



Q1 FY20 Results

October 17, 2019

Legal disclosure

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward looking, including Atlassian's financial targets such as revenue, share count, and IFRS and non-IFRS financial measures including gross margin, operating margin, net income (loss) per diluted share and free cash flow.

Atlassian undertakes no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.

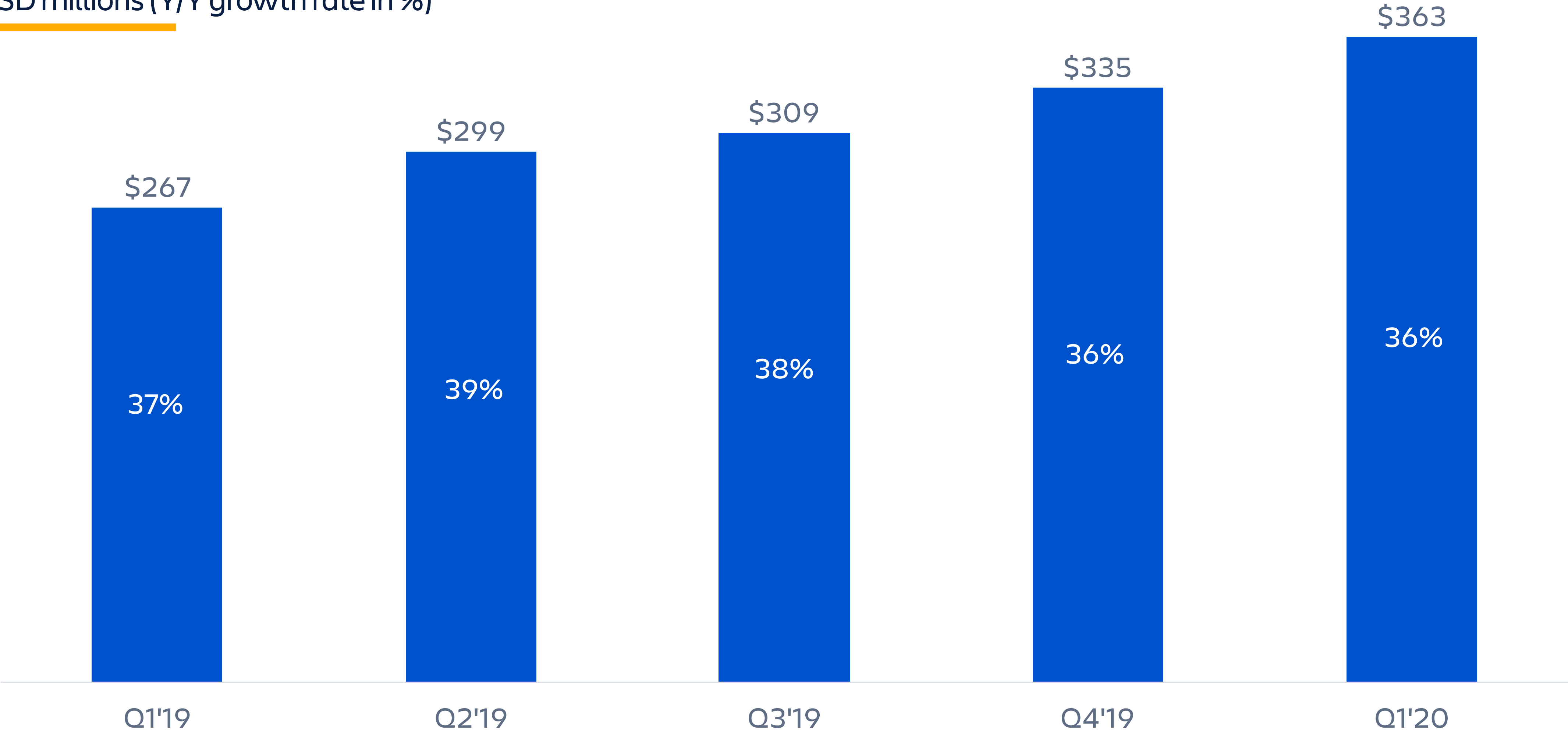
The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent our management's beliefs and assumptions only as of the date such statements are made.

This presentation includes certain non-IFRS financial measures. These non-IFRS financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. There are a number of limitations related to the use of these non-IFRS financial measures versus their nearest IFRS equivalents. For example, other companies may calculate non-IFRS financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-IFRS financial measures as tools for comparison. We have provided a reconciliation of those measures to the most directly comparable IFRS measures, which is available in the appendix.

Further information on these and other factors that could affect our financial results is included in filings we make with the Securities and Exchange Commission from time to time, including the section titled "Risk Factors" in our most recent Forms 20-F and 6-K (reporting our quarterly results). These documents are available on the SEC Filings section of the Investor Relations section of our website at: <https://investors.atlassian.com>.

