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FY24 INVESTOR DAY 6-PAGERS

OUR STRATEGIC VISION AND MASSIVE OPPORTUNITIES AHEAD



At Atlassian, we believe the biggest achievements of humankind are impossible to achieve alone. Meaningful progress depends entirely on how teams work together. It's why we landed on a seemingly simple but mighty mission: *to unleash the potential of every team.*

However, achieving great teamwork isn't easy, especially in a rapidly changing world. New technologies are introduced, goalposts are moved, and expectations are raised. This past year has been no different, setting the scene for new challenges (and opportunities) facing our customers:

1. AI is disrupting the way we work.
2. Distributed work is here to stay. Even if your team lives in the same city, work looks completely different from the "traditional 9-5."
3. Tools and data are compounding. Businesses are seeking to consolidate with a central platform while maintaining the flexibility to deeply integrate with the best 3rd party tools.
4. Business complexity is increasing. Work silos are multiplying.
5. Macroeconomic pressures are requiring businesses to do more with less.

These challenges provide opportunities for Atlassian to execute our mission like never before by helping customers optimize for today's world - and tomorrow's. Against the backdrop of this pace of change is one principle that has remained true since the dawn of business: *technology is the key competitive advantage.*

We believe these new challenges will become intractable unless technical and business teams work together in harmony. This means adopting the technology, tools, and practices to lean into the future. Businesses that harness this advantage will gain a competitive edge in this ever-changing world.



Unleash the potential of every team



The future of teamwork

For more than 20 years, Atlassian has helped great teams achieve what would be impossible alone. From the teams at NASA who sent the Curiosity rover to Mars, to those that manage hundreds of thousands of United Airlines passengers taking flight each day, our solutions are woven into the fabric of teamwork worldwide. From our experience helping millions of teams across all industries and geographies, we've developed an approach to teamwork that drives clarity, improves productivity, and increases collaboration.

It's what we call, the "system of work." It's Atlassian's approach to how teams work.

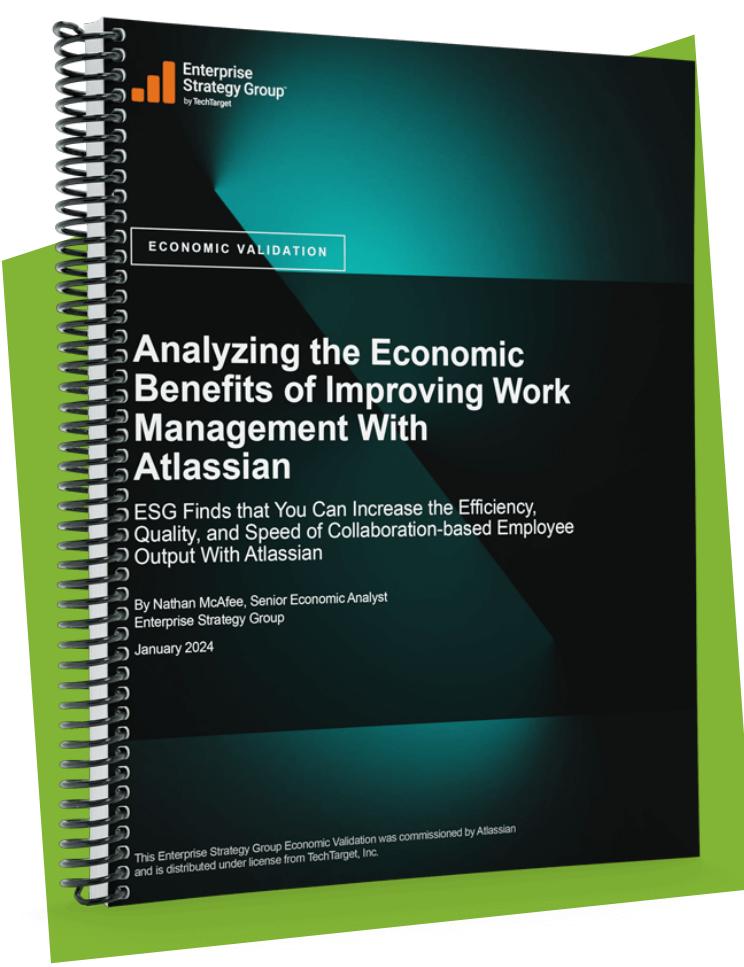
It starts with three foundational elements that every team needs to nail:



1. **Align on goals** → When goals are measurable, agreed upon, and seen by everyone involved, they are far more achievable.
2. **Plan and track work** → When work includes clear roles and responsibilities and a real-time breakdown of milestones, progress comes naturally.
3. **Unleash knowledge** → When individual skills and perspectives come together, collective knowledge leads to collective growth.

When every team operates with these three elements, an organization has the ingredients for effective teamwork. This is why Atlassian's solutions are so instrumental in progressing the work of millions of teams around the world.

