



# Q2 FY 2018 Results

January 18, 2018

# 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.

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.

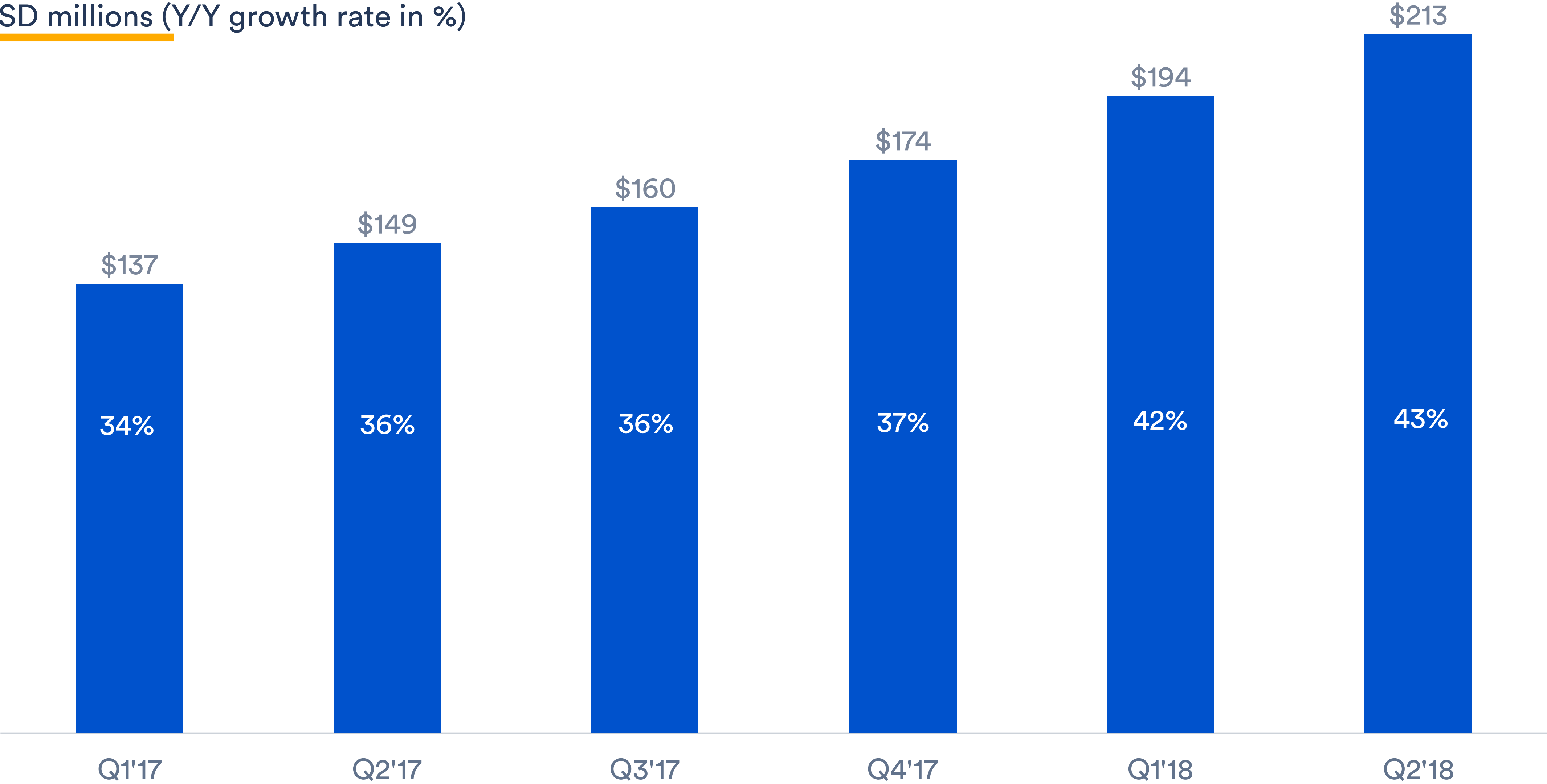
The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed 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>.

