



Q2 FY 2017 Results
JANUARY 19, 2017

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 per diluted share and free cash flow.

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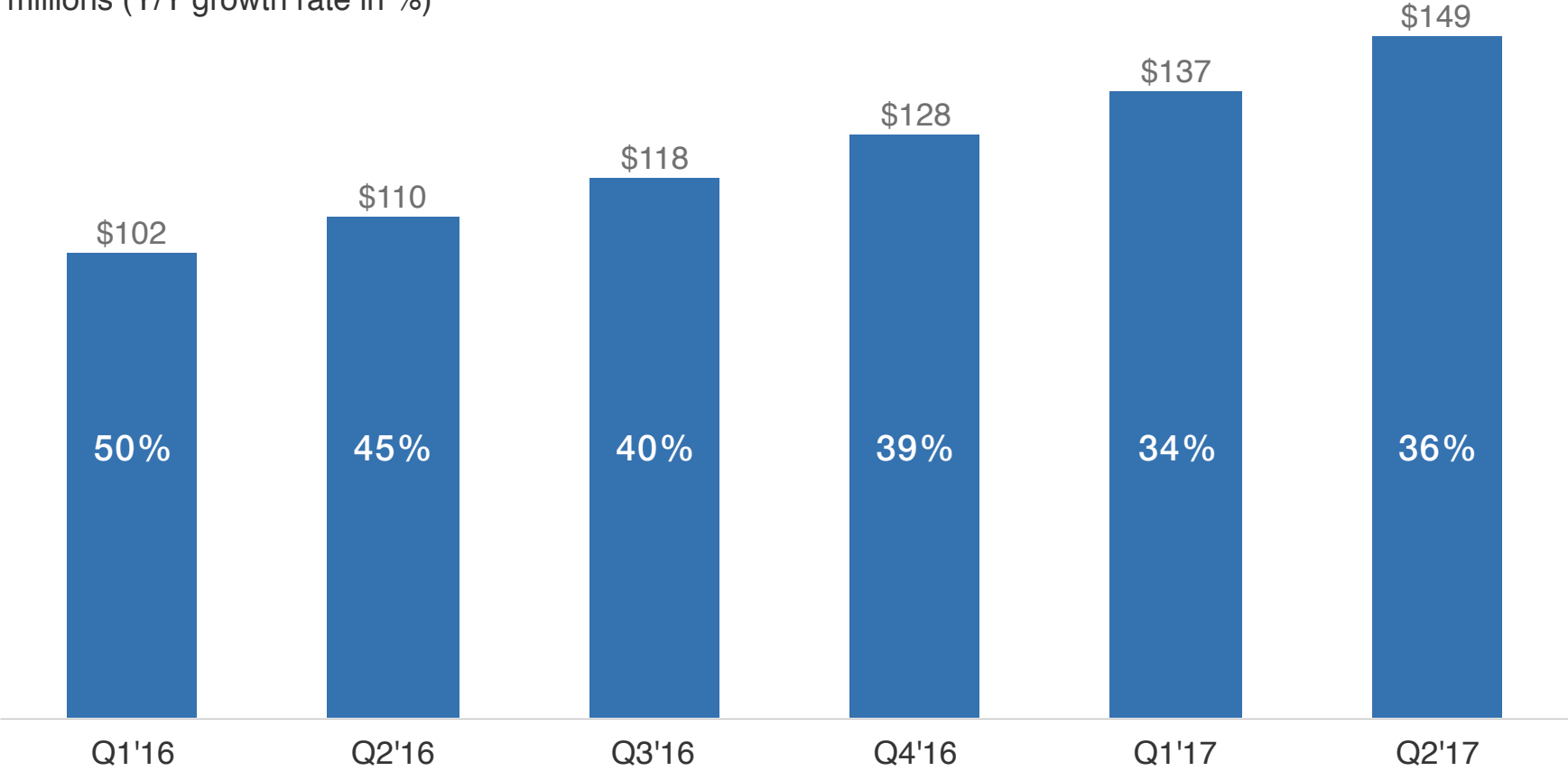
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This presentation includes certain non-IFRS financial measures. These non-IFRS financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with IFRS. There are a number 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. These documents are available on the SEC Filings section of the Investor Relations section of our website at: <https://investors.atlassian.com>.

