAT, TO THE FULLEST EXTENT PERMITTED BY LAW, EMPLOYEE MAY BRING ANY SUCH ARBITRATION PROCEEDING ONLY IN EMPLOYEE'S INDIVIDUAL CAPACITY. ANY ARBITRATION WILL OCCUR IN SAN MATEO COUNTY, BEFORE JAMS, PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"), EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION. THE PARTIES AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO DECIDE ANY MOTIONS BROUGHT BY ANY PARTY TO THE ARBITRATION, INCLUDING MOTIONS FOR SUMMARY JUDGMENT AND/OR ADJUDICATION, AND MOTIONS TO DISMISS AND DEMURRERS, APPLYING THE STANDARDS SET FORTH UNDER THE CALIFORNIA CODE OF CIVIL PROCEDURE. THE PARTIES AGREE THAT THE ARBITRATOR SHALL ISSUE A WRITTEN DECISION ON THE MERITS. THE PARTIES ALSO AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO AWARD ANY REMEDIES AVAILABLE UNDER APPLICABLE LAW, AND THAT THE ARBITRATOR MAY AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, WHERE PERMITTED BY APPLICABLE LAW. THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH

PARTY SHALL SEPARATELY PAY FOR ITS/HIS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR MAY AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT ANY PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS SECTION CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT IN THIS SECTION SHALL GOVERN.

19. Tax Consequences. The Company and Parent make no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee's behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company or Parent and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Releasees harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or Parent for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or Parent by reason of any such claims, including attorneys' fees and costs. The Parties agree and acknowledge that the payments made pursuant to Section 1 of this Agreement are not related to sexual harassment or sexual abuse and not intended to fall within the scope of 26 U.S.C. Section 162(q).

20. Section 409A. It is intended that this Agreement comply with, or be exempt from, Code Section 409A and the final regulations and official guidance thereunder ("Section 409A") and any ambiguities herein will be interpreted to so comply and/or be exempt from Section 409A, in all cases, so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A. The Parties agree that Employee's termination of employment on the Termination Date constitutes a "separation from service" within the meaning of Section 409A. The Parties further acknowledge that Employee is a "specified employee" within the meaning of Section 409A, and therefore the payment of the Deferred Payments will be delayed to the extent necessary to avoid the imposition of the additional tax imposed under Section 409A, which means that the Employee will receive payment on the date that is six months and one day following the Employee separation from service, or, if earlier, the Employee's death (such date, the "Delayed Payment Date"). All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. The Company reserves the right to amend the Agreement as it considers necessary or advisable, in its sole discretion and without the consent of the Employee or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Each payment and benefit to be paid or provided under this Agreement is intended to constitute a series of separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. In no event will the

Releasees reimburse Employee for any taxes that may be imposed on Employee as a result of Section 409A. “Deferred Payments” means any severance pay or benefits to be paid or provided to the Employee (or the Employee’s estate or beneficiaries) pursuant to this Agreement and any other severance payments or separation benefits to be paid or provided to the Employee (or the Employee’s estate or beneficiaries), that in each case, when considered together, are considered deferred compensation under Section 409A.

21. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Parent represents and warrants that the undersigned has the authority to act on behalf of Parent and to bind Parent and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that Employee has the capacity to act on Employee’s own behalf and on behalf of all who might claim through Employee to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

22. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

23. Attorneys’ Fees. Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, in the event that any Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys’ fees incurred in connection with such an action.

24. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and/or Parent and Employee concerning the subject matter of this Agreement and Employee’s employment with and separation from the Company and Parent and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee’s relationship with the Company and Parent, with the exception of the Equity Agreements and the Insider Trading Policy. Provided, however, that nothing in this Agreement shall alter Employee’s indemnification and advancement rights granted by the Company or Parent pursuant to any indemnification agreement that Employee previously entered into with the Company or Parent.

25. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and an authorized officer of the Company and Parent.