This drives [real economic impact](#):



- 50%** Reduction in time spent searching
- 35%** Reduction in irrelevant interruptions
- 25%** Reduction in project duration per year
- 18%** Increase in overall project success rate
- 40%** Faster time to value

Source: Work Management ESG Report

We built a unified platform that supports various products and solutions, in order to address the needs of different teams across the entire organization:

1. We give *all teams* the right teamwork foundations so they can plan and track work, align on goals, and unleash knowledge consistently.
2. We deliver solutions for *specialized teams*, like software development teams and IT service teams.
3. We help *leadership teams* gain actionable insights and visibility across their entire organization.



Our system of work is powered by Atlassian's world-class cloud platform, which gives customers all the benefits of analytics, automation, and now AI, along with integrations with thousands of third-party apps.

Our addressable opportunity

We have opportunities across three massive markets: software development, service management, and work management. As every company becomes a technology company, these markets are becoming more interconnected, putting Atlassian in a unique position to connect technical and business teams.

Software development

We estimate our serviceable addressable market to be \$17 billion in software development, growing 9% annually.

We power agile collaboration between developers, operations, and the rest of the organization, helping teams plan, build, and ship. With the increasing sprawl of tools across an organization, our open toolchain approach gives customers the flexibility to use best-of-breed products. This means better planning, faster development, and higher-quality software.

Service management

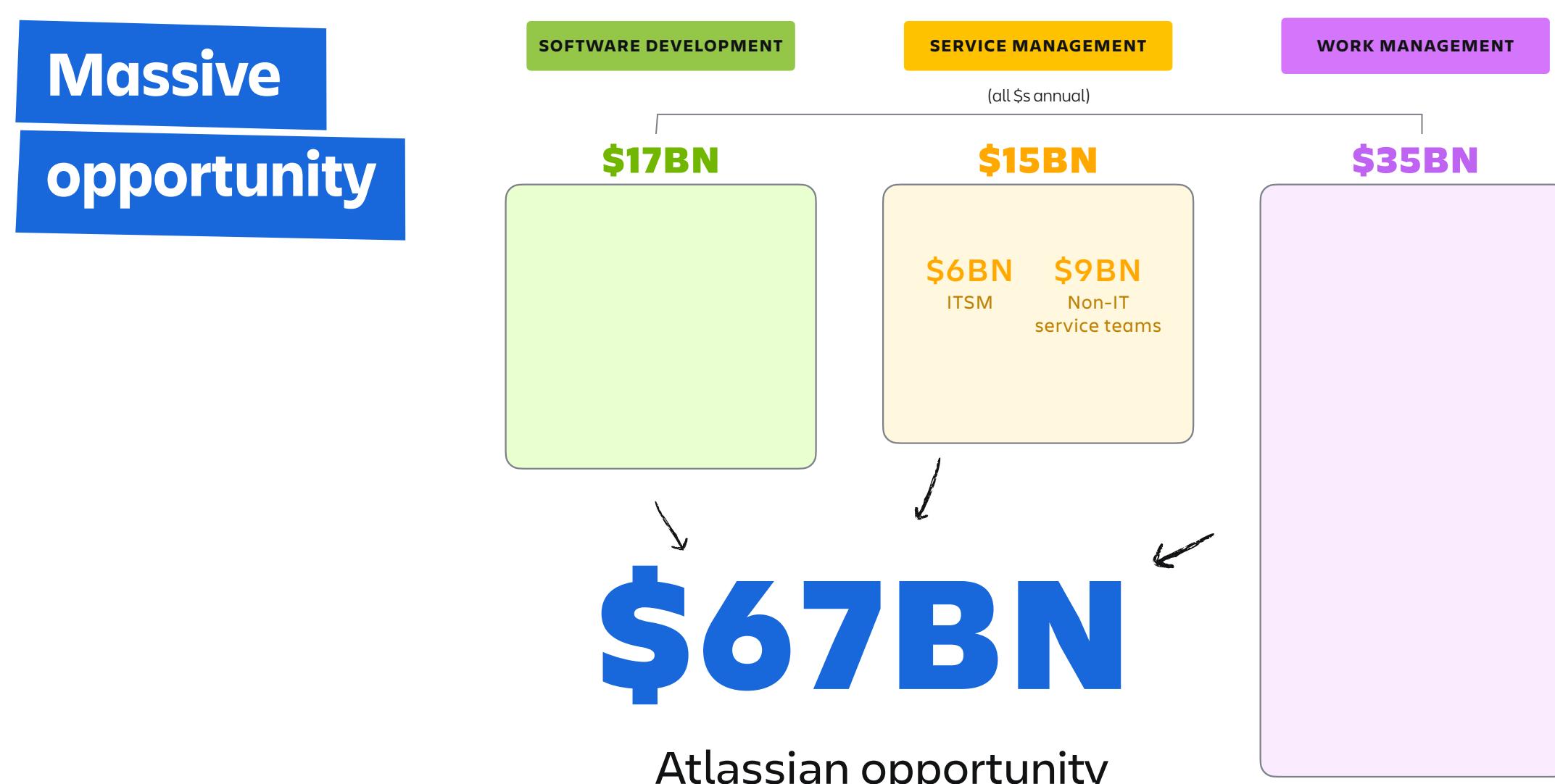
We estimate our serviceable addressable market to be \$15 billion in service management, growing 13% annually.