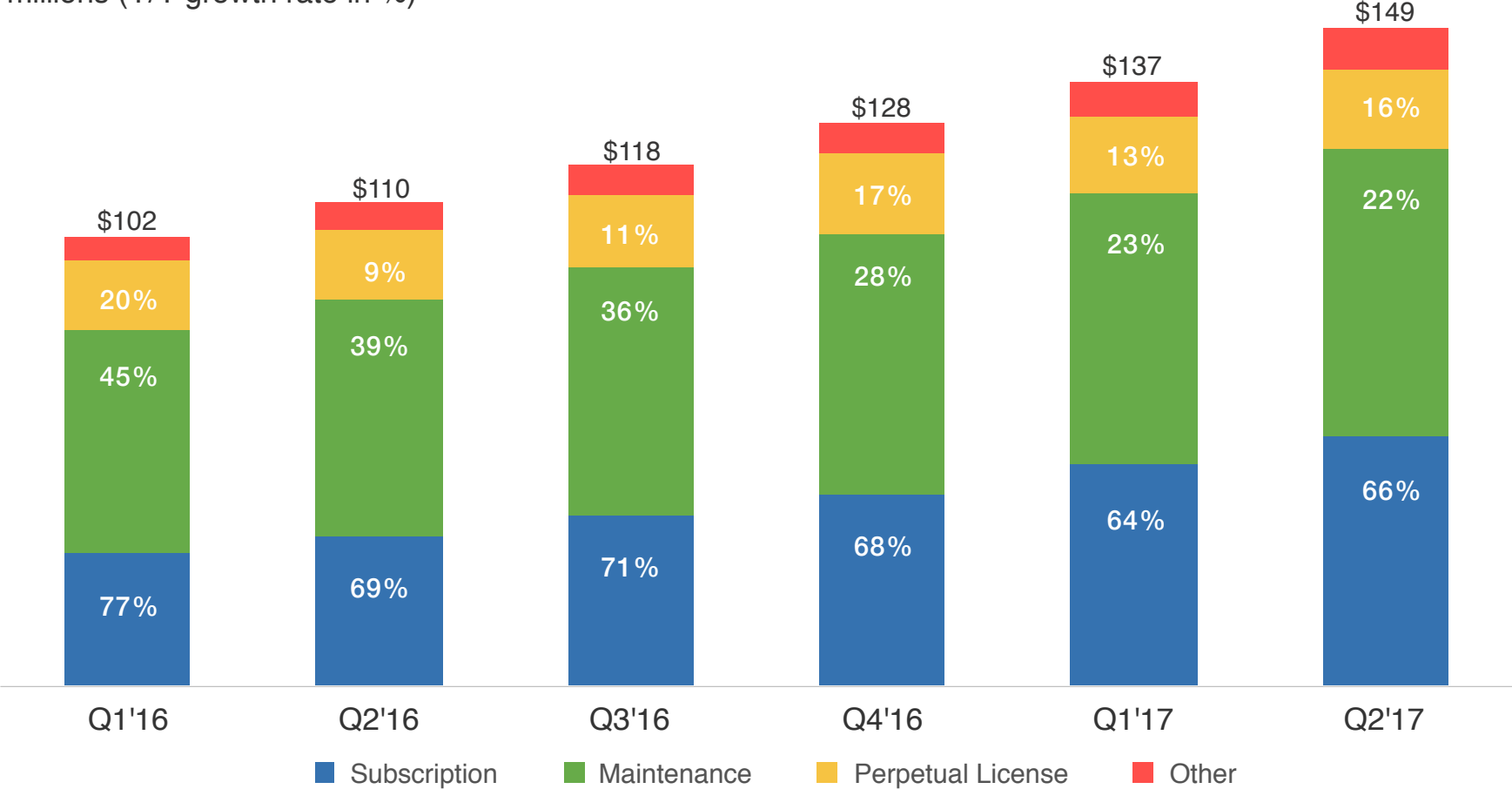
Revenue

USD millions (Y/Y growth rate in %)



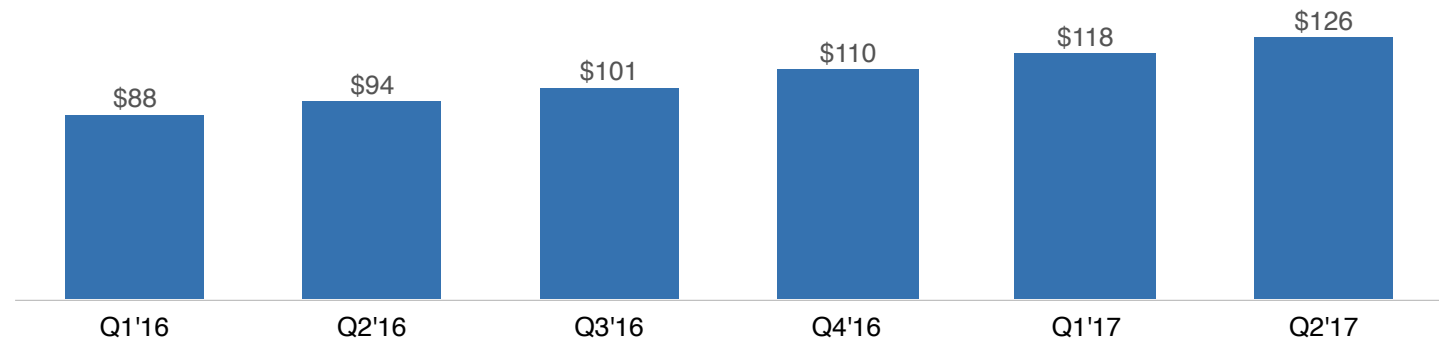
Revenue by type

USD millions (Y/Y growth rate in %)