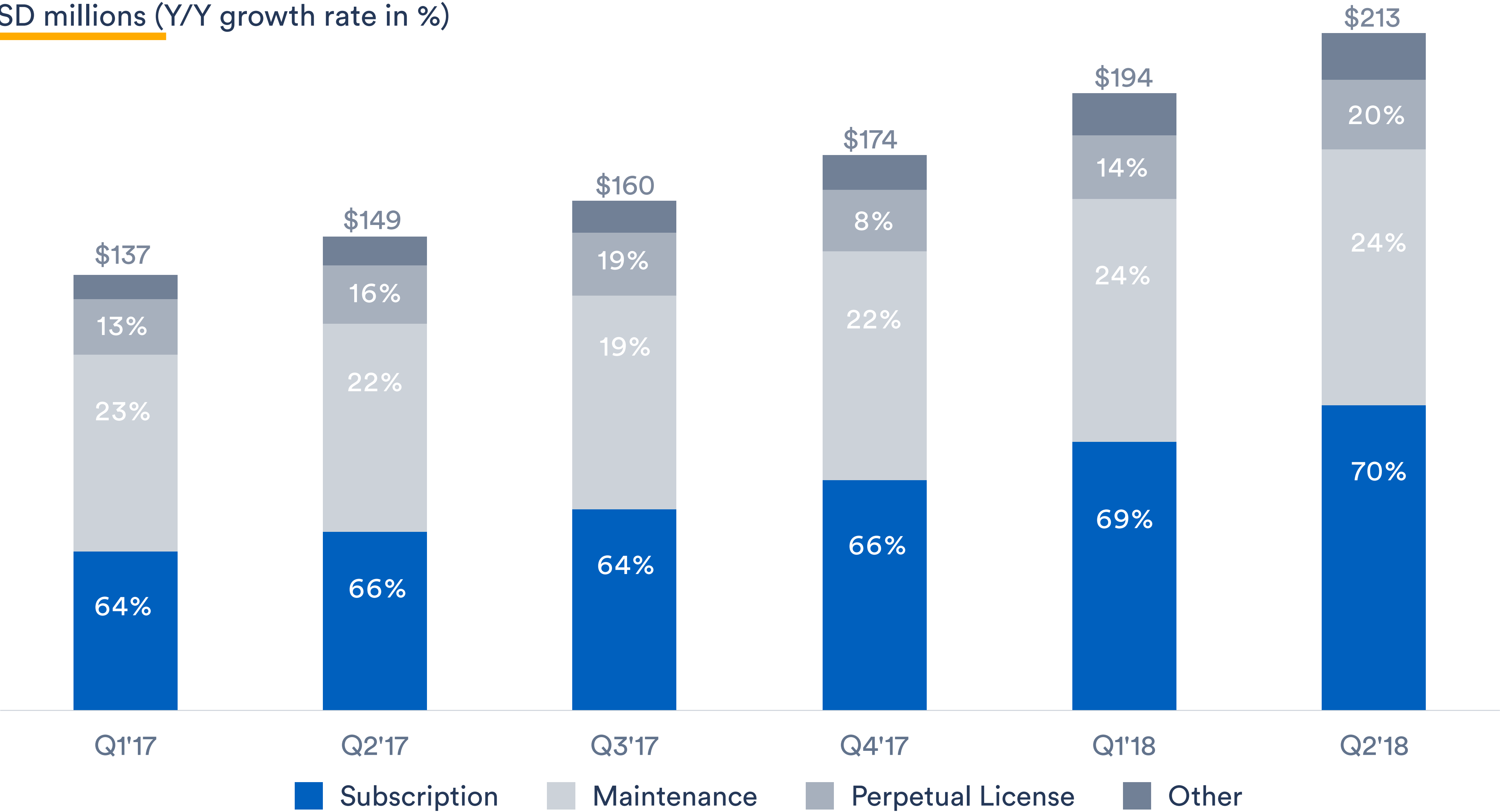
# REVENUE

USD millions (Y/Y growth rate in %)