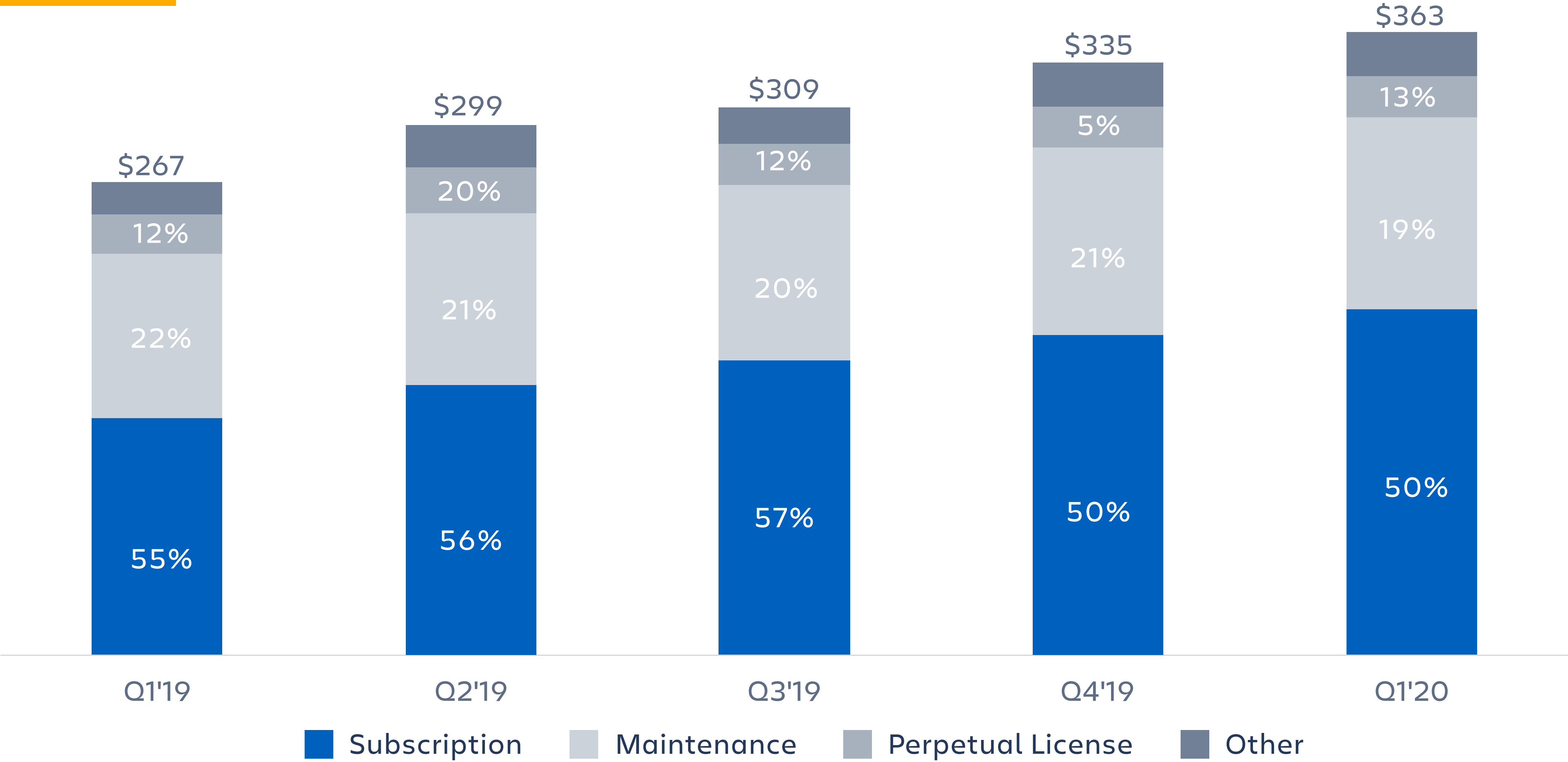
REVENUE

USD millions (Y/Y growth rate in %)