With the lines between development and IT blurring more each year, IT is working closer than ever with software and operations teams to resolve incidents, keep services operational, and quickly respond to service requests. In IT service management alone, our addressable opportunity is \$6 billion. But when we extrapolate the Jira Service Management use cases beyond IT to those that run across HR, legal, marketing teams, and more, we have an additional \$9 billion addressable opportunity to empower every team to deliver great service, fast.

Work management

We estimate our serviceable addressable market to be \$35 billion in work management, growing 14% annually.

As business becomes more complex, we're seeing a rapid rise in teams like HR, marketing, and finance working with their counterparts in development and IT. Management wants to see a single system of work, teams want seamless collaboration.



In total, we estimate our serviceable addressable market to be \$67 billion, growing 13% annually.

To underscore the significant runway ahead in each of these markets, our three largest products (Jira, Confluence, and Jira Service Management) drive 75% of our total revenue today and show no signs of letting up. Jira is at \$1.7 billion in annual revenue, growing faster than the overall business. Confluence is at \$1 billion in annual revenue, growing in line with the overall business. Jira Service Management is approximately \$600 million in annual revenue and is the fastest-growing of our at-scale products.

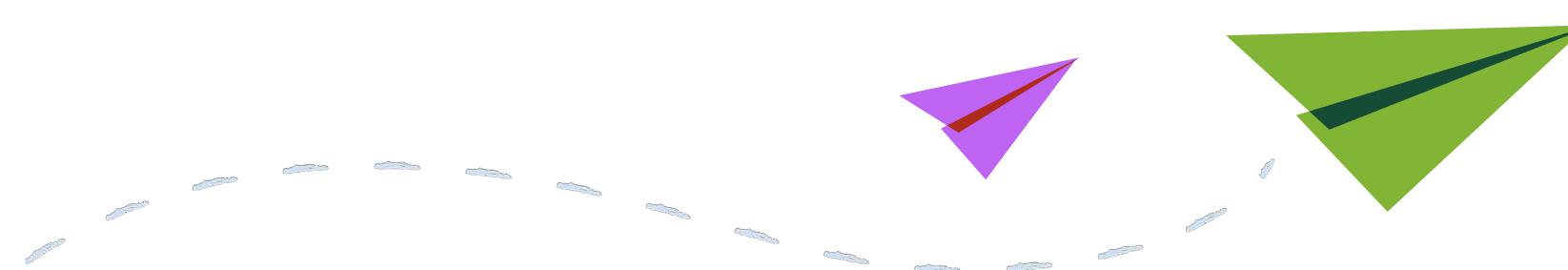


Source: Internal company estimates.

What's more, much of this opportunity is already in the Atlassian customer base. While we've amassed a paid customer base of over 300,000, we're still incredibly early in our journey with these customers. **We estimate that we have an \$18 billion opportunity within our existing customer base alone.**

When it comes to potential customers, our flywheel model makes it easy for teams to try, adopt, and extract immediate value through free versions of our products. We estimate an additional \$5 billion opportunity within nearly 200,000 teams using Free editions of our Cloud products today.

Looking beyond our existing customer base and teams currently on Free editions, we see a \$44 billion opportunity based on 4 million potential customers across the globe. We've identified that approximately half of this dollar opportunity is available within 400,000 companies that we are targeting.



This only reinforces our conviction in our strategies and current position; we have a line of sight to \$10 billion in annual revenue and beyond.

Why we win

We are incredibly well-positioned to capture these large market opportunities because of our unique competitive advantages.

Here's why we win:

A unique gateway to business teams

The more our world changes, the better positioned Atlassian is to pave the way for the future of teamwork. **Our dominance across software teams means companies are looking to us to digitally transform and reimagine their business through technology.**

As software continues to eat the world at a rapid pace, developers have moved from being one department, to becoming the central engine of progress for organizations. They increasingly drive business decisions, bring the dev and IT functions closer together, and work hand-in-hand with business teams across the company like marketing, sales, HR, finance, and legal.

As organizations put technology at the heart of their business, non-technical crafts must also transform to support and keep up with this shift. Atlassian sits across all types of teams and delivers a unifying system of work for the entire organization. We have a **strong track record of bridging technical and business teams across our platform**, positioning us to expand further with current customers and win new ones.