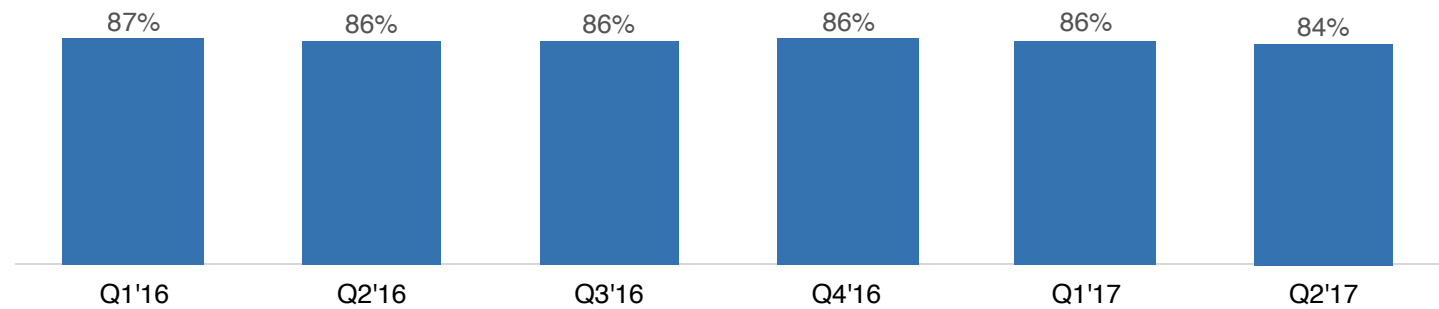


Non-IFRS gross profit

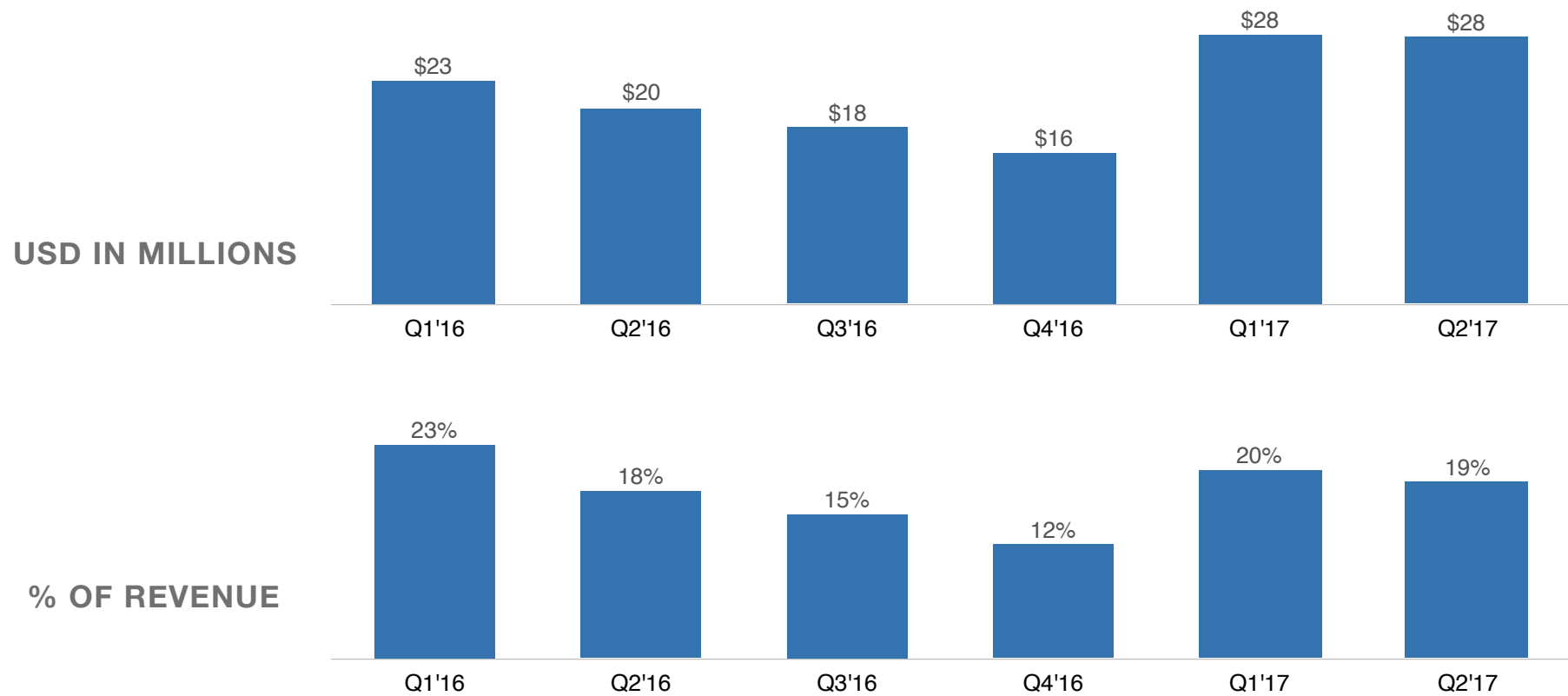
USD IN MILLIONS



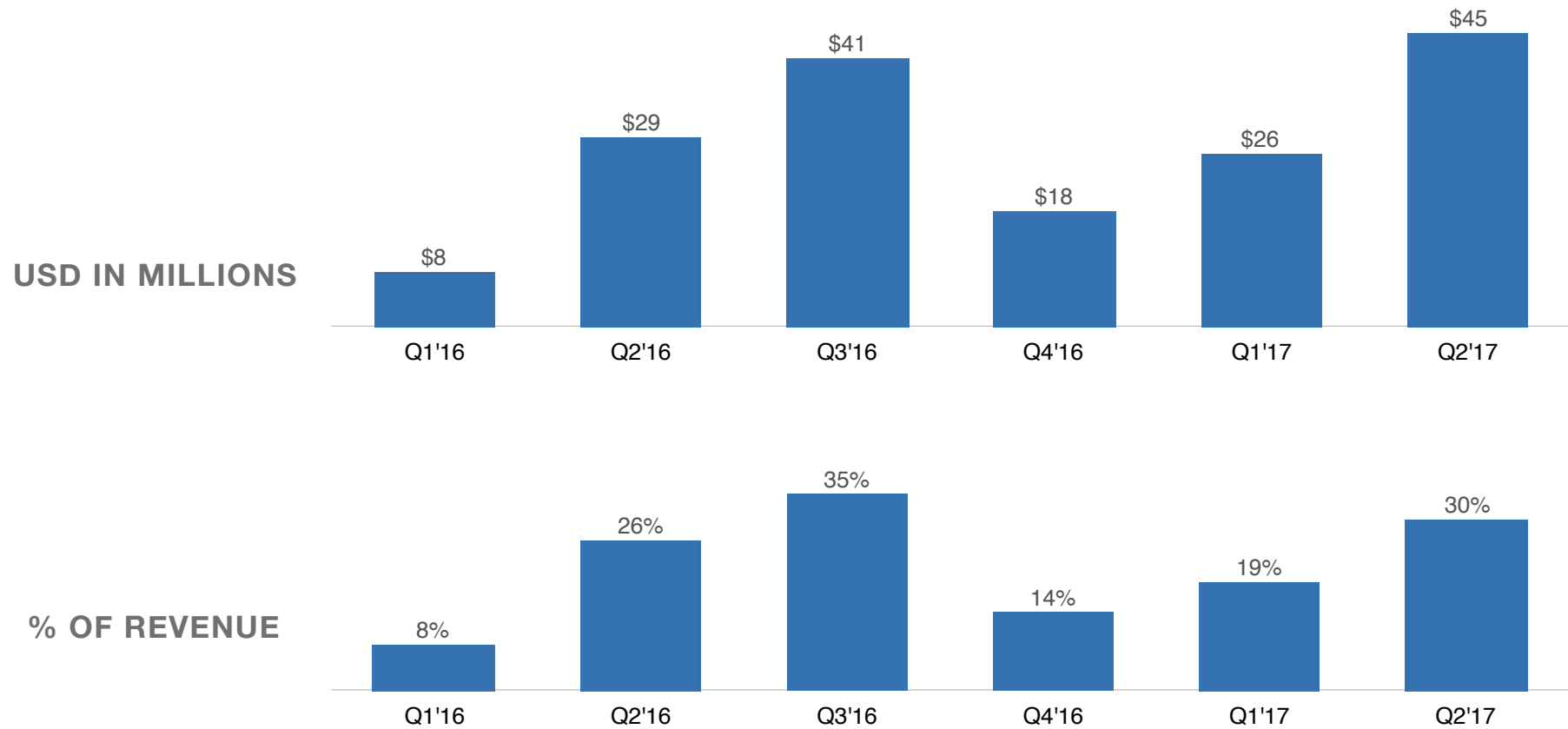
% OF REVENUE



Non-IFRS operating income



Free cash flow

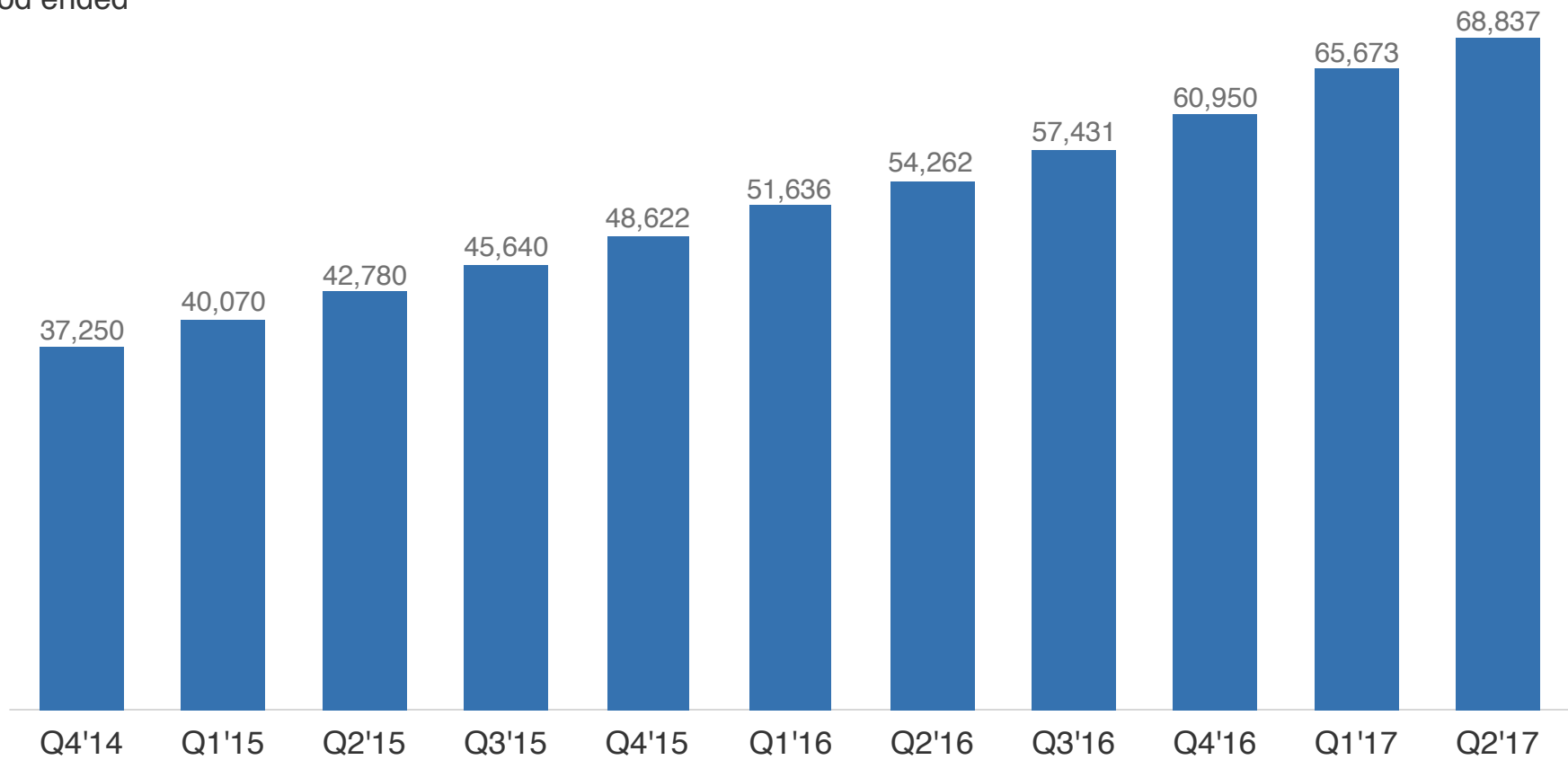


Note: Free cash flow is defined as cash flow from operations less capital expenditures.



Customers

Period ended



Financial targets - Q3 FY 2017

- **Revenue:** \$155 million to \$157 million*
- **Gross margin:** 80% (IFRS) / 84% (non-IFRS)
- **Operating margin:** (24%) (IFRS) / 12% (non-IFRS)
- **Weighted-average diluted shares outstanding:** 235 million to 237 million
- **Net income (loss) per diluted share:** (\$0.15) (IFRS) / \$0.06 (non-IFRS)

Note: Financial targets provided as of January 19, 2017. All numbers are approximate.

* Our third quarter fiscal 2017 revenue target includes a revenue contribution from Trello of approximately \$1 million.



Financial targets - FY 2017

- **Revenue:** \$611 million to \$615 million**
- **Gross margin:** 81% to 82% (IFRS) / 84% to 85% (non-IFRS)
- **Operating margin:** (16%) (IFRS) / 15% (non-IFRS)
- **Weighted-average diluted shares outstanding:** 234 million to 236 million
- **Net income (loss) per diluted share:** (\$0.30) to (\$0.29) (IFRS) / \$0.32 to \$0.33 (non-IFRS)
- **Free cash flow:** \$160 million to \$165 million

Note: Financial targets provided as of January 19, 2017. All numbers are approximate.

