



FY21 INVESTOR DAY 6-PAGERS



INVESTOR DAY FY21 #1

ATLASSIAN'S CULTURE, STRATEGY, AND OPPORTUNITY

Investor Day FY21 #1 Atlassian's culture, strategy, and opportunity

SF MCB +5.3K

i In this 6-pager

1. Atlassian is driven by our mission to unleash the potential in every team. Our adaptable, scalable, impact-obsessed culture focuses on guiding customers' digital transformation and durable long-term growth.
2. Software teams increasingly drive strategy and revenue. By putting developers at the center of our strategy, we expand organically across companies as teams of all stripes collaborate with devs.
3. Atlassian plays in three massive, interconnected global markets that are re-inventing how work gets done. The software, IT service management (ITSM), and general work management markets total more than \$126 billion, with 1.1 billion knowledge workers and 2 million companies. Our addressable opportunity here is \$24 billion and growing.
4. Our big, hairy, audacious goal is to engage 100 million MAU in the cloud.

Mike Cannon-Brookes and Scott Farquhar founded Atlassian in 2001 with a simple goal in mind: to make a living in tech without wearing a suit to work 🚫👔. Not easy since all the programming jobs in Sydney were at banks and brokerages! Since then, we've grown into a sophisticated enterprise with 5,000+ employees, offices on four continents, and the ambition to grow beyond \$5 billion in revenue.

What hasn't changed is our mission to **unleash the potential of every team** through software that makes teamwork *work*. Our values keep us grounded and focused on working as a positive force in our customers' lives through every feature we ship, every product we launch, and every dollar we invest.

Our values are a big part of what makes people want to work here. They keep us focused on supporting our customers and each other. We are passionate about making it easy for teams of all kinds to work together, and we weave that passion into every Atlassian product and GTM activity. It's who we are and how we build our mission into our product.

We know all too well that teamwork is getting harder in this tech-heavy, remote-first world. The average enterprise uses 288 SaaS applications, up 30% year-over-year, and companies of all sizes are drowning in real-time communications.



Atlassian teams are feeling these stressors like everyone else. Yet our internal surveys show that our team has never been more engaged in the service of our customers. Employee turnover is at a multi-year low, outpacing the top quartile average of industry peers, and is over 40% better than the industry median. It's that kind of dedication that landed us on Fortune's list of the [100 best places to work](#) two years running. Long story short, we have an enthusiastic, harmonious team that is firing on all cylinders as we help customers reinvent the way they work and succeed in their digital transformations.



Open company,
no bullshit



Play,
as a team

Build with
heart & balance



Be the change
you seek



Don't #@!%
the customer

✓ The bottom line

Atlassian's unique values and culture attract dedicated employees who are passionate about helping customers navigate digital transformation in a remote-first world.

A strategy built on collaborative work management

In times like these, it's especially important to lock arms with customers and face this challenging environment together. Delivering a powerful work management platform to customers is critical to their success, and we are laser-focused on helping teams reach their goals 🏆.

Atlassian products put collaboration at the core. Our products have always powered open collaboration (and even social interaction) among teammates, between teams, and across verticals. We pioneered ways to make artifacts like code and project plans accessible to anyone in the company, as well as features like @mentions that bring a human touch to enterprise software.

There are a lot of work management products out there – it's a big market. **Atlassian wins because we start with developers first**, and build agility into our product experience. Developers' importance is rising as every company becomes a software company to some extent. This shift puts developers at the center of each and every business decision.

Developers increasingly drive revenue for their companies. They've gone from being "those nerds coding in the dark over there" 🧐 to being a key strategic asset. They also have an outsized influence on the way teams across the entire organization work. In Scott's and Mike's many conversations with global enterprise CIOs, there is a common conversational thread:

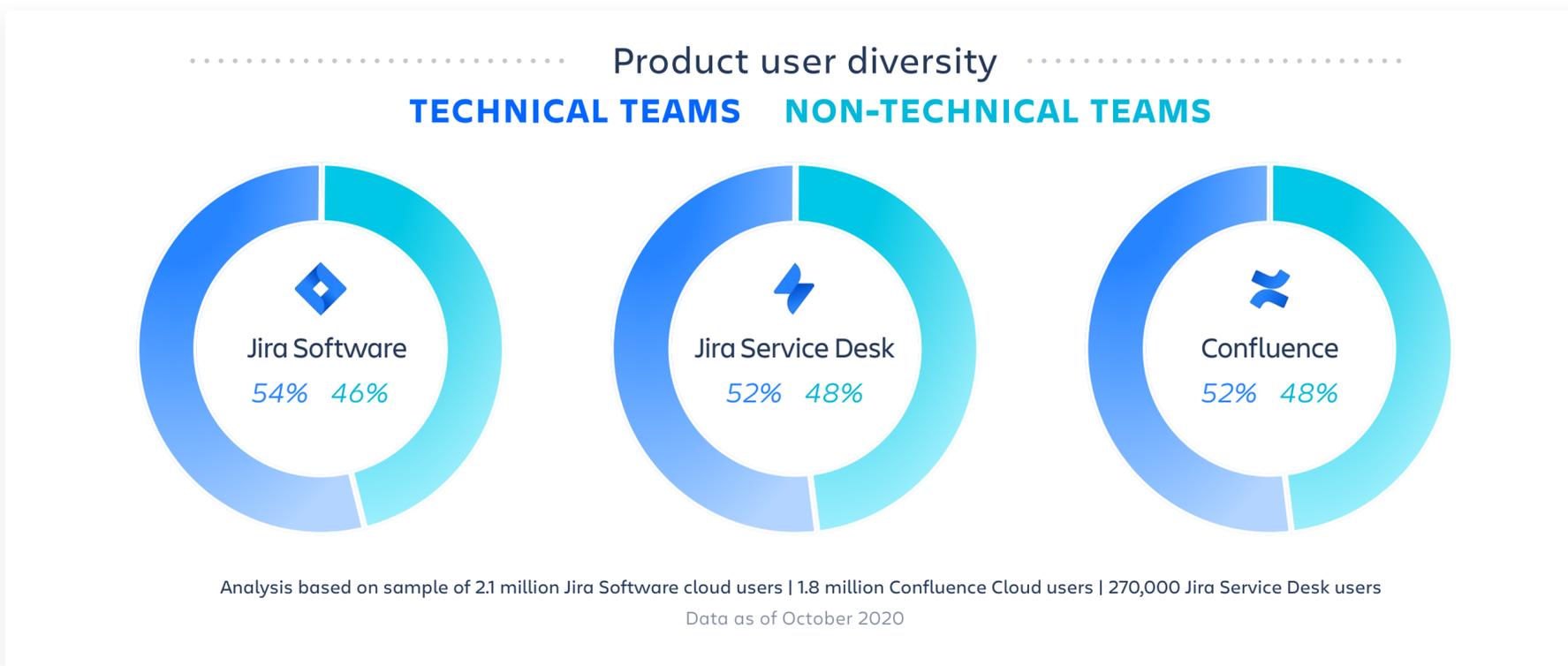


Software teams drive digital transformation 🚀

Companies can no longer afford to separate software teams from "the business." They are now one and the same, managing work in concert with each other. Free-flowing collaboration across the business has helped customers like Domino's and NCR, who both used Atlassian products to launch contactless services like pizza delivery and ATMs within just a few weeks after the pandemic hit.

By landing with developers, our products organically spread to other technical and non-technical teams through cross-functional collaboration. This powerful flywheel 🌀 is hard to replicate.

The result is unique, too: a user base that is split down the middle between technical and non-technical teams as they work together to drive digital transformation. In Jira Software Cloud, 54% of users are technical, 46% are non-technical. In Jira Service Desk and Confluence, it's 52% technical and 48% non-technical. We help teams across functions work together in a digital world, and it all starts with developers.



✓ **The Bottom Line**

- ▶ Atlassian wins by putting team collaboration at the core, not vertical-specific functionality.
- ▶ We land with developers, and organically expand from there as they interact with IT, operations, and non-technical teams.

Massive global market opportunity 🌍

We have opportunities in three huge markets: software development, IT, and work management. What's more, these markets are interconnected in a digital-first world, converging around developers.