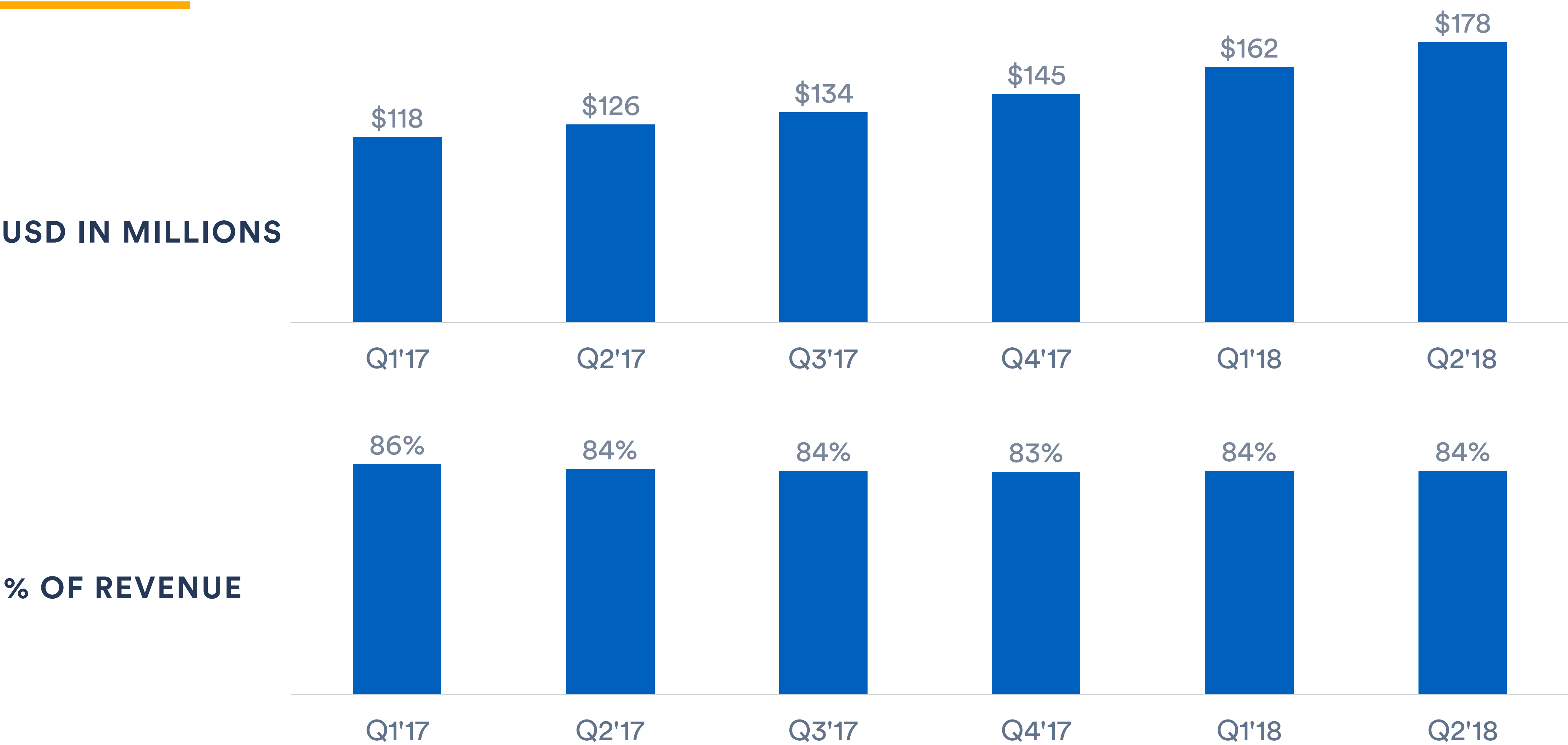


# REVENUE

USD millions (Y/Y growth rate in %)