**Our full year fiscal 2017 revenue target includes a revenue contribution from Trello of approximately \$4 million.



Appendix



Metrics (1 of 3)

	Description	FY2014	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17
Revenue by Type (\$ in thousands)	Subscription	51,007	17,176	20,083	22,609	26,023	85,891	30,467	33,911	38,691	43,590	146,659	49,931	56,326
	Maintenance	112,134	34,752	38,451	41,276	45,894	160,373	50,354	53,508	56,178	58,808	218,848	61,741	65,060
	Perpetual license	44,186	12,917	14,321	14,823	15,312	57,373	15,501	15,645	16,430	17,911	65,487	17,501	18,210
	Other	7,782	3,077	2,971	5,255	4,581	15,884	5,500	6,642	6,643	7,279	26,064	7,614	9,313
	Total revenues	215,109	67,922	75,826	83,963	91,810	319,521	101,822	109,706	117,942	127,588	457,058	136,787	148,909
Revenue Growth Rates (% Y/Y)	Subscription	77%	65%	68%	70%	70%	68%	77%	69%	71%	68%	71%	64%	66%
	Maintenance	34%	38%	42%	45%	46%	43%	45%	39%	36%	28%	36%	23%	22%
	Perpetual license	35%	33%	42%	27%	21%	30%	20%	9%	11%	17%	14%	13%	16%
	Other	162%	90%	67%	146%	104%	104%	79%	124%	26%	59%	64%	38%	40%
	Total revenues	45%	45%	49%	51%	49%	49%	50%	45%	40%	39%	43%	34%	36%
IFRS Results (\$ in thousands)	Total revenues	215,109	67,922	75,826	83,963	91,810	319,521	101,822	109,706	117,942	127,588	457,058	136,787	148,909
	Cost of revenues	37,986	11,846	12,354	13,468	15,264	52,932	16,420	18,473	19,764	21,126	75,783	22,562	26,899
	Gross profit	177,123	56,076	63,472	70,495	76,546	266,589	85,402	91,233	98,178	106,462	381,275	114,225	122,010
	Research and development	78,640	29,225	31,543	36,910	43,175	140,853	45,460	47,846	54,170	60,830	208,306	67,458	69,758
	Marketing and sales	34,968	11,997	16,988	19,773	19,231	67,989	16,262	21,713	24,436	30,980	93,391	24,980	27,416
	General and administrative	40,814	12,420	10,821	15,310	17,482	56,033	16,602	18,307	24,507	26,042	85,458	26,915	27,475
	Operating expenses	154,422	53,642	59,352	71,993	79,888	264,875	78,324	87,866	103,113	117,852	387,155	119,353	124,649
	Operating income (loss)	22,701	2,434	4,120	(1,498)	(3,342)	1,714	7,078	3,367	(4,935)	(11,390)	(5,880)	(5,128)	(2,639)
	Income tax benefit (expense)	(3,246)	2,311	1,734	2,127	1,352	7,524	(1,431)	1,805	3,111	5,795	9,280	1,239	(211)
	Net income (loss)	18,982	3,583	5,011	(648)	(1,171)	6,775	5,082	5,065	(1,072)	(4,702)	4,373	(2,637)	(1,698)
Share-Based Payment Expense (\$ in thousands)	Cost of revenues	625	452	739	784	887	2,862	1,206	1,301	1,258	1,606	5,371	1,339	1,505
	Research and development	5,120	4,632	6,181	5,585	6,444	22,842	5,921	7,777	9,495	12,542	35,735	16,999	16,159
	Marketing and sales	2,068	1,142	1,784	1,775	1,969	6,670	2,742	3,064	2,754	3,385	11,945	3,515	3,089
	General and administrative	3,551	1,700	953	2,887	3,620	9,160	4,227	2,910	7,739	7,553	22,429	8,670	7,053
	Total share-based payment expense	11,364	7,926	9,657	11,031	12,920	41,534	14,096	15,052	21,246	25,086	75,480	30,523	27,806
IFRS to Non-IFRS Reconciliation: Cost of Revenues (\$ in thousands)	Cost of revenues	37,986	11,846	12,354	13,468	15,264	52,932	16,420	18,473	19,764	21,126	75,783	22,562	26,899
	Less: Share-based payment expense	625	452	739	784	887	2,862	1,206	1,301	1,258	1,606	5,371	1,339	1,505
	Less: Amortization of acquired intangible assets	7,591	1,622	1,529	1,529	1,737	6,417	1,745	1,830	1,921	1,909	7,405	2,202	2,198
	Non-IFRS cost of revenues	29,770	9,772	10,086	11,155	12,640	43,653	13,469	15,342	16,585	17,611	63,007	19,021	23,196
	% of total revenues	14%	14%	13%	13%	14%	14%	13%	14%	14%	14%	14%	14%	16%
IFRS to Non-IFRS Reconciliation: Research and Development (\$ in thousands)	Research and development	78,640	29,225	31,543	36,910	43,175	140,853	45,460	47,846	54,170	60,830	208,306	67,458	69,758
	Less: Share-based payment expense	5,120	4,632	6,181	5,585	6,444	22,842	5,921	7,777	9,495	12,542	35,735	16,999	16,159
	Non-IFRS research and development	73,520	24,593	25,362	31,325	36,731	118,011	39,539	40,069	44,675	48,288	172,571	50,459	53,599
	% of total revenues	34%	36%	33%	37%	40%	37%	39%	37%	38%	38%	38%	37%	36%
IFRS to Non-IFRS Reconciliation: Marketing and Sales (\$ in thousands)	Marketing and sales	34,968	11,997	16,988	19,773	19,231	67,989	16,262	21,713	24,436	30,980	93,391	24,980	27,416
	Less: Share-based payment expense	2,068	1,142	1,784	1,775	1,969	6,670	2,742	3,064	2,754	3,385	11,945	3,515	3,089
	Less: Amortization of acquired intangible assets	98	8	8	8	16	40	21	22	22	21	86	196	219
	Non-IFRS marketing and sales	32,802	10,847	15,196	17,990	17,246	61,279	13,499	18,627	21,660	27,574	81,360	21,269	24,108
	% of total revenues	15%	16%	20%	21%	19%	19%	13%	17%	18%	22%	18%	16%	16%
IFRS to Non-IFRS Reconciliation: General and Administrative (\$ in thousands)	General and administrative	40,814	12,420	10,821	15,310	17,482	56,033	16,602	18,307	24,507	26,042	85,458	26,915	27,475
	Less: Share-based payment expense	3,551	1,700	953	2,887	3,620	9,160	4,227	2,910	7,739	7,553	22,429	8,670	7,053
	Non-IFRS general and administrative	37,263	10,720	9,868	12,423	13,862	46,873	12,375	15,397	16,768	18,489	63,029	18,245	20,422
	% of total revenues	17%	16%	13%	15%	15%	15%	12%	14%	14%	14%	14%	13%	14%