Agile development and DevOps – We win because developers can communicate with both technical teams and non-technical teams across the organization to make sure code is released, monitored, and running with optimal performance. We also **empower developers to use an open toolchain**. Developers want to use cutting edge best-in-breed products, not be forced into an all-in-one suite just because their CIO gets a bundled discount. Any team on our platform can freely integrate with our ecosystem of over 4,000 3rd-party apps and integrations.

ITSM – Atlassian is **the only platform where IT teams can work collaboratively with development teams on the same platform**. Getting our IT tools, which now includes Jira Service Management, up and running is frictionless. Plus, flexible pricing options make our solutions accessible to any company, not just the largest enterprises.



Work management for all – We win here because business teams in HR, marketing, sales, finance, and legal all need to work with developers and IT to get work done. Jira and Confluence grow for this reason, and we believe Jira Service Management will as well. With Trello, we're able to take the best of agile and give it to any business or consumer user in a lightweight experience. With 10 million cloud monthly active users (MAU), Trello is the largest work management product out there because it gives anyone the power to manage work just like a developer.

Roll it all up, and no other company is as well-positioned to power teamwork across organizations. This is because we put developers at the heart ❤️ of our strategy.

TAMs by the numbers

As the saying goes, let's do the numbers

- **Annual global technical and knowledge worker markets = \$126 billion** in annual revenue according to IDC. This is composed of \$52 billion for technical teams and \$74 billion for non-technical teams. Both markets are growing 9% per year, several times the rate of GDP. In other words, we serve teams that are quite literally changing the economic landscape.
- **Teams = millions.** Within these markets sit an incredible number of teams we can engage. You can see this on both a user and a customer basis.
 - **Users** – Today we have over 15 million MAU on cloud products. That's just the tip of the iceberg when compared to the 45 million software team members, 100 million technical team members, and 1.1 billion knowledge workers in the world today. Even at the consumer scale Atlassian already operates at, we've only scratched the surface.
 - **Customers** – We have over 185,000¹ customers today, but here again, we're only getting started. There are 800,000 companies globally with technical teams large enough to be Atlassian customers as well as 2 million companies with 10 knowledge workers or more. It's thrilling to think about how many more teams can use Atlassian products to make an impact in the world.
- **Annual addressable opportunity = \$24 billion.** Our addressable opportunity is large and getting larger within that global market. \$24 billion in annual addressable opportunity is based on today's products and prices. We've grown that opportunity by a compound annual rate of 35% the past four years.

That's more than a 3x increase in opportunity size by investing R&D dollars towards continuous innovation. Cloud editions like premium and enterprise, new products like Atlassian Access and Jira Service Management, and acquisitions like Jira Align and Trello, make TAM expansion possible.

¹ - "Over 185,000" customers as of October 30, 2020.

- Technical teams** – Our addressable opportunity is \$13 billion annually, and we can more than triple our paid user base here based on our current product portfolio. What’s exciting is that we can now address IT workers with specific products in our portfolio. By continuing to double down on IT as we have the past two years, we can continue to unlock further opportunities and create more value for IT teams. Products addressing this market today include Jira Software, Confluence, Bitbucket, Opsgenie, Statuspage, Jira Service Management, and Jira Align.
- Non-technical teams** – Our addressable opportunity here is \$11 billion annually, with the potential to be much greater given the size of the knowledge worker market. More and more of our products are used each day by this growing base of non-technical users. Core products in this category include Confluence, Trello, and Jira Core. Jira Align will also create a huge opportunity to impact knowledge workers over time.



✓ The bottom line

- ▶ Atlassian is uniquely positioned to power cross-functional collaboration across developers, IT, and non-technical teams.
- ▶ We play in three interconnected markets worth a total of \$126 billion annually.
- ▶ Our total addressable opportunity is \$24 billion (and growing).

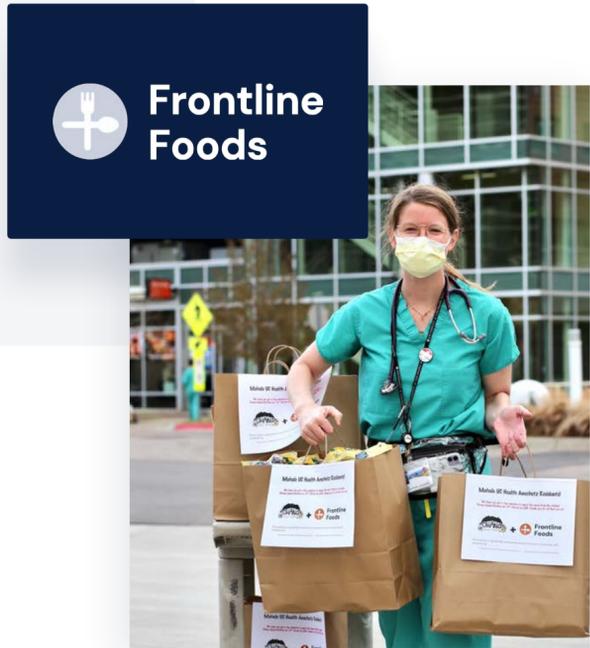
On a mission, fueled by passion

Helping teams make a difference in the world is what gets us out of bed in the morning 🌅. We respect, appreciate, and are constantly humbled by the tens of millions of users, millions of teams, and 185,000+ customers that use our products to power mission-critical work.

[Frontline Foods](#) and their story stand out. They are a non-profit organization started in the bewildering early days of the pandemic with a mission to deliver hot, healthy meals to frontline workers and emergency responders 🚒. Frontline started with a Bay Area nurse who partnered with developers and technical entrepreneurs to build an organization founded on volunteer collaboration. They use Trello and Confluence for work management, plus Slack and Zoom for real-time communications. By starting with developers and a digital approach, Frontline Foods built an organization that scaled quickly. It now manages chapters across 61 U.S. cities and has delivered 480,000 meals 🍲 to 980 teams 👤👤👤👤👤, supporting more than 1,000 restaurants 🍳. Now *that's* a mission-critical digital transformation!

FRONTLINE FOODS + ATLISSIAN

- Manages chapters across **61 US cities**
- Has delivered **480,000 meals** to **980 teams**
- Supporting more than **1,000 restaurants**



KEY CLOUD VALUE Guaranteed uptime



www.atlassian.com/blog/teamwork/thriving-on-the-front-lines

It's through work like this that we believe we can realize our mission to unleash the potential of teams and continue to scale our own business. With our cloud platform as our launchpad and developers at the heart of it all, we are charting a course to 100 million MAU and \$5 billion in revenue (and beyond).

✓ The bottom line

- ▶ Millions of teams around the world already use Atlassian products to power mission-critical work.
- ▶ Our big, hairy, audacious goal is to reach 100 million MAU in the cloud.



INVESTOR DAY FY21 #2

CLOUD-FIRST TRANSFORMATION

Investor Day FY21 #2 Cloud-first transformation

SF MCB +5.3K

i In this 6-pager

1. The cloud transforms Atlassian's business.
 - Cloud is already a strong business, driving over \$850 million in ARR and a 121% net expansion rate.
 - Migration creates a win-win opportunity with our 30,000 server customers.
 - Subscription revenue is our present and future. We expect to achieve subscription growth in the mid-30s% in both FY21 and FY22.
2. The cloud transforms the value Atlassian delivers for teams and customers as digital transformation accelerates.
3. The cloud transforms how we innovate through a best-in-class development platform.

In this time of massive uncertainty, one thing we are sure of is the direction we're headed. Atlassian stands on the cusp of an exciting new era as a cloud-first company. Cloud is where our customers overwhelmingly want to be ☁️, and where our future lies as an enduring company.

Throughout this journey, we've remained focused on using our cloud platform to build products that unleash our customers' potential. The three interconnected markets we play in – agile software development, ITSM, and work management – amount to \$126 billion in annual spend and 1.1 billion users globally across the markets for technical and non-technical teams. We will continue to win by delivering a world-class cloud platform that ties together the kaleidoscope of 1st- and 3rd-party products that organizations need to manage their work.

And we're making bold choices so we can do it faster.