Product user diversity

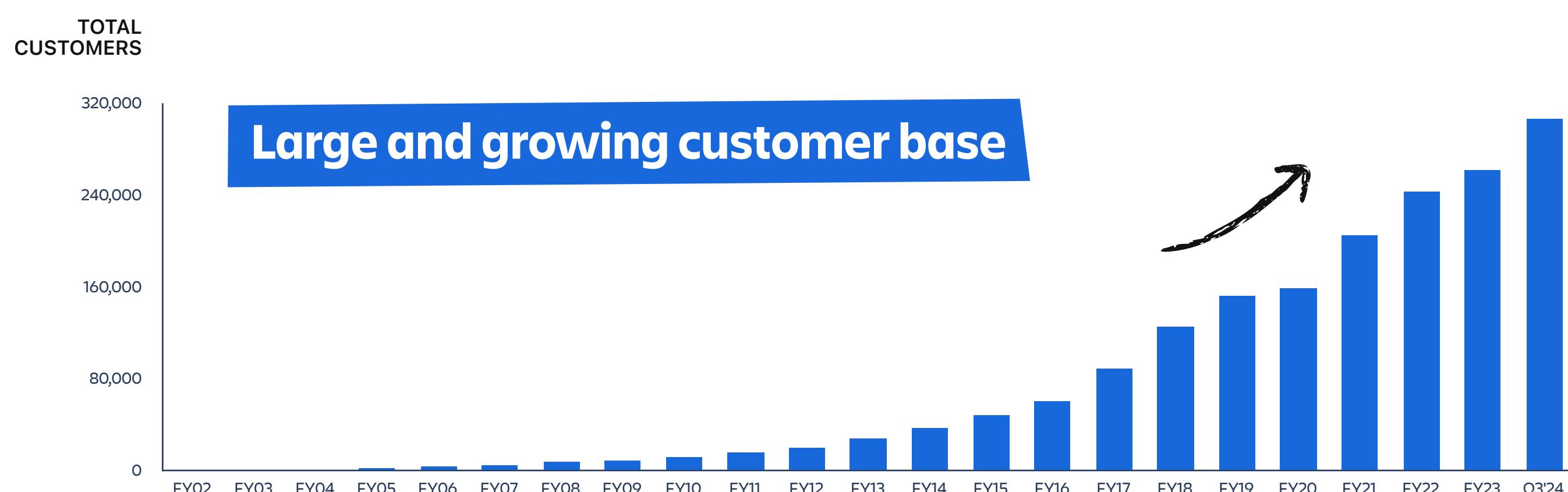
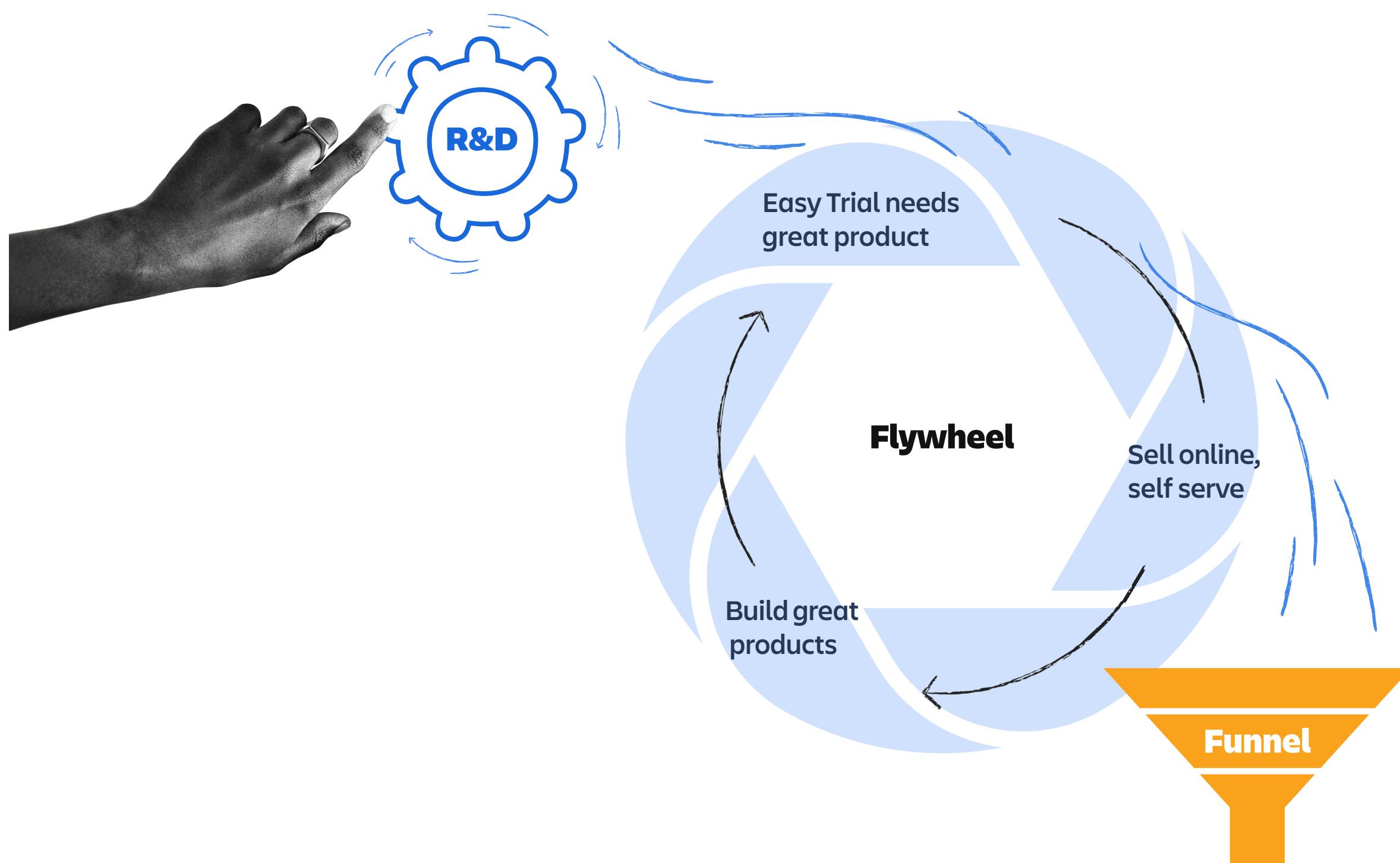