Metrics (2 of 3)

	Description	FY2014	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17
IFRS Operating Expenses Reconciled to Non-IFRS Operating Expenses (\$ in thousands)	IFRS operating expenses	154,422	53,642	59,352	71,993	79,888	264,875	78,324	87,866	103,113	117,852	387,155	119,353	124,649
	Less: Share-based payment expense	10,739	7,474	8,918	10,247	12,033	38,672	12,890	13,751	19,988	23,480	70,109	29,184	26,301
	Less: Amortization of acquired intangible assets	98	8	8	8	16	40	21	22	22	21	86	196	219
	Non-IFRS operating expenses	143,585	46,160	50,426	61,738	67,839	226,163	65,413	74,093	83,103	94,351	316,960	89,973	98,129
IFRS Gross Profit Reconciled to Non-IFRS Gross Profit (\$ in thousands)	IFRS gross profit	177,123	56,076	63,472	70,495	76,546	266,589	85,402	91,233	98,178	106,462	381,275	114,225	122,010
	Plus: Share-based payment expense	625	452	739	784	887	2,862	1,206	1,301	1,258	1,606	5,371	1,339	1,505
	Plus: Amortization of acquired intangible assets	7,591	1,622	1,529	1,529	1,737	6,417	1,745	1,830	1,921	1,909	7,405	2,202	2,198
	Non-IFRS gross profit	185,339	58,150	65,740	72,808	79,170	275,868	88,353	94,364	101,357	109,977	394,051	117,766	125,713
	Non-IFRS gross margin	86%	86%	87%	87%	86%	86%	87%	86%	86%	86%	86%	86%	84%
IFRS Operating Income (Loss) Reconciled to Non-IFRS Operating Income (\$ in thousands)	IFRS operating income (loss)	22,701	2,434	4,120	(1,498)	(3,342)	1,714	7,078	3,367	(4,935)	(11,390)	(5,880)	(5,128)	(2,639)
	Plus: Share-based payment expense	11,364	7,926	9,657	11,031	12,920	41,534	14,096	15,052	21,246	25,086	75,480	30,523	27,806
	Plus: Amortization of acquired intangible assets	7,689	1,630	1,537	1,537	1,753	6,457	1,766	1,852	1,943	1,930	7,491	2,398	2,417
	Non-IFRS operating income	41,754	11,990	15,314	11,070	11,331	49,705	22,940	20,271	18,254	15,626	77,091	27,793	27,584
	Non-IFRS operating margin	19%	18%	20%	13%	12%	16%	23%	18%	15%	12%	17%	20%	19%
IFRS Net Income (Loss) Reconciled to Non-IFRS Net Income (\$ in thousands)	IFRS net income (loss)	18,982	3,583	5,011	(648)	(1,171)	6,775	5,082	5,065	(1,072)	(4,702)	4,373	(2,637)	(1,698)
	Plus: Share-based payment expense	11,364	7,926	9,657	11,031	12,920	41,534	14,096	15,052	21,246	25,086	75,480	30,523	27,806
	Plus: Amortization of acquired intangible assets	7,689	1,630	1,537	1,537	1,753	6,457	1,766	1,852	1,943	1,930	7,491	2,398	2,417
	Less: Income tax effects and adjustments	(2,350)	(2,020)	(1,936)	(2,517)	(2,771)	(9,244)	(2,565)	(2,859)	(5,157)	(5,437)	(16,018)	(7,564)	(6,861)
	Non-IFRS net income	35,685	11,119	14,269	9,403	10,731	45,522	18,379	19,110	16,960	16,877	71,326	22,720	21,664
Net Cash Provided by Operating Activities Reconciled to Free Cash Flow (\$ in thousands)	Net cash provided by operating activities	75,280	9,654	34,487	33,303	20,777	98,221	14,404	31,899	48,244	34,995	129,542	28,462	47,399
	Less: Purchases of property and equipment	(8,110)	(5,178)	(8,760)	(4,108)	(13,730)	(31,776)	(6,155)	(3,133)	(7,531)	(17,394)	(34,213)	(2,391)	(2,907)
	Less: Purchases of intangible assets	(2,149)	(900)	—	—	—	(900)	—	—	—	—	—	—	—
	Free cash flow	65,021	3,576	25,727	29,195	7,047	65,545	8,249	28,766	40,713	17,601	95,329	26,071	44,492
	% of total revenues	30%	5%	34%	35%	8%	21%	8%	26%	35%	14%	21%	19%	30%