**SOFTWARE
DEVELOPMENT**

ITSM

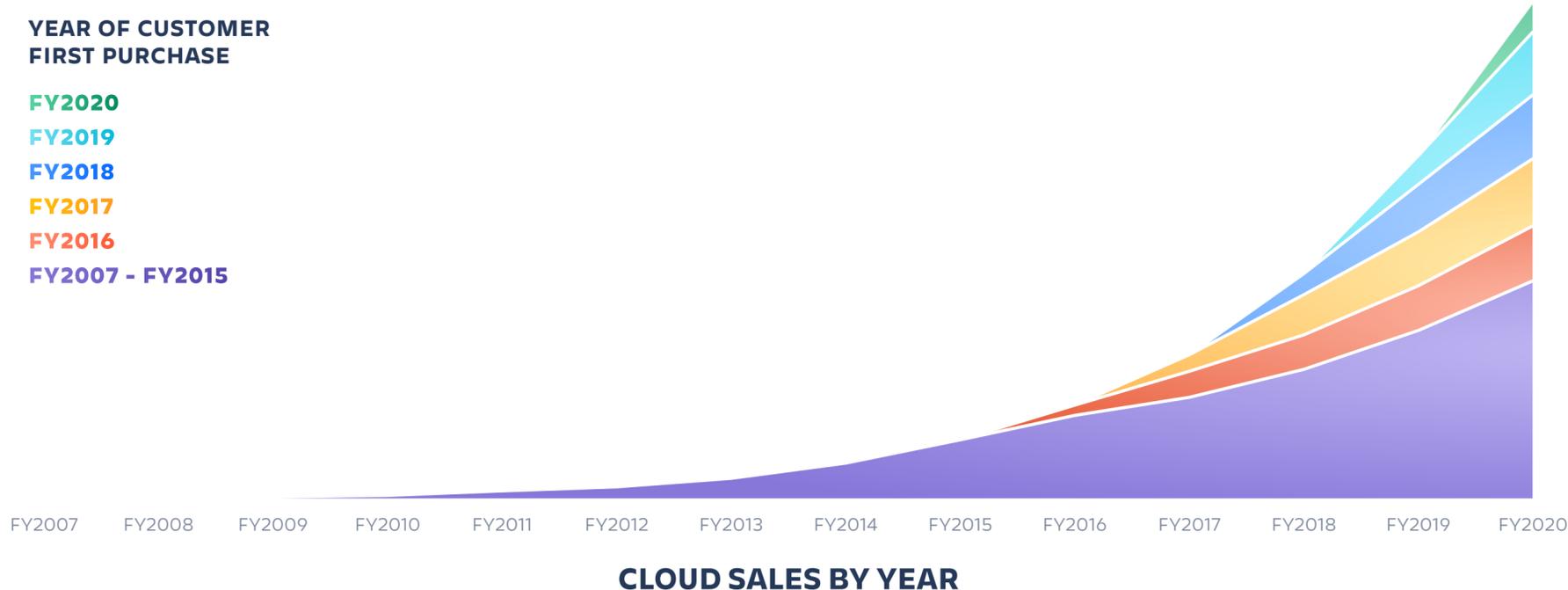
**WORK
MANAGEMENT**

Our cloud business is strong, and getting stronger 💪

Cloud already drives a ton of business: over \$850 million ARR as of Q1 FY21, up 35% year-over-year. At the heart of it are millions of engaged users and over 160,000 paying cloud customers.

95% of new customers choose our cloud products, but the story gets even better. **Cloud customers expand their number of paid users 20% faster than server customers**, and our cloud net expansion rate was 121% at the end of Q1 FY21 (for those keeping score, the SaaS industry mean is 117%). When we look at just medium and large-sized customers our net expansion rate jumps up to 130%. Looking at this 🌈 cohort chart, we can see consistent expansion over time for all our cloud customer cohorts – especially after forking our code and moving cloud to a multi-tenant architecture on AWS in 2016.

Cloud customer expansion over time

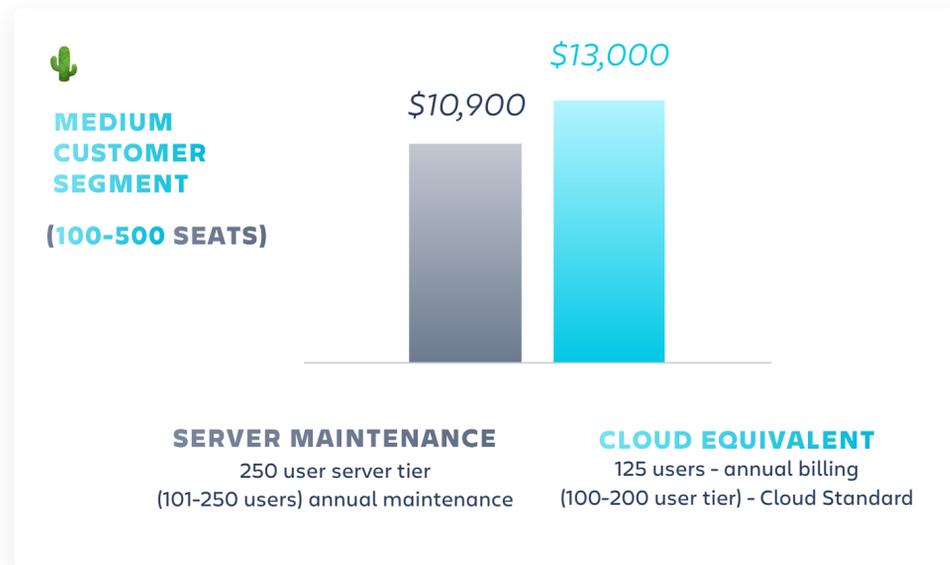
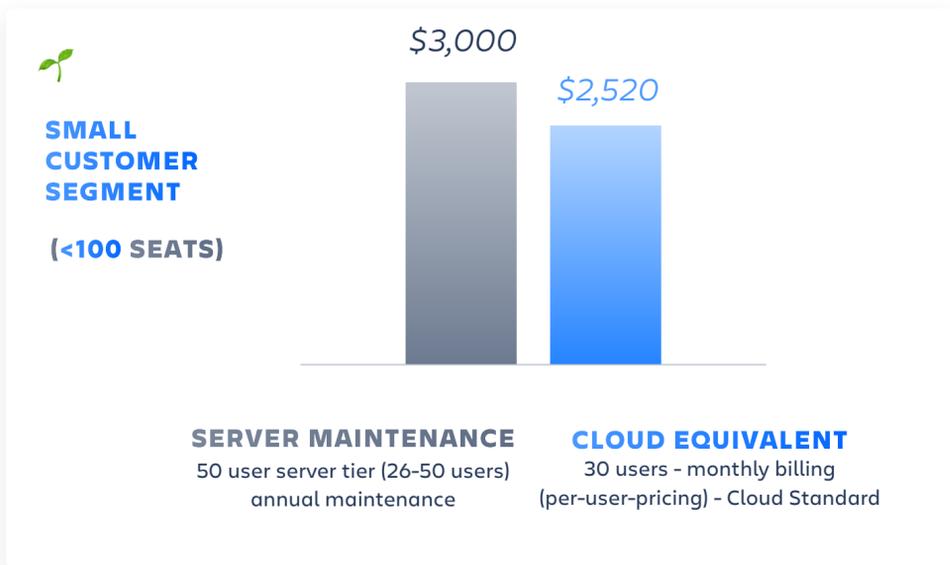


Cloud Annualized Recurring Revenue (ARR) is calculated by multiplying the cloud monthly recurring revenue (MRR) on the last day of a particular period by 12 for products deployed on Atlassian's cloud platform and represents the annualized revenue run-rate of active subscriptions at the end of a reporting period.

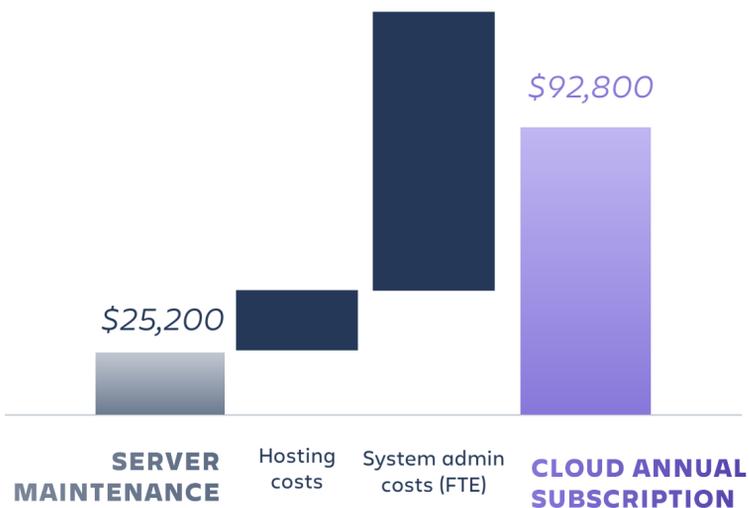
Net Expansion Rate (NER) is calculated at the end of any particular period by dividing (i) ARR as of the last day of that period from those customers that were also customers as of the last day of the same period in the prior fiscal year by (ii) the ARR from all customers as of the last day of the same period in the prior fiscal year. Our NER as of Q1 FY21 does not include the impact from Statuspage, Opsgenie, Jira Align and Halp. Medium and large customers net expansion rate calculates the NER for customers that have 250+ employees.