# NON-IFRS GROSS PROFIT



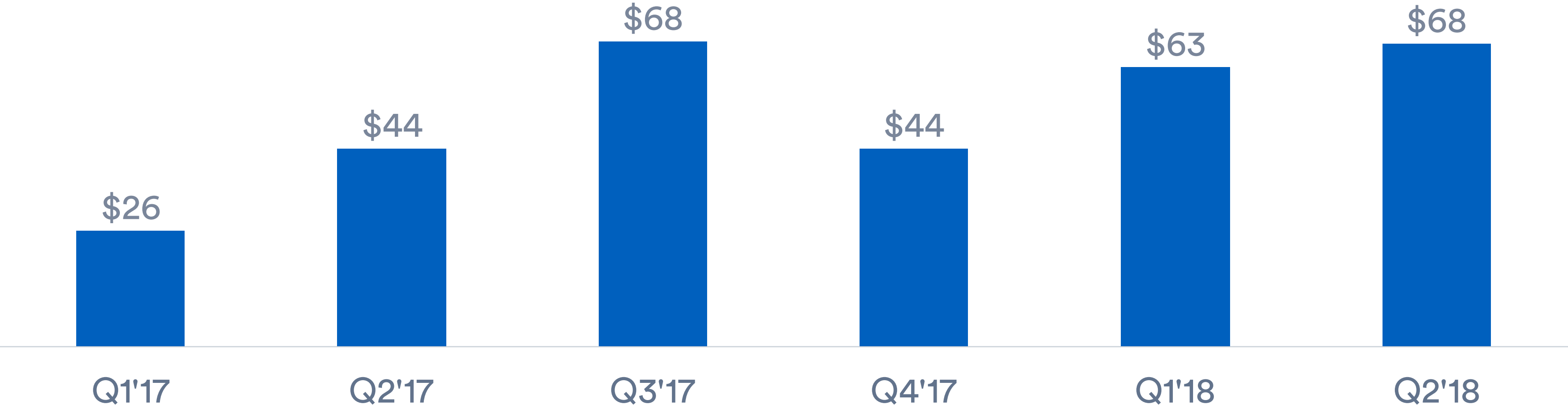
# NON-IFRS OPERATING INCOME



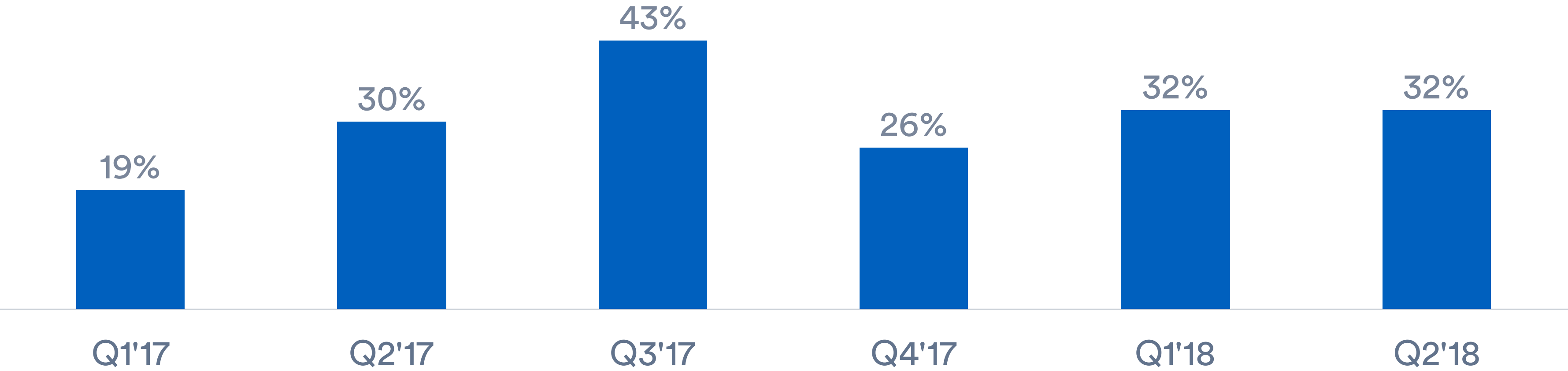
# FREE CASH FLOW



USD IN MILLIONS



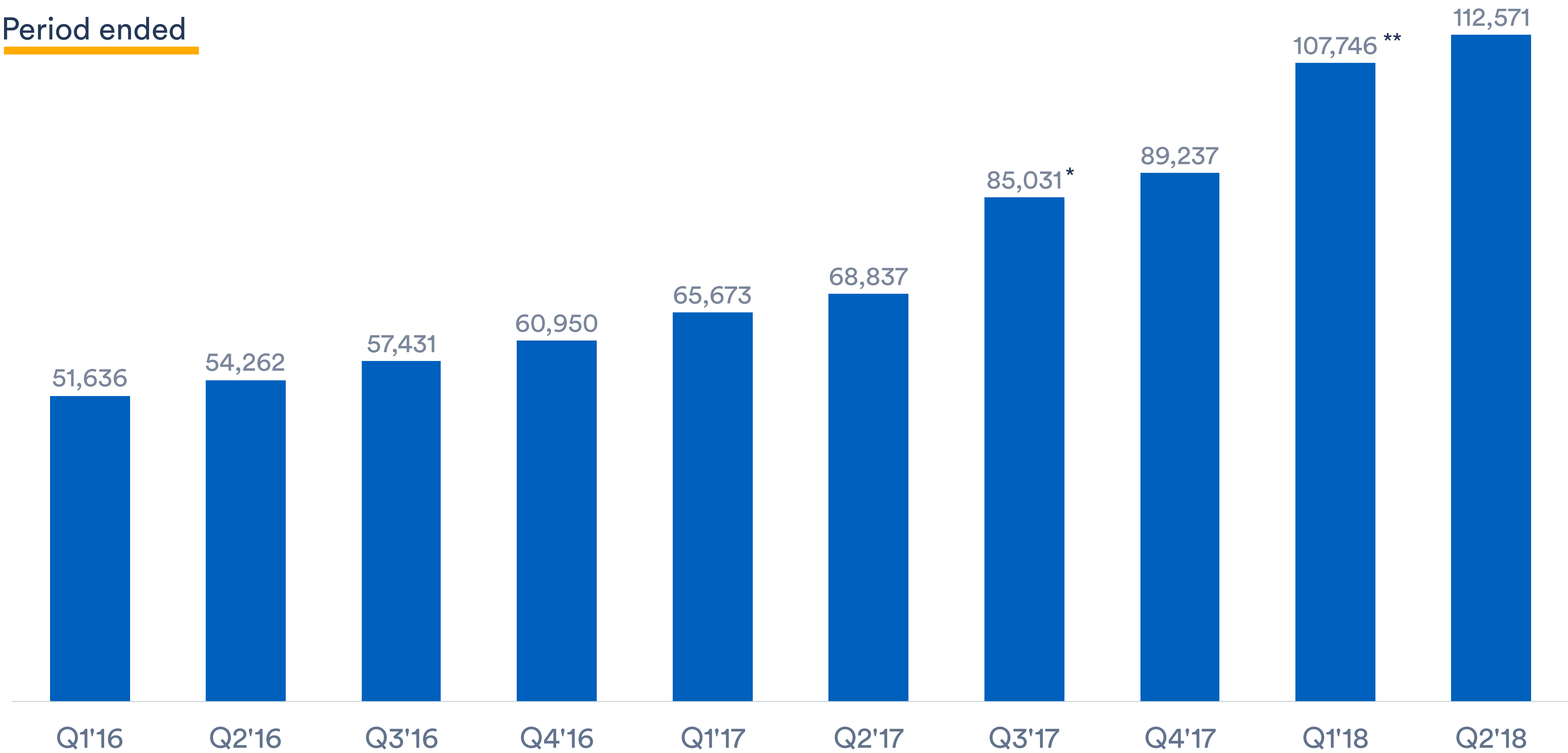
% OF REVENUE



Note: Free cash flow is defined as cash flow from operations less capital expenditures, which consists of purchases of property and equipment and acquired intangible assets.