26. Governing Law. This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions, except that any dispute regarding the enforceability of the arbitration Section of this Agreement shall be governed by the FAA. Employee consents to personal and exclusive jurisdiction and venue in the State of California for any claims or actions arising out of or relating to this Agreement or to Employee’s employment with the Company or Parent.

27. Effective Date. Employee understands that he may not sign this Agreement prior to the Termination Date, and that this Agreement shall be null and void if not executed by Employee within twenty-one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by any Party before that date (the “Effective Date”).

28. Counterparts. This Agreement may be executed in counterparts and each counterpart shall be deemed an original and all of which counterparts taken together shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. The counterparts of this Agreement may be executed and delivered by facsimile, photo, email PDF, or other electronic transmission or signature.

29. Voluntary Execution of Agreement. Employee understands and agrees that Employee executed this Agreement voluntarily and without any duress or undue influence on the part or behalf of the Company, Parent, or any third party, with the full intent of releasing all of Employee’s claims against the Company, Parent, and any of the other Releasees. Employee acknowledges that:

- (a) Employee has read this Agreement;
- (b) Employee has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Employee’s own choice or has elected not to retain legal counsel;
- (c) Employee understands the terms and consequences of this Agreement and of the releases it contains;
- (d) Employee is fully aware of the legal and binding effect of this Agreement; and
- (e) Employee has not relied upon any representations or statements made by the Company or Parent that are not specifically set forth in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

LAURENT BRIDE, an individual

Dated: 02-Oct-2020,

/s/ Laurent Bride
Laurent Bride

TALEND, INC.

Dated: 02-Oct-2020,

By /s/ Christal Bemont
Christal Bemont
Chief Executive Officer

TALEND S.A.

Dated: 02-Oct-2020,

By /s/ Christal Bemont
Christal Bemont
Chief Executive Officer

[Signature Page to Separation Agreement and Release]



September 25, 2020

Dear Krishna:

Congratulations & welcome to the team! We are pleased to offer you the following position with Talend, Inc. (the "Company"). Here are the details of our offer.

Job Title: Chief Technology Officer (CTO)
Manager: Christal Bemont, CEO
Location: Bay Area, CA
Start Date: October 5, 2020
Package:
Annual Base Salary: \$ 400,000
Annual Variable Salary: \$ 260,000
On-Target Earnings: \$ 660,000

Your salary will be paid semi-monthly in accordance with the Company's normal payroll procedures. You will also be eligible to participate in the Executive Team Bonus Plan at an on-target variable earnings of 65% of base salary to be paid quarterly. As an Officer of the company, you will receive Change-In-Control and Severance benefits. The Executive Team Bonus Plan details and the CiC/Severance agreement will be provided to you under separate cover. This is an exempt position for purposes of federal wage hour law.

In addition, you will be paid a sign-on bonus of \$300,000; 50% (\$150,000) of which will be paid quarterly through the end of 2021 and the remaining 50% (\$150,000) will be paid quarterly through the end of 2022, subject to your remaining an employee in good standing through each respective payment date.

We will recommend to the Board of Directors that, at the first Board meeting following the date on which you become an eligible employee to receive equity, you be granted equity awards with a value of \$3,500,00.00 USD. The equity awards will be granted in the form of:

- \$1,750,000 (50%) as time-based restricted stock units (RSUs) (with each RSU representing one ordinary share of Talend S.A.), subject to customary capital adjustments as may be implemented by the Company from time to time. The actual number of RSUs granted will be determined at the time of grant, applying a methodology adopted by the Board of Directors in its discretion, to represent the value offered.
- \$1,750,000 (50%) as options to purchase ordinary shares of Talend S.A. (Options). The Black-Scholes value of an Option, for purposes of converting the dollar value of the award into a number of Options, and exercise price per share will be determined as of close on the trading day immediately preceding the grant date of the equity award. The actual number of Options granted, applying the above methodology, will represent the value offered.