SaaS industry mean data for Net Dollar Retention / Dollar-Based Net Expansion Rates is of as of November 13, 2020, source: Meritech Capital (<https://www.meritechcapital.com/public-comparables/enterprise#/public-comparables/enterprise/operating-metrics>).

Examples of customer pricing Jira Software

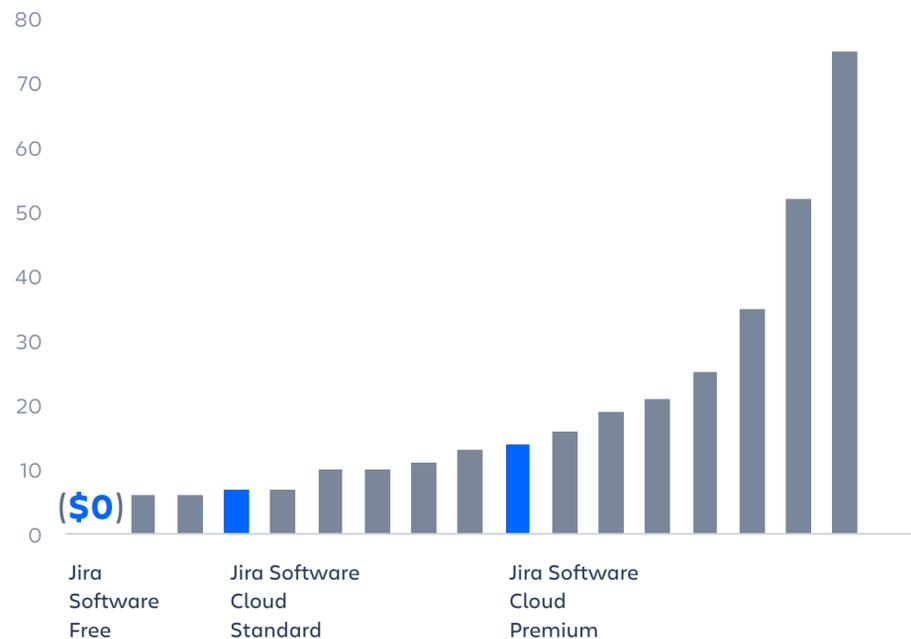


Large customer TCO comparison Jira Software



SaaS per user pricing comparison

ATLASSIAN REMAINS HIGH VALUE AND HIGH VOLUME IN THE CLOUD VERSUS COMPARABLE SAAS PRODUCT PRICING



Based on current monthly cloud listed pricing for 10 users

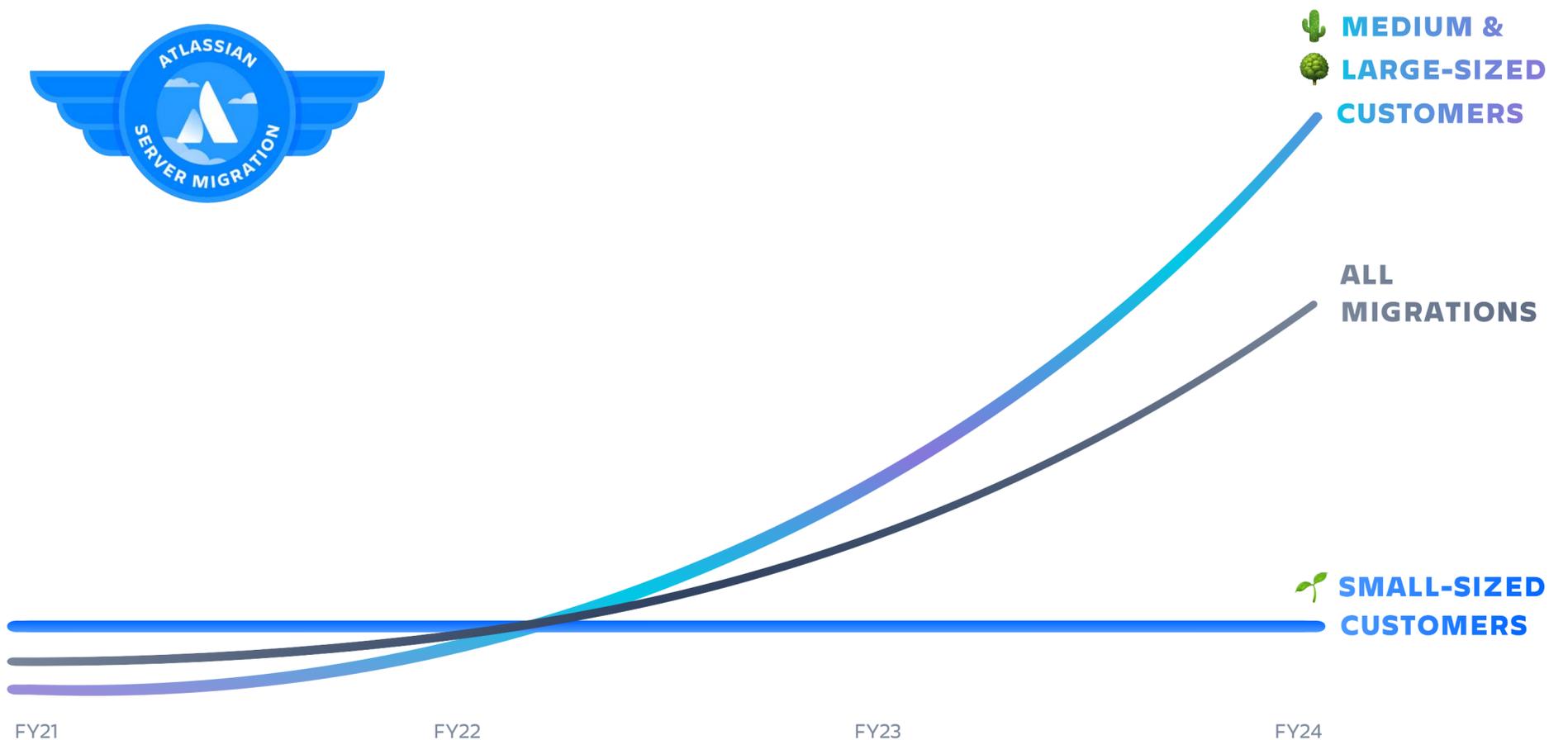
The great (and gradual) migration

To be clear, customer migrations won't happen overnight. True to our "don't #@!% the customer" value , server customers have a three-year runway to decide which product they'll migrate to and when to make their move. During this time, they'll have full access to maintenance and support, as well as a [migration program](#), which includes migration tools, guides, and hands-on support for larger customers. We understand that some customers can't move to the cloud in the foreseeable future due to factors like regulatory requirements, so we are continuing to invest in our data center products to accommodate them.

We fully expect customers to take advantage of this flexibility. While customers have the ultimate choice over when they move, we estimate that over 50% of migrating server customers will complete their migrations in FY23, FY24, or after. We estimate that number to be approximately two-thirds for medium and large-sized customers given the large number of users, teams, and 3rd-party apps involved in migration.

That said, **initial migration demand is strong**. Since announcing changes to our self-managed offerings, we've seen [cloud migration trials](#) for server customers more than double, a 400% increase in traffic to our [customer migration hub](#), and our first three enterprise cloud customers sign on since the offering became generally available in late October.

Over the long-term, we expect that migration will have a positive and gradual impact on revenue. Atlassian products are stickier than a roasted marshmallow . They power mission-critical workflows that customers are deeply invested in. And we're invested in *their* success.





Subscription is our present and future

In both FY21 and FY22, we expect to achieve subscription growth in the mid-30s% year-over-year. Today, cloud and data center products account for approximately 45% and 15% of total revenue, respectively and will drive our growth going forward.