REVENUE BY TYPE

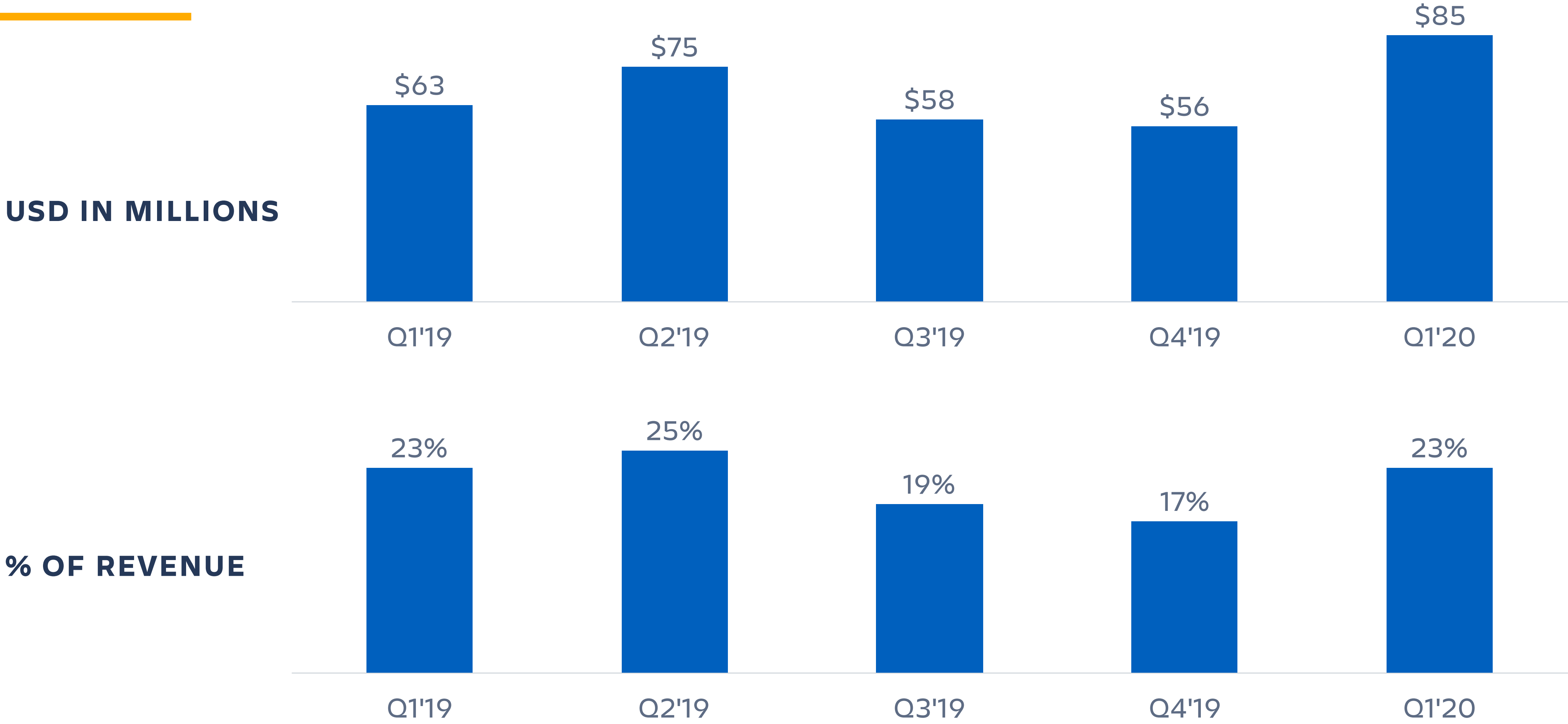
USD millions (Y/Y growth rate in %)