Analysis based on sample of 5 million+ Jira and Confluence Cloud users and 1 million+ Jira Service Management users
Data as of March 31, 2024.

✓ Product-led land & expand model

It starts with investment in product development to build innovative, high-value, and versatile products that users love. This **product-led philosophy prioritizes delivering high value at high volume, enabling us to go to market in a unique way.** We've engineered a frictionless flywheel with an emphasis on self-serve, making it easy to try and get value first and foremost, resulting in thousands of new customers each quarter. This means lower customer acquisition costs and go-to-market expenses.

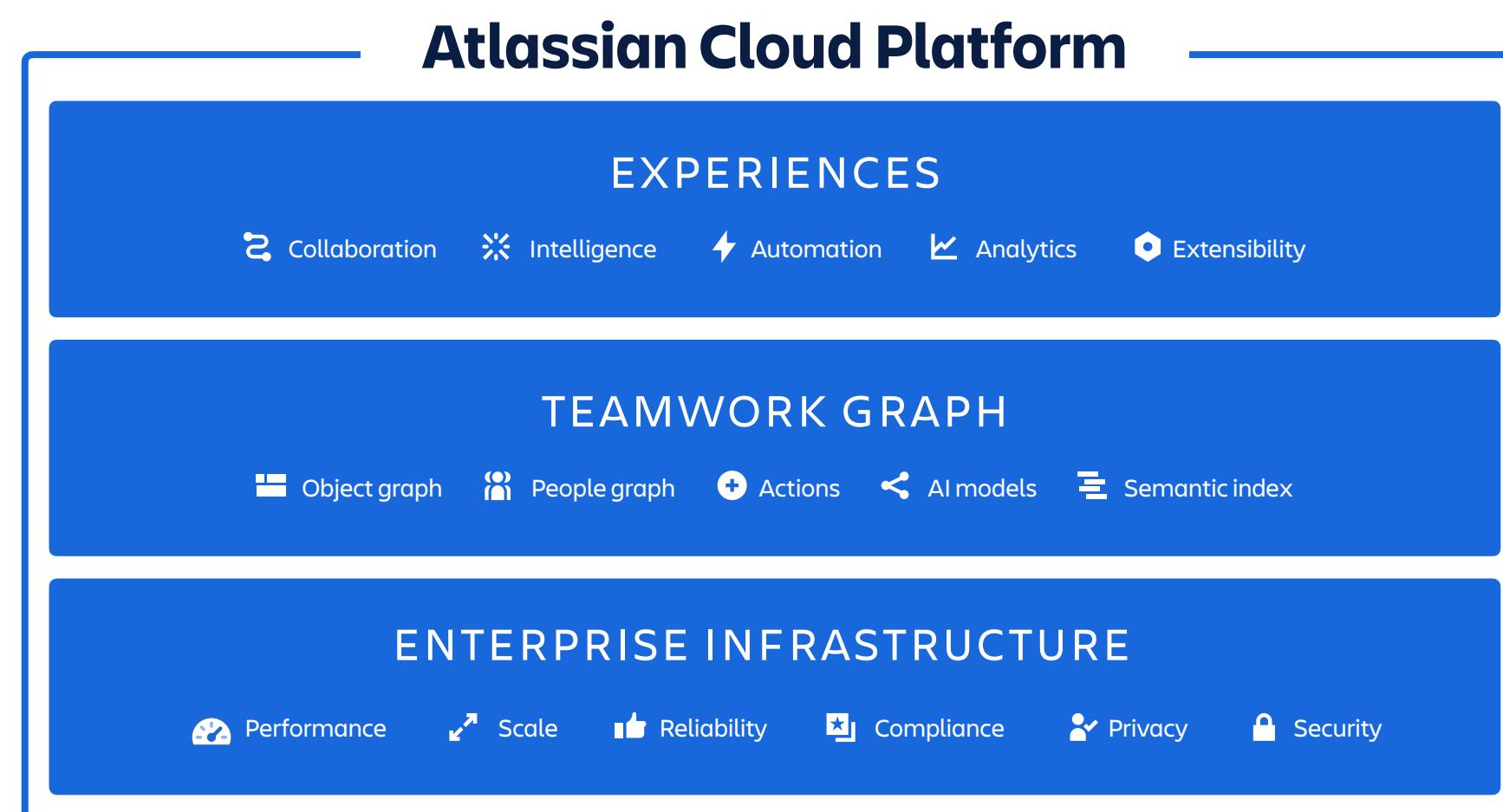
From there, we're able to strategically expand our relationships with customers over time with a targeted team that is among the most efficient in the industry. It's how we've been able to build an **ever-expanding base of over 300,000 customers of all sizes and from every industry spanning more than 200 countries and territories.** Fueled by our innovation engine, we have a significant opportunity to expand meaningfully within this installed base.