Metrics (3 of 3)

	Description	FY2014	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17
Other Data (period ended)	Customers	37,250	40,070	42,780	45,640	48,622	48,622	51,636	54,262	57,431	60,950	60,950	65,673	68,837
	Employee Headcount	769	—	—	—	—	1,259	1,395	1,514	1,669	1,760	1,760	1,833	1,888
		FY2014	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17
Revenue by Geography (\$ in thousands)	Americas	109,306	34,985	38,163	42,787	43,445	159,380	52,517	55,755	59,990	64,531	232,793	69,645	74,714
	EMEA	84,767	26,098	30,144	32,977	38,485	127,704	38,897	42,932	46,289	49,969	178,087	52,809	58,587
	Asia Pacific	21,036	6,839	7,519	8,199	9,880	32,437	10,408	11,019	11,663	13,088	46,178	14,333	15,608
	Total	215,109	67,922	75,826	83,963	91,810	319,521	101,822	109,706	117,942	127,588	457,058	136,787	148,909
Weighted-Average Shares Used in Computing Diluted EPS: IFRS to non-IFRS (in thousands)	IFRS diluted shares outstanding	143,602	145,488	145,493	144,008	144,008	145,500	145,513	165,730	212,920	214,505	193,481	218,504	221,316
	Dilution from options and RSUs	—	—	—	1,494	1,496	—	—	—	18,023	17,417	—	15,609	13,288
	Dilution from awards granted prior to IPO	16,893	17,264	16,877	18,335	17,802	17,573	18,018	14,046	—	—	8,205	—	—
	Non-IFRS diluted shares outstanding	160,495	162,752	162,370	163,837	163,306	163,073	163,531	179,776	230,943	231,922	201,686	234,113	234,604
Reconciliation of Diluted Earnings Per Share (\$)	IFRS diluted earnings per share	0.11	0.02	0.03	0.00	(0.01)	0.04	0.03	0.03	(0.01)	(0.02)	0.02	(0.01)	(0.01)
	Plus: Share-based payment expense	0.07	0.05	0.06	0.07	0.08	0.26	0.09	0.09	0.09	0.11	0.37	0.13	0.12
	assets	0.05	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.01	0.01	0.04	0.01	0.01
	Less: Income tax effects and adjustments	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.06)	(0.02)	(0.02)	(0.02)	(0.03)	(0.08)	(0.03)	(0.03)
	Non-IFRS diluted earnings per share	0.22	0.07	0.09	0.06	0.07	0.28	0.11	0.11	0.07	0.07	0.35	0.10	0.09

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

Note: 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.

We include the effect of our outstanding share options and RSUs in weighted-average shares used in computing non-IFRS net income per diluted share. IFRS excludes the impact of the full weighting of these outstanding equity awards until the effectiveness of our initial public offering. We have presented the full weighting impact of these additional shares from previously granted share options and RSUs, as if they were outstanding from the date of grant, in order to provide investors with insight into the full impact of all potentially dilutive awards outstanding.



Reconciliation of IFRS to non-IFRS financial targets

	3 MONTHS ENDING MARCH 31, 2017	FISCAL YEAR ENDING JUNE 30, 2017
Revenue	\$155 million to \$157 million	\$611 million to \$615 million
IFRS gross margin	80%	81% to 82%
Plus: Share-based payment expense	2%	1%
Plus: Amortization of acquired intangible assets	2%	2%
Non-IFRS gross margin	84%	84% to 85%
IFRS operating margin	(24%)	(16%)
Plus: Share-based payment expense	33%	29%
Plus: Amortization of acquired intangible assets	3%	2%
Non-IFRS operating margin	12%	15%
IFRS net loss per share - diluted	(\$0.15)	(\$0.30) to (\$0.29)
Plus: Share-based payment expense	\$0.22	\$0.75
Plus: Amortization of acquired intangible assets	\$0.02	\$0.07
Less: Income tax effects and adjustments	(\$0.03)	(\$0.20)
Non-IFRS net income per share - diluted	\$0.06	\$0.32 to \$0.33
Weighted average shares used in computing diluted net income per share	235 to 237 million	234 to 236 million
IFRS net cash provided by operating activities		\$175 million to \$180 million
Less: Capital expenditures		(\$15 million)
Free cash flow		\$160 million to \$165 million

Note: Financial targets provided as of January 19, 2017. All numbers are approximate.