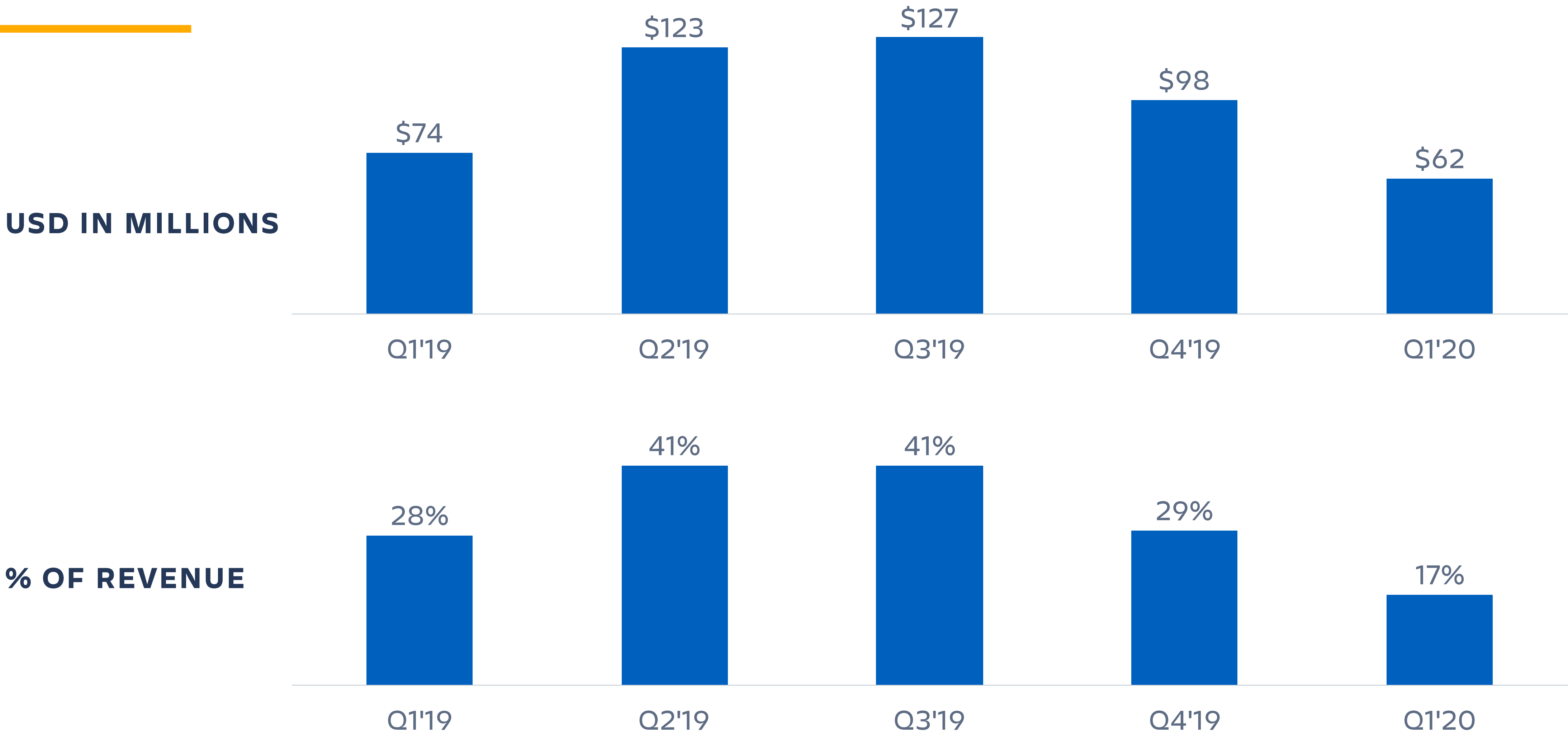
NON-IFRS GROSS PROFIT



NON-IFRS OPERATING INCOME



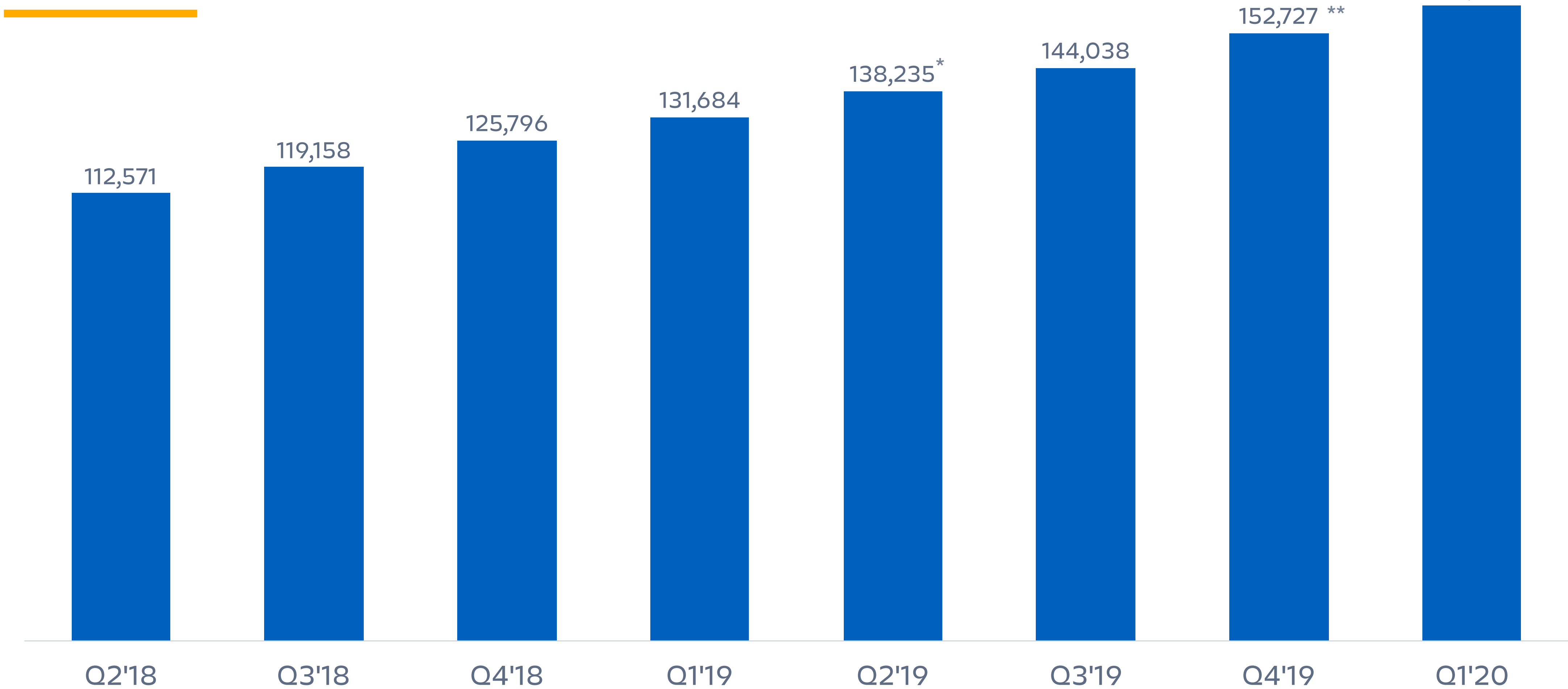
FREE CASH FLOW



Note: Free cash flow is defined as cash flow from operations less capital expenditures, which consists of purchases of property and equipment, and from fiscal 2020, with the application of IFRS 16, Leases, payments of lease obligations are also deducted.

CUSTOMERS

Period ended



*Includes an increase of 1,396 customers as a result of our acquisition of Opsgenie during Q2'19.

**Includes an increase of approximately 2,500 Trello customers as a result of the open board limits we introduced for Trello.

Customers: We define the number of customers at the end of any particular period as the number of organizations with unique domains that have at least one active and paid product license or subscription for which they paid approximately \$10 or more per month.

FINANCIAL TARGETS - Q2'20 & FISCAL 2020

	IFRS	
	Three Months Ending December 31, 2019	Fiscal Year Ending June 30, 2020
Revenue	\$386 million to \$390 million	\$1,560 million to \$1,574 million
Gross margin	83%	82% to 83%
Operating margin	(1%)	(3%)
Net (loss) income per share - diluted	(\$0.03)	\$0.01
Weighted-avg. shares used in computing diluted IFRS net (loss) income per share	243 million to 244 million	253 million to 255 million
Cash flow from operations	not provided	\$525 million to \$535 million
	Non-IFRS	
	Three Months Ending December 31, 2019	Fiscal Year Ending June 30, 2020
Gross margin	86%	85% to 86%
Operating margin	22%	20%
Net income per share - diluted	\$0.27	\$1.00
Weighted-avg. shares used in computing diluted non-IFRS net income per share	251 million to 252 million	253 million to 255 million
Free cash flow	not provided	\$465 million to \$475 million

Note: Financial targets provided as of October 17, 2019. All numbers are approximate.