✓ Power of our platform

Our multi-year investment in building a world-class platform that underpins our product portfolio, allows us to create a unified experience for all teams across an organization. It allows us to bring new products and features to market faster, drive cross-sell and support customer consolidation away from competitor offerings and onto the one Atlassian platform.

And if our platform is the foundation, our extensive dataset from our millions of users gives us a deep understanding of how each customer's teams work. By pairing this with their knowledge recorded inside our products, we can create more powerful AI capabilities across our platform, and help promote collaboration across the board.



✓ Our vast ecosystem

Atlassian's incredible ecosystem extends our team far beyond the 11,000+ Atlassians we employ. Our 1,800+ Marketplace partners have created more than 5,700 unique apps and integrations, delivering more functionality to serve specific use cases. While the Atlassian Marketplace has driven more than \$4 billion in lifetime sales, more importantly, it increases the stickiness of our products. We have over 14,000 Atlassian accredited sales and delivery associates as part of our channel network who market and sell Atlassian products in 97 countries. And our vibrant Atlassian Community, composed of our loyal fan base of power users, continues to grow, driving more usage and expertise across our customer base.



A values-driven culture

Of course, Atlassian wouldn't exist without a truly incredible team. We have always said we want our company values to be more than just a poster on the wall, and today we see Atlassian's five core values being lived out by thousands of Atlassians around the world. We believe our values-led culture inspires greater innovation, drive, and employee happiness, all of which help us attract and retain talent.

For a sixth consecutive year, Atlassian was named on [Fortune's List of 100 Best Companies to Work For™ 2024](#) – one of many workplace awards we've won around the globe. Of all the awards and recognition we've racked up over two decades, this is one of our proudest. Because ultimately we know that in order to unleash the potential of every team, we need to unleash our own first.

All of these unique advantages drive durable financial performance at scale:

Delivering Strong Results at Scale

REVENUE



NON-GAAP OPERATING INCOME



USD in millions

FY24E represents the midpoint of our implied FY24 guidance which was issued on April 25, 2024.

LEGAL DISCLAIMER

These FY24 Investor Day materials contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact could be deemed forward looking. In some cases, you can identify these statements by forward-looking words such as “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “should,” “estimate,” or “continue,” and similar expressions or variations, but these words are not the exclusive means for identifying such statements.

Atlassian undertakes no obligation to update any forward-looking statements made in these FY24 Investor Day materials to reflect events or circumstances after the date of this event or to reflect new information or the occurrence of unanticipated events.

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.

These FY24 Investor Day materials include certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, any of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We have provided a reconciliation of these measures to the most directly comparable GAAP measures on an Investor Relations data sheet on our Investor Relations website.

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 10-K and 10-Q. These documents are available on the SEC Filings section of the Investor Relations section of our website at: <https://investors.atlassian.com>.

ABOUT NON-GAAP FINANCIAL MEASURES

In addition to the measures presented in our condensed consolidated financial statements, we regularly review other measures that are not presented in accordance with GAAP, defined as non-GAAP financial measures by the SEC, to evaluate our business, measure our performance, identify trends, prepare financial forecasts and make strategic decisions. The key measures we consider are non-GAAP gross profit and non-GAAP gross margin, non-GAAP operating income and non-GAAP operating margin, non-GAAP net income, non-GAAP net income per diluted share and free cash flow (collectively, the “Non-GAAP Financial Measures”). These Non-GAAP Financial Measures, which may be different from similarly titled non-GAAP measures used by other companies, provide supplemental information regarding our operating performance on a non-GAAP basis that excludes certain gains, losses and charges of a non-cash nature or that occur relatively infrequently and/or that management considers to be unrelated to our core operations. Management believes that tracking and presenting these Non-GAAP Financial Measures provides management, our board of directors, investors and the analyst community with the ability to better evaluate matters such as: our ongoing core operations, including comparisons between periods and against other companies in our industry; our ability to generate cash to service our debt and fund our operations; and the underlying business trends that are affecting our performance.