# CUSTOMERS

Period ended



\*Includes an increase in customers of 12,789 as a result of our acquisition of Trello during Q3'17.

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

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 license or subscription of our products for which they paid approximately \$10 or more per month.



# FINANCIAL TARGETS - Q3'18 & FULL YEAR FISCAL 2018

	IFRS	
	Three Months Ending March 31, 2018	Fiscal Year Ending June 30, 2018
Revenue	\$217 million to \$219 million	\$853 million to \$857 million
Gross margin	80%	80%
Operating margin	(5%)	(8%)
Net loss per share - diluted	(\$0.08)	(\$0.48) to (\$0.47)
Weighted-avg. shares used in computing diluted IFRS net loss per share	231 million to 233 million	231 million to 233 million

	Non-IFRS	
	Three Months Ending March 31, 2018	Fiscal Year Ending June 30, 2018
Gross margin	83%	84%
Operating margin	17%	19%
Net income per share - diluted	\$0.08	\$0.47 to \$0.48
Weighted-avg. shares used in computing diluted non-IFRS net income per share	244 million to 246 million	242 million to 244 million
Free cash flow	not provided	\$260 million to \$270 million

Note: Financial targets provided as of January 18, 2018. All numbers are approximate.

# Appendix

# METRICS (1 OF 3)

	Description	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY2017	Q1 FY18	Q2 FY18
Revenue by Type (\$ in thousands)	Subscription	85,891	30,467	33,911	38,691	43,590	146,659	49,931	56,326	63,369	72,502	242,128	84,378	95,793
	Maintenance	160,373	50,354	53,508	56,178	58,808	218,848	61,741	65,060	67,072	71,648	265,521	76,315	80,362
	Perpetual license	57,373	15,501	15,645	16,430	17,911	65,487	17,501	18,210	19,495	19,359	74,565	19,930	21,764
	Other	15,884	5,500	6,642	6,643	7,279	26,064	7,614	9,313	9,973	10,822	37,722	13,195	14,707
	Total revenues	319,521	101,822	109,706	117,942	127,588	457,058	136,787	148,909	159,909	174,331	619,936	193,818	212,626
Revenue Growth Rates (% Y/Y)	Subscription	68%	77%	69%	71%	68%	71%	64%	66%	64%	66%	65%	69%	70%
	Maintenance	43%	45%	39%	36%	28%	36%	23%	22%	19%	22%	21%	24%	24%
	Perpetual license	30%	20%	9%	11%	17%	14%	13%	16%	19%	8%	14%	14%	20%
	Other	104%	79%	124%	26%	59%	64%	38%	40%	50%	49%	45%	73%	58%
	Total revenues	49%	50%	45%	40%	39%	43%	34%	36%	36%	37%	36%	42%	43%
IFRS Results (\$ in thousands)	Total revenues	319,521	101,822	109,706	117,942	127,588	457,058	136,787	148,909	159,909	174,331	619,936	193,818	212,626
	Cost of revenues	52,932	16,420	18,473	19,764	21,126	75,783	22,562	26,899	32,895	36,805	119,161	40,090	43,164
	Gross profit	266,589	85,402	91,233	98,178	106,462	381,275	114,225	122,010	127,014	137,526	500,775	153,728	169,462
	Research and development	140,853	45,460	47,846	54,170	60,830	208,306	67,458	69,758	82,262	90,691	310,169	94,862	101,324
	Marketing and sales	67,989	16,262	21,713	24,436	30,980	93,391	24,980	27,416	36,625	45,887	134,908	45,466	44,810
	General and administrative	56,033	16,602	18,307	24,507	26,042	85,458	26,915	27,475	31,190	33,204	118,784	35,725	38,584
	Operating expenses	264,875	78,324	87,866	103,113	117,852	387,155	119,353	124,649	150,077	169,782	563,861	176,053	184,718
	Operating income (loss)	1,714	7,078	3,367	(4,935)	(11,390)	(5,880)	(5,128)	(2,639)	(23,063)	(32,256)	(63,086)	(22,325)	(15,256)
	Income tax benefit (expense)	7,524	(1,431)	1,805	3,111	5,795	9,280	1,239	(211)	5,060	11,060	17,148	7,750	(51,042) <sup>a</sup>
	Net income (loss)	6,775	5,082	5,065	(1,072)	(4,702)	4,373	(2,637)	(1,698)	(17,461)	(20,708)	(42,504)	(13,994)	(65,230)