Appendix



ATLASSIAN

Investor Relations Data Sheet

	Description	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY2018	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	FY2019	Q1 FY20
Revenue by Type (\$ in thousands)	Subscription	86,391	97,704	106,295	120,304	410,694	134,065	152,500	166,468	180,917	633,950	201,095
	Maintenance	76,219	80,489	82,212	87,591	326,511	92,736	97,161	98,862	105,767	394,526	110,071
	Perpetual license	19,448	21,444	20,581	21,698	83,171	21,839	25,778	23,152	22,824	93,593	24,744
	Other	13,422	14,941	15,242	16,997	60,602	18,652	23,540	20,788	25,078	88,058	27,480
	Total revenues	195,480	214,578	224,330	246,590	880,978	267,292	298,979	309,270	334,586	1,210,127	363,390
Revenue Growth Rates (% Y/Y)	Subscription					64%	55%	56%	57%	50%	54%	50%
	Maintenance					23%	22%	21%	20%	21%	21%	19%
	Perpetual license					12%	12%	20%	12%	5%	13%	13%
	Other					58%	39%	58%	36%	48%	45%	47%
	Total revenues					41%	37%	39%	38%	36%	37%	36%
IFRS Results (\$ in thousands)	Total revenues	195,480	214,578	224,330	246,590	880,978	267,292	298,979	309,270	334,586	1,210,127	363,390
	Cost of revenues	40,090	43,164	45,240	44,196	172,690	45,185	49,782	54,189	61,129	210,285	62,279
	Gross profit	155,390	171,414	179,090	202,394	708,288	222,107	249,197	255,081	273,457	999,842	301,111
	Research and development	94,862	101,324	108,544	111,046	415,776	124,380	131,364	153,069	170,321	579,134	175,882
	Marketing and sales	45,092	44,519	48,655	49,049	187,315	52,262	68,950	70,544	76,600	268,356	68,043
	General and administrative	35,725	38,584	32,167	44,766	151,242	45,657	52,052	59,025	58,980	215,714	61,741
	Operating expenses	175,679	184,427	189,366	204,861	754,333	222,299	252,366	282,638	305,901	1,063,204	305,666
	Operating loss	(20,289)	(13,013)	(10,276)	(2,467)	(46,045)	(192)	(3,169)	(27,557)	(32,444)	(63,362)	(4,555)
	Income tax benefit (expense)	8,238	(52,264) ^a	(8,280)	(2,995)	(55,301)	(2,369)	18,122	(1,163)	(46,655) ^{aa}	(32,065)	(5,145)
	Net income (loss)	(11,470)	(64,209)	(15,823)	(21,930)	(113,432)	(242,445)	45,185	(202,844)	(237,517)	(637,621)	69,320
Share-Based Payment Expense (\$ in thousands)	Cost of revenues	2,992	3,180	3,021	2,762	11,955	3,519	3,766	4,871	5,294	17,450	4,712
	Research and development	25,971	27,020	25,347	20,271	98,609	26,846	32,976	42,222	47,005	149,049	48,939
	Marketing and sales	6,209	6,136	5,816	5,444	23,605	7,761	9,850	10,979	10,713	39,303	10,631
	General and administrative	8,953	9,015	737	9,999	28,704	10,254	13,912	14,674	13,120	51,960	13,014
	Total share-based payment expense	44,125	45,351	34,921	38,476	162,873	48,380	60,504	72,746	76,132	257,762	77,296
IFRS to Non-IFRS Reconciliation: Cost of Revenues (\$ in thousands)	Cost of revenues	40,090	43,164	45,240	44,196	172,690	45,185	49,782	54,189	61,129	210,285	62,279
	Less: Share-based payment expense	2,992	3,180	3,021	2,762	11,955	3,519	3,766	4,871	5,294	17,450	4,712
	Less: Amortization of acquired intangible assets	5,293	5,294	5,302	5,299	21,188	5,351	7,060	7,068	8,518	27,997	8,488
	Non-IFRS cost of revenues	31,805	34,690	36,917	36,135	139,547	36,315	38,956	42,250	47,317	164,838	49,079
	% of total revenues	16%	16%	16%	15%	16%	14%	13%	14%	14%	14%	14%
IFRS to Non-IFRS Reconciliation: Research and Development (\$ in thousands)	Research and development	94,862	101,324	108,544	111,046	415,776	124,380	131,364	153,069	170,321	579,134	175,882
	Less: Share-based payment expense	25,971	27,020	25,347	20,271	98,609	26,846	32,976	42,222	47,005	149,049	48,939
	Less: Amortization of acquired intangible assets	–	–	–	–	–	–	21	19	20	60	41
	Non-IFRS research and development	68,891	74,304	83,197	90,775	317,167	97,534	98,367	110,828	123,296	430,025	126,902
	% of total revenues	35%	35%	37%	37%	36%	36%	33%	36%	37%	36%	35%
IFRS to Non-IFRS Reconciliation: Marketing and Sales (\$ in thousands)	Marketing and sales	45,092	44,519	48,655	49,049	187,315	52,262	68,950	70,544	76,600	268,356	68,043
	Less: Share-based payment expense	6,209	6,136	5,816	5,444	23,605	7,761	9,850	10,979	10,713	39,303	10,631
	Less: Amortization of acquired intangible assets	9,022	9,023	9,022	9,023	36,090	8,988	10,368	5,716	3,672	28,744	3,686
	Non-IFRS marketing and sales	29,861	29,360	33,817	34,582	127,620	35,513	48,732	53,849	62,215	200,309	53,726
	% of total revenues	15%	14%	15%	14%	14%	13%	16%	17%	19%	17%	15%
IFRS to Non-IFRS Reconciliation: General and Administrative (\$ in thousands)	General and administrative	35,725	38,584	32,167	44,766	151,242	45,657	52,052	59,025	58,980	215,714	61,741
	Less: Share-based payment expense	8,953	9,015	737	9,999	28,704	10,254	13,912	14,674	13,120	51,960	13,014
	Non-IFRS general and administrative	26,772	29,569	31,430	34,767	122,538	35,403	38,140	44,351	45,860	163,754	48,727
	% of total revenues	14%	14%	14%	14%	14%	13%	13%	14%	14%	14%	13%