Our Non-GAAP Financial Measures include:

- *Non-GAAP gross profit and Non-GAAP gross margin.* Excludes expenses related to stock-based compensation, amortization of acquired intangible assets, and restructuring charges.
- *Non-GAAP operating income and non-GAAP operating margin.* Excludes expenses related to stock-based compensation, amortization of acquired intangible assets, and restructuring charges.
- *Non-GAAP net income and non-GAAP net income per diluted share.* Excludes expenses related to stock-based compensation, amortization of acquired intangible assets, restructuring charges, gain on a non-cash sale of a controlling interest of a subsidiary, and the related income tax adjustments.
- *Free cash flow.* Free cash flow is defined as net cash provided by operating activities less capital expenditures, which consists of purchases of property and equipment.

We understand that although these Non-GAAP Financial Measures are frequently used by investors and the analyst community in their evaluation of our financial performance, these measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. We compensate for such limitations by reconciling these Non-GAAP Financial Measures to the most comparable GAAP financial measures. We encourage you to review the tables in this shareholder letter titled “Reconciliation of GAAP to Non-GAAP Results” and “Reconciliation of GAAP to Non-GAAP Financial Targets” that present such reconciliations.

We define the number of customers with Cloud ARR greater than \$10,000 at the end of any particular period as the number of organizations with unique domains with an active Cloud subscription and greater than \$10,000 in Cloud ARR.

We define annual recurring revenue (“ARR”) as the annualized recurring run-rate revenue of subscription agreements to our Cloud and Data Center offerings at a point in time. We calculate ARR by taking the monthly recurring revenue (“MRR”) run-rate for Cloud and Data Center subscriptions and multiplying it by 12. Cloud MRR for each month is calculated by aggregating monthly recurring revenue from committed contractual amounts at a point in time. Data Center MRR for each month is calculated based on the annual contract value from committed contractual amounts at a point in time. Cloud ARR on a single product basis is defined as Cloud ARR from subscriptions for that specific product. ARR and MRR should be viewed independently of revenue and do not represent our revenue under GAAP, as they are operational metrics that can be affected by contract start and end dates and renewal rates.

We calculate net expansion rate at a point in time by dividing MRR at the end of a reporting period (“Current Period MRR”) by the MRR for the same group of customers at the end of the prior 12-month period. Current Period MRR includes existing customer expansion net of existing customer contraction and attrition but excludes MRR from new customers in the current period.

Reconciliation of GAAP to non-GAAP results

(U.S. \$ and shares in thousands, except percentages)
(unaudited)