In both FY21 & FY22, we expect to achieve

SUBSCRIPTION GROWTH IN THE MID-30s%

In the spirit of “open company, no bullshit” , this phase of **our journey comes with greater short-term variability**. We’ve made several short-term tradeoffs amidst macro uncertainty during the past six months, including the decision to stop selling server products over the next three years, offering free editions of Jira Software, Confluence, and Jira Service Desk, and delaying price increases. These decisions, along with the impact of COVID-19, will affect short-term growth. Based on these factors and our current expectations for the timing of customer migrations, we expect our revenue growth rate to slow from Q1 FY21 through the remainder of FY21 and into FY22 before improving. This is consistent with the expectation articulated in our Q1 FY21 shareholder letter.

Atlassian has a long history of making customer-first decisions and long-term investments in the name of steady, durable growth. Our investment in a world-class cloud platform is no different. Transforming how our customers manage work in the cloud takes patience and persistence, even in this rapidly changing digital world. We believe customers will stand by us, just as we stand by them.

✓ The bottom line

- ▶ Cloud is strong and getting stronger. It powers \$850+ million in ARR, lands 95% of new customers, and drives a 121% net expansion rate.
- ▶ Migration is a win-win. Our 30,000 server customers benefit from increased innovation and lower TCO on higher-value products as they migrate. In turn, Atlassian’s business grows as it shares in customer productivity gains.
- ▶ Migration will build over the next 3+ years. We expect medium and large-sized customers will take more time to migrate than smaller customers.
- ▶ Subscription is our present and future. We expect to achieve subscription revenue growth in the mid-30s% year-over-year in both FY21 and FY22.

Customers ❤️ cloud, and vice-versa

Digital and distributed is where the future of work had been trending for years. When the pandemic hit, “the future” became “now” whether companies were ready for it or not.

The upside is that **companies are set up to embrace distributed teamwork for the long haul, and Atlassian products can help them.** The downside is that knowledge workers haven’t yet mastered the art of juggling all the apps necessary to create a virtual office. Not to mention parsing all the content that goes along with them.

According to [research Atlassian commissioned](#) on this sudden shift to remote work, people are feeling overwhelmed 😞. 51% of respondents report spending more time in meetings, 53% say they more time coordinating with each other, and 27% have an increased workload. Unleashing the potential of teams has never been more important.

The future of work looks brightest in the cloud. Atlassian's platform delivers flexibility, security, and extensibility with a vastly reduced administrative load. Here’s why 95% of new customers choose cloud and expand their usage so quickly.

- **Easy to try, easy to buy, easy to scale as you grow** – It only takes a few minutes and a few clicks to get started with Atlassian cloud products. Ditto when you’re adding new products, apps, or user seats. Our cloud products are available for free to teams of 10 or fewer, giving us a foothold in companies of all sizes.
- **Data-driven product innovation** – The cloud lets us capture usage data that helps us make better decisions about which improvements to invest in and powers our machine learning engine 🧠 that delivers millions of time-saving notifications, relevant content suggestions, and reminders every day, all of which improve customer productivity.
- **Extensibility and integrations** – Atlassian believes in open toolchains, so our cloud platform is designed to make developing Atlassian Marketplace apps and 3rd-party integrations easy. And, as a bonus, integrations make Atlassian products stickier 🍪. For example, when customers add at least one app or integration in Jira Software, **dollar churn reduces by approximately half.**
- **Lower total cost of ownership** – The cloud saves customers money and frees IT teams up to work on strategic projects. Jim Thompkins, a program manager at Rockwell Automation says it best: “Before, I had a group of six people that spent 90% of their time on ‘care and feeding’ for the application. Now, we can do it with one person, part-time. It’s night-and-day better.”



ROCKWELL AUTOMATION + ATlassian

“Before, I had six people that spent 90% of time on ‘care and feeding’ for the app. Now we can do it with one person, part time. It’s night-and-day better.”

JIM TOMPKINS, PROGRAM MANAGER



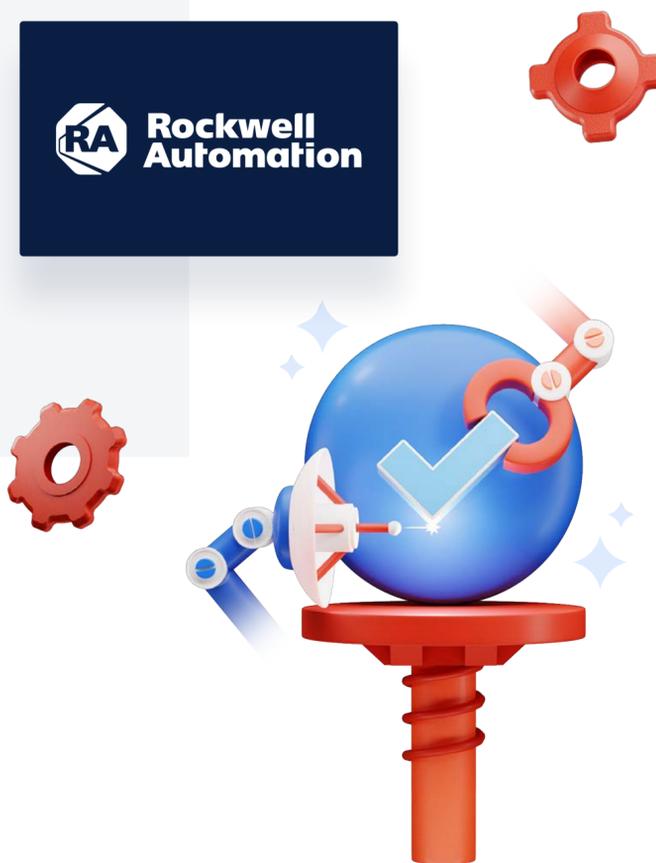
KEY CLOUD VALUE Reduced administrative overhead, Guaranteed uptime

Jira Software
Project and issue tracking

Atlassian Access
Security and control for cloud

Confluence
Document collaboration

atlassian.com/customers/rockwell-automation



Our cloud platform has taxied out of the gate and is ready for takeoff. In fact, our goal is to reach a cruising altitude of **100% subscription-based product revenue by the end of FY24**. Watch this air space. ✈️

✓ **The bottom line**

- ▶ COVID-19 compressed years-long digital transformation timelines into months, increasing companies' appetite for collaboration tools.
- ▶ With the increased pressure put on teams, a low barrier to entry and low TCO are crucial.
- ▶ The rapid, data-driven innovation and 3rd-party extensibility we offer turn Atlassian customers into fans.

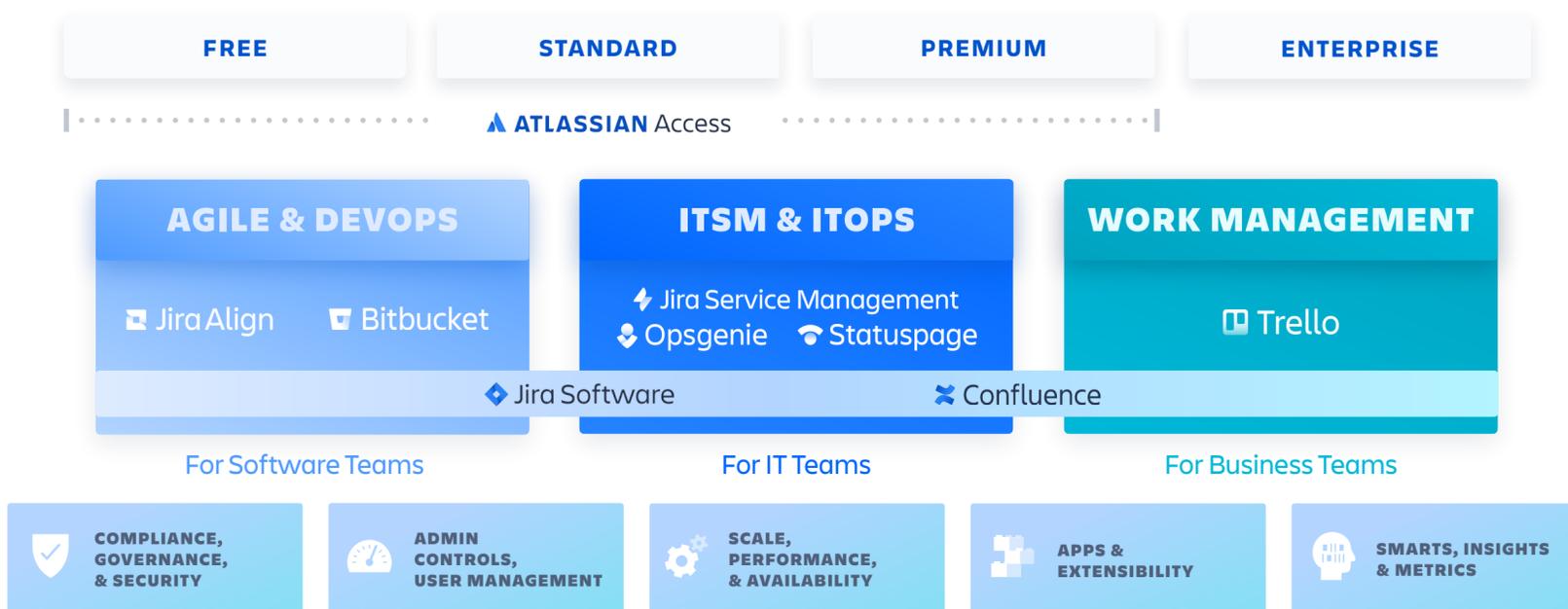
Cloud isn't just a platform, it's a launchpad 🚀