Share-Based Payment Expense (\$ in thousands)	Cost of revenues	2,862	1,206	1,301	1,258	1,606	5,371	1,339	1,505	1,853	2,159	6,856	2,992	3,180
	Research and development	22,842	5,921	7,777	9,495	12,542	35,735	16,999	16,159	21,628	24,598	79,384	25,971	27,020
	Marketing and sales	6,670	2,742	3,064	2,754	3,385	11,945	3,515	3,089	5,336	5,455	17,395	6,209	6,136
	General and administrative	9,160	4,227	2,910	7,739	7,553	22,429	8,670	7,053	8,965	9,125	33,813	8,953	9,015
	Total share-based payment expense	41,534	14,096	15,052	21,246	25,086	75,480	30,523	27,806	37,782	41,337	137,448	44,125	45,351
IFRS to Non-IFRS Reconciliation: Cost of Revenues (\$ in thousands)	Cost of revenues	52,932	16,420	18,473	19,764	21,126	75,783	22,562	26,899	32,895	36,805	119,161	40,090	43,164
	Less: Share-based payment expense	2,862	1,206	1,301	1,258	1,606	5,371	1,339	1,505	1,853	2,159	6,856	2,992	3,180
	Less: Amortization of acquired intangible assets	6,417	1,745	1,830	1,921	1,909	7,405	2,202	2,198	4,907	5,280	14,587	5,293	5,294
	Non-IFRS cost of revenues	43,653	13,469	15,342	16,585	17,611	63,007	19,021	23,196	26,135	29,366	97,718	31,805	34,690
	% of total revenues	14%	13%	14%	14%	14%	14%	14%	16%	16%	17%	16%	16%	16%
IFRS to Non-IFRS Reconciliation: Research and Development (\$ in thousands)	Research and development	140,853	45,460	47,846	54,170	60,830	208,306	67,458	69,758	82,262	90,691	310,169	94,862	101,324
	Less: Share-based payment expense	22,842	5,921	7,777	9,495	12,542	35,735	16,999	16,159	21,628	24,598	79,384	25,971	27,020
	Non-IFRS research and development	118,011	39,539	40,069	44,675	48,288	172,571	50,459	53,599	60,634	66,093	230,785	68,891	74,304
	% of total revenues	37%	39%	37%	38%	38%	38%	37%	36%	38%	38%	37%	36%	35%
IFRS to Non-IFRS Reconciliation: Marketing and Sales (\$ in thousands)	Marketing and sales	67,989	16,262	21,713	24,436	30,980	93,391	24,980	27,416	36,625	45,887	134,908	45,466	44,810
	Less: Share-based payment expense	6,670	2,742	3,064	2,754	3,385	11,945	3,515	3,089	5,336	5,455	17,395	6,209	6,136
	Less: Amortization of acquired intangible assets	40	21	22	22	21	86	196	219	4,866	9,988	15,269	9,022	9,023
	Non-IFRS marketing and sales	61,279	13,499	18,627	21,660	27,574	81,360	21,269	24,108	26,423	30,444	102,244	30,235	29,651
	% of total revenues	19%	13%	17%	18%	22%	18%	16%	16%	17%	17%	16%	16%	14%
IFRS to Non-IFRS Reconciliation: General and Administrative (\$ in thousands)	General and administrative	56,033	16,602	18,307	24,507	26,042	85,458	26,915	27,475	31,190	33,204	118,784	35,725	38,584
	Less: Share-based payment expense	9,160	4,227	2,910	7,739	7,553	22,429	8,670	7,053	8,965	9,125	33,813	8,953	9,015
	Non-IFRS general and administrative	46,873	12,375	15,397	16,768	18,489	63,029	18,245	20,422	22,225	24,079	84,971	26,772	29,569
	% of total revenues	15%	12%	14%	14%	14%	14%	13%	14%	14%	14%	14%	14%	14%
IFRS Operating Expenses Reconciled to Non-IFRS Operating Expenses (\$ in thousands)	IFRS operating expenses	264,875	78,324	87,866	103,113	117,852	387,155	119,353	124,649	150,077	169,782	563,861	176,053	184,718
	Less: Share-based payment expense	38,672	12,890	13,751	19,988	23,480	70,109	29,184	26,301	35,929	39,178	130,592	41,133	42,171
	Less: Amortization of acquired intangible assets	40	21	22	22	21	86	196	219	4,866	9,988	15,269	9,022	9,023
	Non-IFRS operating expenses	226,163	65,413	74,093	83,103	94,351	316,960	89,973	98,129	109,282	120,616	418,000	125,898	133,524