	FY20	FY21	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	Q3 FY24
Gross profit											
GAAP gross profit	\$ 1,348,184	\$ 1,757,282	\$ 2,349,968	\$ 668,000	\$ 716,759	\$ 746,801	\$ 769,322	\$ 2,900,882	\$ 799,746	\$ 865,574	\$ 975,703
Plus: Stock-based compensation	16,163	19,879	31,358	10,613	18,553	17,293	17,166	63,625	16,821	19,213	17,840
Plus: Amortization of acquired intangible assets	29,509	22,394	22,694	5,697	5,697	5,696	5,763	22,853	5,772	7,056	12,454
Plus (Less): Restructuring charges (1)	—	—	—	—	9,247	(55)	9,192	—	—	—	—
Non-GAAP gross profit	\$ 1,393,856	\$ 1,799,555	\$ 2,404,020	\$ 684,310	\$ 741,009	\$ 779,037	\$ 792,196	\$ 2,996,552	\$ 822,339	\$ 891,843	\$ 1,005,997
Gross margin											
GAAP gross margin	84%	84%	84%	83%	82%	82%	82%	82%	82%	82%	82%
Plus: Stock-based compensation	1	1	1	1	2	2	2	2	2	2	2
Plus: Amortization of acquired intangible assets	1	1	1	1	1	—	—	1	—	—	1
Plus (Less): Restructuring charges (1)	—	—	—	—	1	—	—	—	—	—	—
Non-GAAP gross margin	86%	86%	86%	85%	85%	85%	84%	85%	84%	84%	85%
Research and development expenses											
GAAP research and development expenses	\$ 728,703	932,994	1,291,877	399,006	473,676	522,344	474,855	1,869,881	481,738	536,779	\$ 576,490
Less: Share-based payment expense	(166,752)	(220,294)	(328,978)	(110,129)	(169,342)	(161,948)	(157,016)	(598,435)	(150,446)	(187,819)	(190,322)
Less: Amortization of acquired intangible assets	(166)	(168)	(374)	(94)	(93)	(94)	(93)	(374)	(94)	(93)	(94)
Plus (Less): Restructuring charges (1)	—	—	—	—	(43,321)	172	(43,149)	—	—	—	—
Non-GAAP research and development expenses	\$ 561,785	712,532	962,525	288,783	304,241	316,981	317,918	1,227,923	331,198	348,867	\$ 386,074
Marketing and sales expenses											
GAAP marketing and sales expenses	\$ 295,032	\$ 371,644	\$ 535,815	\$ 160,128	\$ 186,191	\$ 220,921	\$ 202,621	\$ 769,861	\$ 193,567	\$ 220,513	\$ 223,814
Less: Share-based payment expense	(36,293)	(44,754)	(76,209)	(23,195)	(38,156)	(34,662)	(33,911)	(129,924)	(32,281)	(38,168)	(33,383)
Less: Amortization of acquired intangible assets	(12,860)	(9,192)	(9,330)	(2,505)	(2,506)	(2,365)	(2,524)	(9,900)	(2,365)	(2,712)	(3,646)
Plus (Less): Restructuring charges (1)	—	—	—	—	(24,186)	318	(23,868)	—	—	—	—
Non-GAAP marketing and sales expenses	\$ 245,879	\$ 317,698	\$ 450,276	\$ 134,428	\$ 145,529	\$ 159,708	\$ 166,504	\$ 606,169	\$ 158,921	\$ 179,633	\$ 186,785
General and administrative expenses											
GAAP general and administrative expenses	\$ 265,672	\$ 311,238	\$ 452,193	\$ 142,893	\$ 156,131	\$ 165,103	\$ 142,235	\$ 606,362	\$ 143,310	\$ 157,344	\$ 157,595
Less: Share-based payment expense	(43,847)	(55,890)	(88,258)	(29,694)	(39,734)	(38,775)	(37,625)	(145,828)	(36,033)	(44,645)	(40,974)
Plus (Less): Restructuring charges (1)	—	—	—	—	(21,094)	409	(20,685)	—	—	—	—
Non-GAAP general and administrative expenses	\$ 221,825	\$ 255,348	\$ 363,935	\$ 113,199	\$ 116,397	\$ 105,234	\$ 105,019	\$ 439,849	\$ 107,277	\$ 112,699	\$ 116,621
Operating income											
GAAP operating income (loss)	\$ 58,777	\$ 141,406	\$ 70,083	\$ (34,027)	\$ (99,239)	\$ (161,567)	\$ (50,389)	\$ (345,222)	\$ (18,869)	\$ (49,062)	\$ 17,804
Plus: Stock-based compensation	263,055	340,817	524,803	173,631	265,785	252,678	245,718	937,812	235,581	289,845	282,519
Plus: Amortization of acquired intangible assets	42,535	31,754	32,398	8,296	8,296	8,155	8,380	33,127	8,231	9,861	16,194
Plus (Less): Restructuring charges (1)	—	—	—	—	97,848	(954)	96,894	—	—	—	—
Non-GAAP operating income	\$ 364,367	\$ 513,977	\$ 627,284	\$ 147,900	\$ 174,842	\$ 197,114	\$ 202,755	\$ 722,611	\$ 224,943	\$ 250,644	\$ 316,517
Operating margin											
GAAP operating margin	4%	7%	3%	(4)%	(11)%	(18)%	(5)%	(10)%	(2)%	(5)%	1%
Plus: Stock-based compensation	16	16	18	21	30	28	26	26	24	28	25
Plus: Amortization of acquired intangible assets	3	2	1	1	1	1	1	1	1	1	1
Plus (Less): Restructuring charges (1)	—	—	—	—	11	—	3	—	—	—	—
Non-GAAP operating margin	23%	25%	22%	18%	20%	22%	22%	20%	23%	24%	27%
Free cash flow											
GAAP net cash provided by operating activities	\$ 529,785	\$ 789,960	\$ 821,044	\$ 92,442	\$ 150,525	\$ 352,369	\$ 272,775	\$ 868,111	\$ 166,956	\$ 289,594	\$ 565,390
Less: Capital expenditures	(35,709)	(31,520)	(70,583)	(16,496)	(4,040)	(2,691)	(2,425)	(25,652)	(3,669)	(5,333)	(10,520)
Free cash flow	\$ 494,076	\$ 758,440	\$ 750,461	\$ 75,946	\$ 146,485	\$ 349,678	\$ 270,350	\$ 842,459	\$ 163,287	\$ 284,261	\$ 554,870

(1) Restructuring charges include stock-based compensation expense related to the rebalancing of resources for Q3 FY23, Q4 FY23 and FY23

Reconciliation of GAAP to non-GAAP financial targets

Twelve Months Ending
June 30, 2024

GAAP operating margin	(3.0%)
Plus: Stock-based compensation	25.0
Plus: Amortization of acquired intangible assets	1.0
Non-GAAP operating margin	23.0%