From the moment Atlassian decided to become a cloud-first company, we went all-in. Rather than retrofit a legacy system, we forked our product code and spent the past four years building a world-class

platform from the ground up. Because it scales as our customer base grows across millions of new users and thousands of customers, **a growing number of enterprises trust us with their digital transformation strategy.**

Thanks to a unified architecture that was built for automation, our product development teams make continuous small, low-risk updates that add up to a massive impact for customers. (For all you data fans, we averaged 1,200 deployments per day in fiscal 2020 – triple the number from two years ago 😎.) Since fiscal 2018, we’ve gone from supporting teams of up to 2,000 in the cloud to supporting teams of 5,000, then 10,000, and now teams of any size.

The Atlassian Cloud Development Platform



We launched a full ladder of cloud editions – free, standard, premium, and enterprise – that attracts a vast array of customers. We launched Atlassian Access, our enterprise-grade security and centralized admin offering for cloud, which grew past 1 million paying users in only two years. Now, we’re using our platform to launch interconnected products like Jira Service Management – an integrated approach to ITSM that brings IT, software, and operations teams closer together.

✓ The bottom line

- ▶ We’ve put in the “hard yakka” 🇺🇸 to build a best-in-class cloud development platform that has boosted deployment speed by 300% and delivered a 500% gain in scalability.
- ▶ With four pricing options to choose from – free, standard, premium, and enterprise – we can serve customers of any size, knowing they’ll never outgrow us.
- ▶ New interconnected products like Atlassian Access and Jira Service Management are testaments to the power of our cloud platform.



INVESTOR DAY FY21 #3

INVESTING IN DURABLE GROWTH



Investor Day FY21 #3 Investing in durable growth



In this 6-pager

1. Atlassian has unique competitive advantages in R&D and GTM that let us take a long-term approach to create lasting value for customers.
2. Our R&D game is cloud-focused, optimized for innovation, and powered by top-notch talent.
3. We continue to evolve our hyper-efficient GTM model by expanding a consumer-scale funnel while doubling down on enterprise customers as they navigate digital transformation.
4. Atlassian has a strong financial model that allows us to make short-term tradeoffs as we invest in long-term opportunities.

Atlassian has unique competitive advantages built over two decades by focusing on our customers first and taking a long-term approach to strategy . We have a **uniquely efficient GTM model** that allows us to **invest far more in R&D than our peers** and bring world-class products to market faster. And we **thoughtfully use M&A** to enhance our product portfolio and talented team.

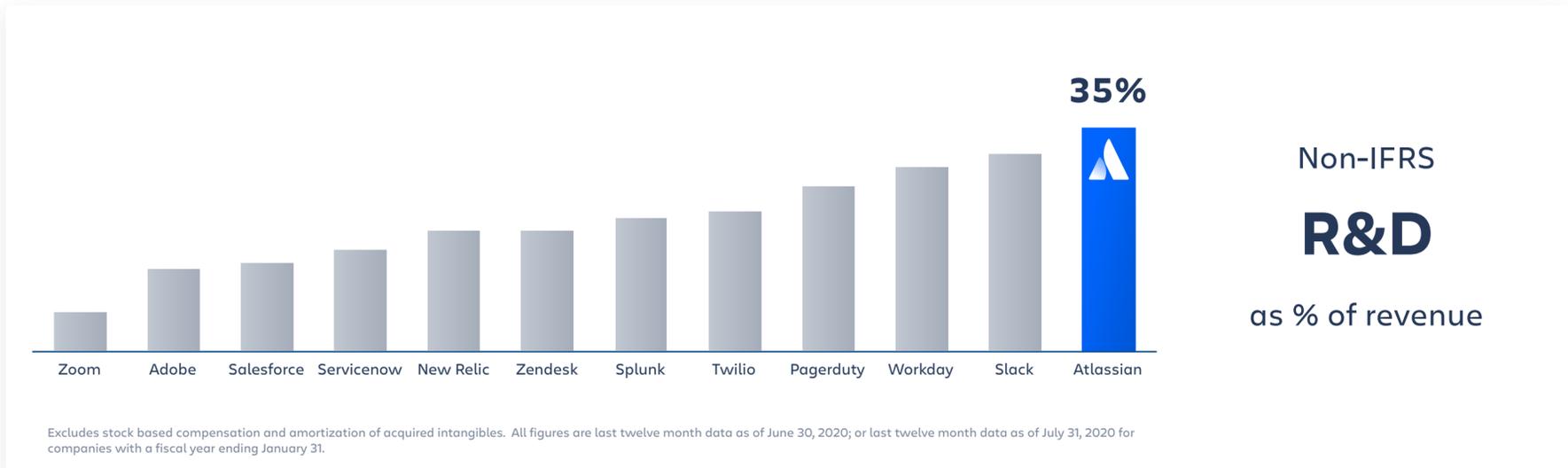
By staying on this path, we can realize our mission to unleash the potential of every team, deliver value to our customers at scale, and reach our big hairy audacious goals (BHAG).

As a cloud-first company, we'll keep investing for the long-term and make the most of these advantages so we can be a compass for customers as they navigate digital transformation across their technical and non-technical teams.

Bringing our A-game to R&D

When it comes to product R&D, we out-class our peers. Full stop. We make bold choices that set us up to deliver best-in-class products at accessible prices. Then we back those choices up with meaningful investments so we can win in the massive markets we play in.

Our investment in R&D helps us recruit the best talent out there. We accelerated our headcount growth in R&D in FY20 and grew our technical team faster than any other group of Atlassians. In FY21, we're maintaining this focus in order to bring the cloud products and platform our largest customers need to market quickly.



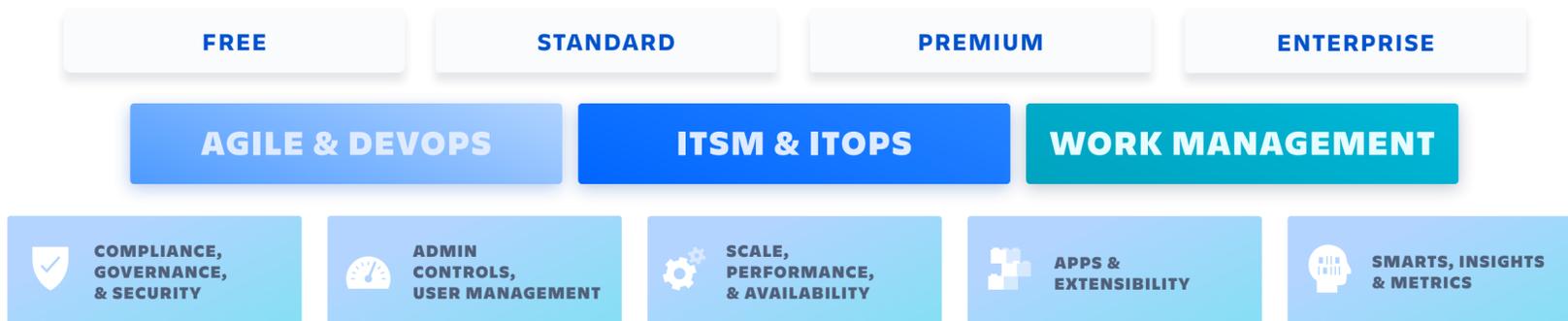
Putting our money where our mouth cloud is

Sustained R&D investment is powering our cloud-first and enterprise journey ⚡. **90%+ of our R&D dollars go directly into cloud and data center products, our platform, and the migration tools** needed to make sure our on-premises customers can succeed in the cloud. This has been the focus of our R&D investment several years running, starting when the cloud was a far smaller piece of our business than it is today. And for the past four years, over 40% of R&D spending has gone into the cloud platform.