# METRICS (2 OF 3)

	Description	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY2017	Q1 FY18	Q2 FY18
IFRS Gross Profit Reconciled to Non-IFRS Gross Profit (\$ in thousands)	IFRS gross profit	266,589	85,402	91,233	98,178	106,462	381,275	114,225	122,010	127,014	137,526	500,775	153,728	169,462
	Plus: Share-based payment expense	2,862	1,206	1,301	1,258	1,606	5,371	1,339	1,505	1,853	2,159	6,856	2,992	3,180
	Plus: Amortization of acquired intangible assets	6,417	1,745	1,830	1,921	1,909	7,405	2,202	2,198	4,907	5,280	14,587	5,293	5,294
	Non-IFRS gross profit	275,868	88,353	94,364	101,357	109,977	394,051	117,766	125,713	133,774	144,965	522,218	162,013	177,936
	Non-IFRS gross margin	86%	87%	86%	86%	86%	86%	86%	84%	84%	83%	84%	84%	84%
IFRS Operating Income (Loss) Reconciled to Non-IFRS Operating Income (\$ in thousands)	IFRS operating income (loss)	1,714	7,078	3,367	(4,935)	(11,390)	(5,880)	(5,128)	(2,639)	(23,063)	(32,256)	(63,086)	(22,325)	(15,256)
	Plus: Share-based payment expense	41,534	14,096	15,052	21,246	25,086	75,480	30,523	27,806	37,782	41,337	137,448	44,125	45,351
	Plus: Amortization of acquired intangible assets	6,457	1,766	1,852	1,943	1,930	7,491	2,398	2,417	9,773	15,268	29,856	14,315	14,317
	Non-IFRS operating income	49,705	22,940	20,271	18,254	15,626	77,091	27,793	27,584	24,492	24,349	104,218	36,115	44,412
	Non-IFRS operating margin	16%	23%	18%	15%	12%	17%	20%	19%	15%	14%	17%	19%	21%
IFRS Net Income (Loss) Reconciled to Non-IFRS Net Income (\$ in thousands)	IFRS net income (loss)	6,775	5,082	5,065	(1,072)	(4,702)	4,373	(2,637)	(1,698)	(17,461)	(20,708)	(42,504)	(13,994)	(65,230)
	Plus: Share-based payment expense	41,534	14,096	15,052	21,246	25,086	75,480	30,523	27,806	37,782	41,337	137,448	44,125	45,351
	Plus: Amortization of acquired intangible assets	6,457	1,766	1,852	1,943	1,930	7,491	2,398	2,417	9,773	15,268	29,856	14,315	14,317
	Less: Income tax effects and adjustments	(9,244)	(2,565)	(2,859)	(5,157)	(5,437)	(16,018)	(7,564)	(6,861)	(11,162)	(14,277)	(39,864)	(14,502)	36,564 <sup>a</sup>
	Non-IFRS net income	45,522	18,379	19,110	16,960	16,877	71,326	22,720	21,664	18,932	21,620	84,936	29,944	31,002
Net Cash Provided by Operating Activities Reconciled to Free Cash Flow (\$ in thousands)	Net cash provided by operating activities	98,221	14,404	31,899	48,244	34,995	129,542	28,462	47,399	72,923	50,597	199,381	65,249	72,328
	Less: Purchases of property and equipment	(31,776)	(6,155)	(3,133)	(7,531)	(17,394)	(34,213)	(2,391)	(2,907)	(4,623)	(5,208)	(15,129)	(2,564)	(4,550)
	Less: Purchases of intangible assets	(900)	—	—	—	—	—	—	—	—	(925)	(925)	—	—
	Free cash flow	65,545	8,249	28,766	40,713	17,601	95,329	26,071	44,492	68,300	44,464	183,327	62,685	67,778
	% of total revenues	21%	8%	26%	35%	14%	21%	19%	30%	43%	26%	30%	32%	32%