	Description	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY2018	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	FY2019	Q1 FY20
IFRS Operating Expenses Reconciled to Non-IFRS Operating Expenses (\$ in thousands)	IFRS operating expenses	175,679	184,427	189,366	204,861	754,333	222,299	252,366	282,638	305,901	1,063,204	305,666
	Less: Share-based payment expense	41,133	42,171	31,900	35,714	150,918	44,861	56,738	67,875	70,838	240,312	72,584
	Less: Amortization of acquired intangible assets	9,022	9,023	9,022	9,023	36,090	8,988	10,389	5,735	3,692	28,804	3,727
	Non-IFRS operating expenses	125,524	133,233	148,444	160,124	567,325	168,450	185,239	209,028	231,371	794,088	229,355
IFRS Gross Profit Reconciled to Non-IFRS Gross Profit (\$ in thousands)	IFRS gross profit	155,390	171,414	179,090	202,394	708,288	222,107	249,197	255,081	273,457	999,842	301,111
	Plus: Share-based payment expense	2,992	3,180	3,021	2,762	11,955	3,519	3,766	4,871	5,294	17,450	4,712
	Plus: Amortization of acquired intangible assets	5,293	5,294	5,302	5,299	21,188	5,351	7,060	7,068	8,518	27,997	8,488
	Non-IFRS gross profit	163,675	179,888	187,413	210,455	741,431	230,977	260,023	267,020	287,269	1,045,289	314,312
	Non-IFRS gross margin	84%	84%	84%	85%	84%	86%	87%	86%	86%	86%	86%
IFRS Operating Loss Reconciled to Non-IFRS Operating Income (\$ in thousands)	IFRS operating loss	(20,289)	(13,013)	(10,276)	(2,467)	(46,045)	(192)	(3,169)	(27,557)	(32,444)	(63,362)	(4,555)
	Plus: Share-based payment expense	44,125	45,351	34,921	38,476	162,873	48,380	60,504	72,746	76,132	257,762	77,296
	Plus: Amortization of acquired intangible assets	14,315	14,317	14,324	14,322	57,278	14,339	17,449	12,803	12,210	56,801	12,215
	Non-IFRS operating income	38,151	46,655	38,969	50,331	174,106	62,527	74,784	57,992	55,898	251,201	84,956
	Non-IFRS operating margin	20%	22%	17%	20%	20%	23%	25%	19%	17%	21%	23%
IFRS Net Income (Loss) Reconciled to Non-IFRS Net Income (\$ in thousands)	IFRS net income (loss)	(11,470)	(64,209)	(15,823)	(21,930)	(113,432)	(242,445)	45,185	(202,844)	(237,517)	(637,621)	69,320
	Plus: Share-based payment expense	44,125	45,351	34,921	38,476	162,873	48,380	60,504	72,746	76,132	257,762	77,296
	Plus: Amortization of acquired intangible assets	14,315	14,317	14,324	14,322	57,278	14,339	17,449	12,803	12,210	56,801	12,215
	Plus: Non-coupon impact related to exchangeable senior notes and capped calls	–	–	–	19,892	19,892	244,686	(22,915)	181,117	164,959	567,847	(73,361)
	Less: Income tax effects and adjustments	(14,502)	36,564 ^a	(10,389)	(13,823)	(2,150)	(15,734)	(38,528)	(11,410)	35,429 ^{ab}	(30,243)	(15,463)
	Non-IFRS net income	32,468	32,023	23,033	36,937	124,461	49,226	61,695	52,412	51,213	214,546	70,007
Net Cash Provided by Operating Activities Reconciled to Free Cash Flow (\$ in thousands)	Net cash provided by operating activities	65,249	72,328	91,676	82,203	311,456	84,929	130,436	133,251	117,726	466,342	76,185
	Less: Purchases of property and equipment	(2,564)	(4,550)	(5,293)	(17,802)	(30,209)	(10,716)	(7,807)	(6,106)	(19,563)	(44,192)	(6,113)
	Less: Payments of lease obligations	–	–	–	–	–	–	–	–	–	–	(7,670)
	Free cash flow^a	62,685	67,778	86,383	64,401	281,247	74,213	122,629	127,145	98,163	422,150	62,402
	% of total revenues	32%	32%	39%	26%	32%	28%	41%	41%	29%	35%	17%
Other Data (period ended)	Customers	107,746*	112,571	119,158	125,796	125,796	131,684	138,235**	144,038	152,727***	152,727	159,787
	Employee Headcount	2,292	2,408	2,503	2,638	2,638	2,738	3,061	3,315	3,616	3,616	3,927
Revenue by Geography (\$ in thousands)	Americas	99,344	106,305	111,080	122,634	439,363	133,918	145,408	155,047	169,586	603,959	180,834
	EMEA	75,483	85,410	89,525	97,091	347,509	103,789	121,387	121,278	128,258	474,712	141,888
	Asia Pacific	20,653	22,863	23,725	26,865	94,106	29,585	32,184	32,945	36,742	131,456	40,668
	Total	195,480	214,578	224,330	246,590	880,978	267,292	298,979	309,270	334,586	1,210,127	363,390
Weighted-Average Shares Used in Computing Diluted EPS: IFRS to non-IFRS (in thousands)	IFRS diluted shares outstanding	228,156	230,208	232,221	234,206	231,184	236,219	247,255	239,410	241,121	238,611	242,791
	Dilution from options and RSUs	12,617	13,170	12,356	11,204	12,801	10,576	–	9,382	8,860	9,609	8,092
	Non-IFRS diluted shares outstanding	240,773	243,378	244,577	245,410	243,985	246,795	247,255	248,792	249,981	248,220	250,883
Reconciliation of Diluted Earnings Per Share (\$)	IFRS diluted earnings per share	(0.05)	(0.28)	(0.07)	(0.09)	(0.49)	(1.03)	0.18	(0.85)	(0.99)	(2.67)	0.28
	Plus: Share-based payment expense	0.18	0.20	0.14	0.16	0.68	0.20	0.24	0.29	0.32	1.05	0.31
	Plus: Amortization of acquired intangible assets	0.06	0.06	0.06	0.06	0.25	0.06	0.07	0.05	0.05	0.23	0.05
	Plus: Non-coupon impact related to exchangeable senior notes and capped calls	–	–	–	0.08	0.08	1.03	(0.08)	0.76	0.68	2.37	(0.29)
	Less: Income tax effects and adjustments	(0.06)	0.15	(0.04)	(0.06)	(0.01)	(0.06)	(0.16)	(0.04)	0.14	(0.12)	(0.07)
	Non-IFRS diluted earnings per share	0.13	0.13	0.09	0.15	0.51	0.20	0.25	0.21	0.20	0.86	0.28