Atlassian’s platform holds the key to unlocking our cloud future. It’s led to the productivity we discussed in the previous 6-pager. It supported creating four distinct product editions in the cloud: free, standard, premium, and enterprise. It’s allowed us to onboard eight new cloud products into our portfolio through acquisitions, create a seamless experience between our cloud products, and integrate with thousands of 3rd-party apps. It’s even allowed us to connect data center products to emerging cloud features.

This commitment to our platform means we can deliver the innovative products customers need to drive digital transformation across development, IT, and non-technical teams. Atlassian is one of the very few companies that can deliver a multi-product platform while also supporting millions of users from the smallest startups to the largest global enterprises. We’ll keep our foot on the gas 🚗 to keep the momentum in high gear ⚙️.

The Atlassian Cloud Development Platform





Innovation begins at home

In FY20, Atlassian rolled out an internal investment program called “New Products Framework” designed to explore, incubate, and ultimately, accelerate the launch of new products. It builds on our legacy of internally sourcing ideas through ShipIt, our quarterly all-company hackathon, and R&D “innovation weeks.”

Teams pitch their project ideas, which are evaluated based on alignment with our strategic priorities, the potential to become a \$100 million business, and the extent to which it builds on our competitive advantages. Then we objectively observe their progress and keep funding them (or not) as merited.

We’re only one year in, and we already have promising new products in the pipeline. Some of these you’ll see in the near future – solving problems like communicating project status and managing product management workflows. Products coming out of New Products Framework put collaboration at the core and take advantage of our cloud platform for faster time to market and enterprise-grade performance.

There’s much more to come, all tied to helping customers solve collaboration challenges, continue our tradition of in-house innovation, and retain our most pioneering and spirited talent. Stay tuned!

Playing the long game

There are times when cultivating a durable competitive advantage means making tough decisions that set us up for long-term success. One recent example stands out:

- **Pragmatism for the win** – In July 2018, we announced a strategic partnership with Slack. This meant discontinuing Stride even though we believed it brought true innovation to the market. We knew that continuing to compete in real-time communications meant diverting resources and focus from our core work management business. This was one of our most difficult decisions as a company, but we made the call early on and **we’re stronger for making the pragmatic choice**. Stride was the catalyst behind our cloud platform and its development accelerated many of the key features across today’s cloud products. This decision also allowed us to double down on our ITSM products and ushered in a fantastic partnership with Slack , a company we admire for their product and customer focus (which includes us!).

Playing the long game is how we approach building economies of scale, too.

- **What we invest in** – Atlassian’s cloud platform is the strongest example. With a common platform underneath our cloud products, new features in one product can be utilized across the portfolio through shared microservices. This is what leverage at scale looks like.



- **How we invest** – We pride ourselves on our pragmatism. For example, we’re building out our Bengaluru location as a foundational cornerstone of our technical teams. Bengaluru is the fastest-growing geography for our own team, and will be our second largest office by the end of FY21, behind Sydney. We’re also growing our technical teams quickly in cities like New York and Austin. These decisions give us both an R&D talent acquisition and a cost advantage.

✓ **The bottom line**

- ▶ 90%+ of our R&D dollars are invested into cloud and data center, with 40% dedicated to our cloud platform.
- ▶ “New Products Framework” is designed to accelerate the in-house creation of \$100 million new products.
- ▶ Atlassian takes a pragmatic approach to R&D. We aren’t afraid to make trade-offs that set us up for long-term success.

Our M&A advantage

As good as our R&D game is, we realize we don’t hold a monopoly on innovative ideas. So in addition to our internal investments, our strategy also includes welcoming new products, teams, and leaders to Atlassian through M&A. Over the past decade, we’ve made 30 acquisitions and successfully invested over \$1 billion in capital. As a result, our product portfolio has developed at an impressive clip and we’ve brought talented, long-serving employees into the Atlassian family.

A few highlights:

Accelerating product strategy – Jira Service Management is a beautiful example of marrying in-house and external innovation. First came Jira Service Desk , which emerged as a hypergrowth product born from Shiplt, our quarterly 24-hour hackathon (and a testament to the value of New Products Framework ). Then came our acquisitions of Statuspage , Opsgenie , and **most recently Mindville**  and **Halp** . Because of the incredible teams and products we’ve brought together through M&A, Atlassian is able to go big in the ITSM market.

Incubating growth – Since acquiring Trello , we’ve given the team time and space to focus on what has mattered most: accelerating user growth and engagement. Trello, the then (and current) market leader in personal work management, now has 10 million cloud monthly active users (MAU). For perspective, we had just over 5 million active users in *total across server, data center, and cloud* at the time of our IPO in December 2015 (and for reference, our >15 million MAU metric today is *cloud-only*).



Share



M&A meets R&D meets GTM – Jira Align  is one of our fastest-growing products in terms of revenue and is making inroads with enterprise c-suites. Jira Align opens the door to building strategic relationships with CIOs because it makes entire portfolios of work visible at the executive level and brings agility to the entire enterprise by connecting business strategy to team-level work.

M&A is hard. Atlassian does it well because we approach it with a strong sense of shared fiduciary duty and treat cultural compatibility as our first measuring stick rather than an afterthought. Using this approach, M&A will remain a force multiplier that complements our R&D investment as we leverage the platform to drive increased innovation for customers.

✓ **The bottom line**

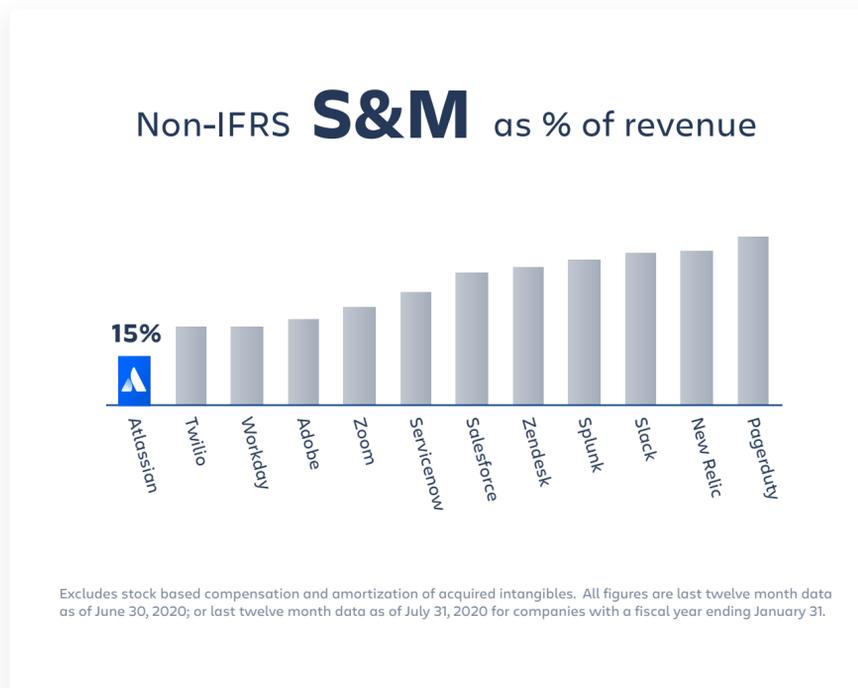
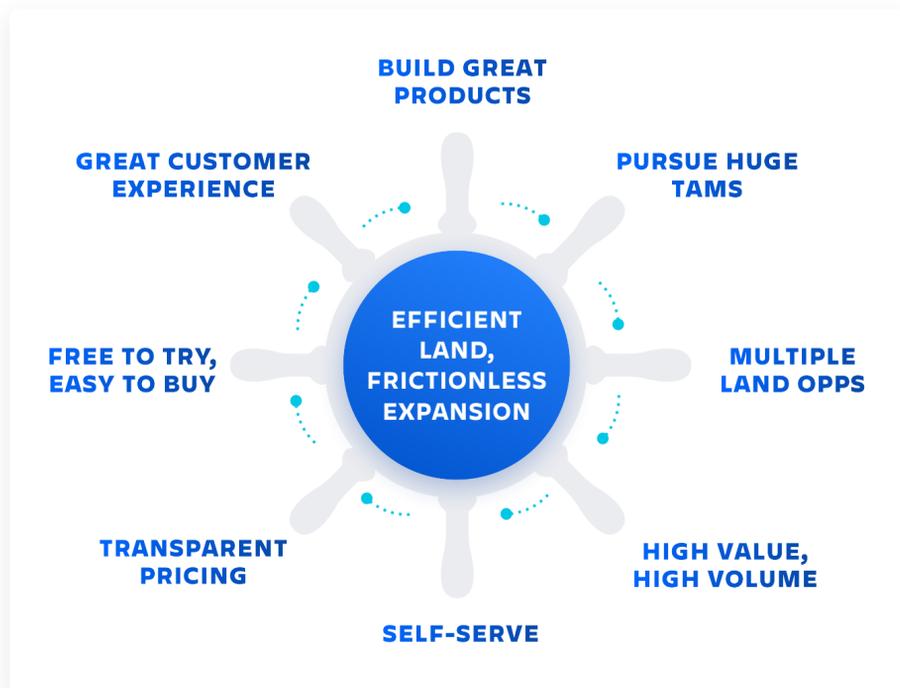
- ▶ Atlassian has invested \$1 billion in M&A over the past 10 years.
- ▶ As a result, we've expanded our TAM in new markets, strengthened our position with enterprise companies, and enhanced the talent in our R&D and leadership teams.