# METRICS (3 OF 3)

	Description	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY2017	Q1 FY18	Q2 FY18
Other Data (period ended)	Customers	48,622	51,636	54,262	57,431	60,950	60,950	65,673	68,837	85,031*	89,237	89,237	107,746**	112,571
	Employee Headcount	1,259	1,395	1,514	1,669	1,760	1,760	1,833	1,888	2,078	2,193	2,193	2,292	2,408
	Description	FY2015	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY2016	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY2017	Q1 FY18	Q2 FY18
Revenue by Geography (\$ in thousands)	Americas	159,380	52,517	55,755	59,990	64,531	232,793	69,645	74,714	80,374	87,781	312,514	98,176	105,332
	EMEA	127,704	38,897	42,932	46,289	49,969	178,087	52,809	58,587	62,808	68,292	242,496	75,286	84,736
	Asia Pacific	32,437	10,408	11,019	11,663	13,088	46,178	14,333	15,608	16,727	18,258	64,926	20,356	22,558
	<b>Total</b>	<b>319,521</b>	<b>101,822</b>	<b>109,706</b>	<b>117,942</b>	<b>127,588</b>	<b>457,058</b>	<b>136,787</b>	<b>148,909</b>	<b>159,909</b>	<b>174,331</b>	<b>619,936</b>	<b>193,818</b>	<b>212,626</b>
Weighted-Average Shares Used in Computing Diluted EPS: IFRS to non-IFRS (in thousands)	IFRS diluted shares outstanding	145,500	145,513	165,730	212,920	214,505	193,481	218,504	221,316	223,333	225,805	222,224	228,156	230,208
	Dilution from options and RSUs	—	—	—	18,023	17,417	—	15,609	13,288	12,900	13,596	13,833	12,617	13,170
	Dilution from awards granted prior to IPO	17,573	18,018	14,046	—	—	8,205	—	—	—	—	—	—	—
	<b>Non-IFRS diluted shares outstanding</b>	<b>163,073</b>	<b>163,531</b>	<b>179,776</b>	<b>230,943</b>	<b>231,922</b>	<b>201,686</b>	<b>234,113</b>	<b>234,604</b>	<b>236,233</b>	<b>239,401</b>	<b>236,057</b>	<b>240,773</b>	<b>243,378</b>
Reconciliation of Diluted Earnings Per Share (\$)	<b>IFRS diluted earnings per share</b>	<b>0.04</b>	<b>0.03</b>	<b>0.03</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>0.02</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.08)</b>	<b>(0.09)</b>	<b>(0.19)</b>	<b>(0.06)</b>	<b>(0.28)</b>
	Plus: Share-based payment expense	0.26	0.09	0.09	0.09	0.11	0.37	0.13	0.12	0.17	0.18	0.59	0.18	0.20
	Plus: Amortization of acquired intangible assets	0.04	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.04	0.06	0.13	0.06	0.06
	Less: Income tax effects and adjustments	(0.06)	(0.02)	(0.02)	(0.02)	(0.03)	(0.08)	(0.03)	(0.03)	(0.05)	(0.06)	(0.17)	(0.06)	0.15
	<b>Non-IFRS diluted earnings per share</b>	<b>0.28</b>	<b>0.11</b>	<b>0.11</b>	<b>0.07</b>	<b>0.07</b>	<b>0.35</b>	<b>0.10</b>	<b>0.09</b>	<b>0.08</b>	<b>0.09</b>	<b>0.36</b>	<b>0.12</b>	<b>0.13</b>

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.

\*Includes an increase of 12,789 customers as a result of our acquisition of Trello during the third quarter of fiscal 2017

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

<sup>a</sup>Amount 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.

# RECONCILIATION OF IFRS TO NON-IFRS FINANCIAL TARGETS

	Three Months Ending March 31, 2018	Fiscal Year Ending June 30, 2018
<b>Revenue</b>	<b>\$217 million to \$219 million</b>	<b>\$853 million to \$857 million</b>
<b>IFRS gross margin</b>	<b>80%</b>	<b>80%</b>
Plus: Share-based payment expense	1	1
Plus: Amortization of acquired intangible assets	2	3
<b>Non-IFRS gross margin</b>	<b>83%</b>	<b>84%</b>
<b>IFRS operating margin</b>	<b>(5%)</b>	<b>(8%)</b>
Plus: Share-based payment expense	15	20
Plus: Amortization of acquired intangible assets	7	7
<b>Non-IFRS operating margin</b>	<b>17%</b>	<b>19%</b>
<b>IFRS net loss per share - diluted</b>	<b>(\$0.08)</b>	<b>(\$0.48) to (\$0.47)</b>
Plus: Share-based payment expense	0.14	0.72
Plus: Amortization of acquired intangible assets	0.06	0.24
Less: Income tax effects and adjustments	(0.04)	(0.01)
<b>Non-IFRS net income per share - diluted</b>	<b>\$0.08</b>	<b>\$0.47 to \$0.48</b>
<b>Weighted-average shares used in computing diluted IFRS net loss per share</b>	<b>231 million to 233 million</b>	<b>231 million to 233 million</b>
Dilution from share options and RSUs (1)	13 million	11 million
<b>Weighted-average shares used in computing diluted non-IFRS net income per share</b>	<b>244 million to 246 million</b>	<b>242 million to 244 million</b>
<b>IFRS net cash provided by operating activities</b>		<b>\$285 million to \$300 million</b>
Less: Capital expenditures		(25 million) to (30 million)
<b>Free cash flow</b>		<b>\$260 million to \$270 million</b>

Note: Financial targets provided as of January 18, 2018. All numbers are approximate.

(1) The effects of these dilutive securities are not included in our IFRS calculation of diluted net loss per share for the three months ending March 31, 2018 and fiscal year ending June 30, 2018 because the effect would be anti-dilutive.