The financial results above are based on the new revenue recognition standard (IFRS 15). FY2018 results have been adjusted to reflect the impact of the full retrospective adoption of IFRS 15.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

We believe that for the purposes of our reported results and financial targets, the use of certain non-IFRS financial measures, including non-IFRS gross profit, non-IFRS operating income, non-IFRS net income, non-IFRS net income per diluted share and free cash flow is helpful to our investors. These measures, which we refer to as our non-IFRS financial measures, are not prepared in accordance with IFRS. Please see "About Non-IFRS Financial Measures" in our earnings press release for how we calculate our non-IFRS financial measures.

Our non-IFRS measures may not be comparable to similarly titled measures of other companies because other companies may not calculate these measures in the same manner as we do. We prepare these measures to eliminate the impact of items that we do not consider indicative of our core operating performance.

*Includes an increase of 14,263 customers primarily as a result of Bitbucket Cloud pricing changes.

**Includes an increase of 1,396 customers as a result of our acquisition of Opsgenie during Q2'19.

***Includes an increase of approximately 2,500 Trello customers as a result of the open board limits we introduced for Trello.

^aAmount includes a non-cash charge of \$47.3 million to income tax expense during Q2'18 as a result of the write-down of Atlassian's deferred tax assets. The charge was driven by the reduction in the U.S. corporate income tax rate from 35% to 21% and Atlassian's assessment of the realizability of its deferred tax assets.

^{ab}Amount includes a non-cash charge of \$54.7 million to income tax expense during Q4'19 as a result of the write-down of Atlassian's deferred tax assets. The charge was driven by Atlassian's assessment of the realizability of its deferred tax assets.

^aAs a result of our adoption of IFRS 16, Leases, on July 1, 2019, we have updated our definition of free cash flow to subtract payments of lease obligations under IFRS 16. These payments were previously, but no longer, reported in cash provided by operating activities. As a result, free cash flow is not affected by this change.

RECONCILIATION OF IFRS TO NON-IFRS FINANCIAL TARGETS

	Three Months Ending December 31, 2019	Fiscal Year Ending June 30, 2020
Revenue	\$386 million to \$390 million	\$1,560 million to \$1,574 million
IFRS gross margin	83%	82% to 83%
Plus: Share-based payment expense	1	1
Plus: Amortization of acquired intangible assets	2	2
Non-IFRS gross margin	86%	85% to 86%
IFRS operating margin	(1%)	(3%)
Plus: Share-based payment expense	20	20
Plus: Amortization of acquired intangible assets	3	3
Non-IFRS operating margin	22%	20%
IFRS net (loss) income per share - diluted	(\$0.03)	\$0.01
Plus: Share-based payment expense	0.29	1.25
Plus: Amortization of acquired intangible assets	0.05	0.16
Plus: Non-coupon impact related to exchangeable senior notes and capped calls	0.04	(0.18)
Less: Income tax effects and adjustments	(0.08)	(0.24)
Non-IFRS net income per share - diluted	\$0.27	\$1.00
Weighted-average shares used in computing diluted IFRS net (loss) income per share	243 million to 244 million	253 million to 255 million
Dilution from share options and RSUs (1)	8 million	—
Weighted-average shares used in computing diluted non-IFRS net income per share	251 million to 252 million	253 million to 255 million
IFRS net cash provided by operating activities		\$525 million to \$535 million
Less: Capital expenditures		(30 million)
Less: Payments of lease obligations		(30 million)
Free cash flow (2)		\$465 million to \$475 million

(1) The effect of these dilutive securities are not included in our IFRS calculation of diluted net loss per share for the three months ending December 31, 2019 because the effect would be anti-dilutive.

(2) As a result of our adoption of IFRS 16, Leases, on July 1, 2019, we have updated our definition of free cash flow to subtract payments of lease obligations under IFRS 16. These payments were previously, but no longer, reported in cash provided by operating activities. As a result, free cash flow is not affected by this change.

Note: Financial targets provided as of October 17, 2019. All numbers are approximate.