The RSUs and Options will vest over a four-year period in accordance with the vesting terms that will be set forth in your applicable equity award agreements, which will be determined by applicable legal requirements and will be subject to your continued status as an employee with the Company on the relevant vesting dates. In all other respects, the equity awards shall be subject, as applicable, to the terms, definitions, and provisions of the current Free Share Plan and Stock Option Plan, each as approved by the Board, and the equity award agreements to be entered into by and between you and the Company. Further details on the Free Share Plan, Stock Option Plan, and your equity awards will be provided to you upon approval and grant of such equity awards by the Board.

In addition, our executives are entitled to annual refresh equity grants of a combination RSUs, PSUs, and/or stock options. While such refresh grants are awarded at the discretion of the board on an annual basis, and the amount of such awards may be contingent on company and/or individual performance, market conditions, peer compensation practices and other factors, we anticipate that, for this role, the expected annual equity refresh grants would have a potential value, assuming target achievement of any performance metrics, as follows:

2021	\$3,000,000
2022	\$3,000,000
2023	\$3,000,000
2024	\$3,000,000

As a full-time employee, you will be eligible to receive certain employee benefits with Talend starting your first day of employment including medical, dental and vision insurance, paid time off, life insurance, short- and long-term disability insurance, Flexible Spending Account. You will also be eligible to make contributions to a matching 401(k) retirement savings account on 1st of the month, following 60 days of employment. Additionally, you will receive a monthly mobile allowance of \$150 USD.

We are excited to have you join us and are confident that we've both made a great decision, but we want to remind you that in the U.S., your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without prior notice. This at-will employment provision may not be modified or amended except by a written agreement signed by the Company Chief Executive Officer and you.

This offer is contingent upon your successful completion of a background investigation and reference checks, in compliance with applicable law. We are currently experiencing some delays completing background checks as the result of the COVID-19 Pandemic. For new employees that start without a completed background check, we reserve the right to make a final hiring determination post-hire as soon as we receive the results of the completed background check.

For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the term of your employment with the Company, you will not engage in any other employment,

Talend Inc.

800 Bridge Parkway

Redwood City, CA, 94065, U.S.A.

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occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. Similarly, you agree not to bring any third-party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information.

As a Company employee, you will be expected to abide by company rules and standards. You will be specifically required to sign an acknowledgment that you have read and that you understand the Company's rules of conduct which are included in the Company Handbook. As a condition of your employment, you will also be required to sign and comply with a Confidential Information and Invention Assignment Agreement which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company, and non-disclosure of proprietary information.

To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below. This letter, along with any agreements relating to proprietary rights between you and the Company, set forth the terms of your employment with the Company and supersede any prior representations or agreements, whether written, oral or implied. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this Agreement for the purpose of inducing you to execute the Agreement, and you acknowledge that you have executed this Agreement in reliance only upon such promises, representations and warranties as are contained herein. We would appreciate that this offer be signed and returned by Friday, September 18 @ 12:00 noon PST.

We look forward to your favorable reply and to working with you at Talend.

Sincerely,

/s/ Michelle Sitzman
Michelle Sitzman
Chief People Officer

Agreed to and accepted:

Signature: /s/ Krishna Tammana

Printed Name: Krishna Tammana

Date: Sep 28, 2020

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christal Bemont, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Talend S.A.;
2. Based on my knowledge, this 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 report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ Christal Bemont

Christal Bemont
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Adam Meister, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Talend S.A.;
2. Based on my knowledge, this 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 report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ Adam Meister

Adam Meister
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002***

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), Christal Bemont, Chief Executive Officer (Principal Executive Officer) of Talend S.A. (the Company), and Adam Meister, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, each hereby certifies that, to the best of her and his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2020, to which this Certification is attached as Exhibit 32.1 (the Report), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2020

/s/ Christal Bemont

 Christal Bemont
 (Principal Executive Officer)
 Chief Executive Officer

/s/ Adam Meister

 Adam Meister
 (Principal Financial and Accounting Officer)
 Chief Financial Officer

*This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Talend S.A. under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.