GTM: best-in-class and getting better

Atlassian pioneered the direct-sales model in the B2B software space. Although many companies have followed suit, we stand apart in our ability to adapt the model when needed, scale it efficiently, expand our footprint within customer companies, and **compound growth over the long-term** .

We believe software should be bought, not sold, and that consumer-scale GTM starts with best-in-class R&D. By delivering products customers rave about, we are able to build a flywheel powered by word of mouth and amplified by data-driven touchpoints that nurture prospective customers and move them down the sales funnel organically. This hyper-efficient GTM machine runs on approximately 15% of revenue, allowing us to invest more in product innovations that delight customers – and the virtuous cycle continues.

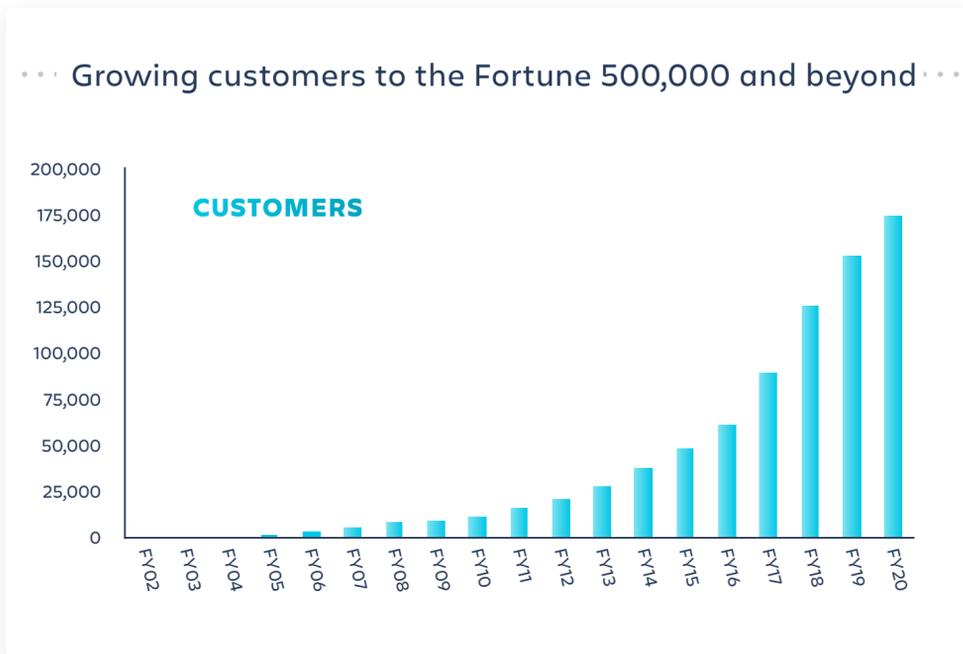
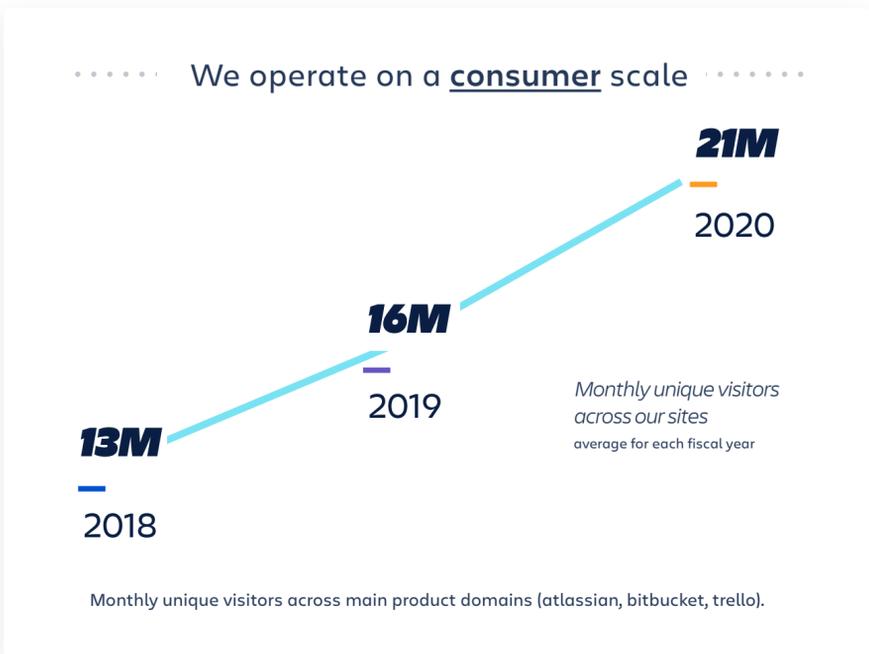
We also believe evolution is more effective than revolution. While we have a long history of appealing to individual teams, we are now able to use our cloud platform as a launchpad to **land enterprise-wide with an updated GTM strategy.**



With four cloud editions ranging from free to enterprise, we can now **land with a wide array of customers, expand within their walls, and scale with them** as their teams grow ever larger and more complex. Let's take a walk through our cloud sales funnel.

Landing with new customers

Operating at a consumer scale is the hallmark of our model and key to our enduring GTM advantage. In FY20, we attracted 21 million monthly unique visitors to our website, an increase of over 30% from FY19. And 95% of this traffic is organic and unpaid. This efficient, effective GTM motion has driven incredible customer growth. In our early years, reaching the 50,000 customer milestone was our company BHAG, a goal we eclipsed at the time of our IPO. From there, we set out to serve the Fortune 500,000. We've grown approximately 30% annualized since then to over 185,000 customers, and we're more than a third of the way to this milestone. Our products will continue to scale and reach more customers, especially as our GTM evolves in the cloud.



Atlassian’s free cloud offerings take our GTM game to a new level. Sign-ups for Jira Software, Confluence, and Jira Service Desk have increased 3x year-over-year since we introduced the free edition in March of this year. This program builds on the success of the \$10 starter license program we kicked off in 2009, which fueled a decade of growth. We’re incorporating lessons learned from that program and are confident free will bring tens of thousands of new customers into our sales funnel.

Replacing our entire funnel with free at the top does mean we need to re-tool how the free-to-paid customer conversation works. The good news is that with millions of users across many products we have a kaleidoscope of possibilities to improve free-to-paid conversion. As with our entire GTM, we are taking a patient, data-driven approach and are **bullish on free’s ability to fuel our next decade of growth.**

3X MORE SIGN-UPS since launching free

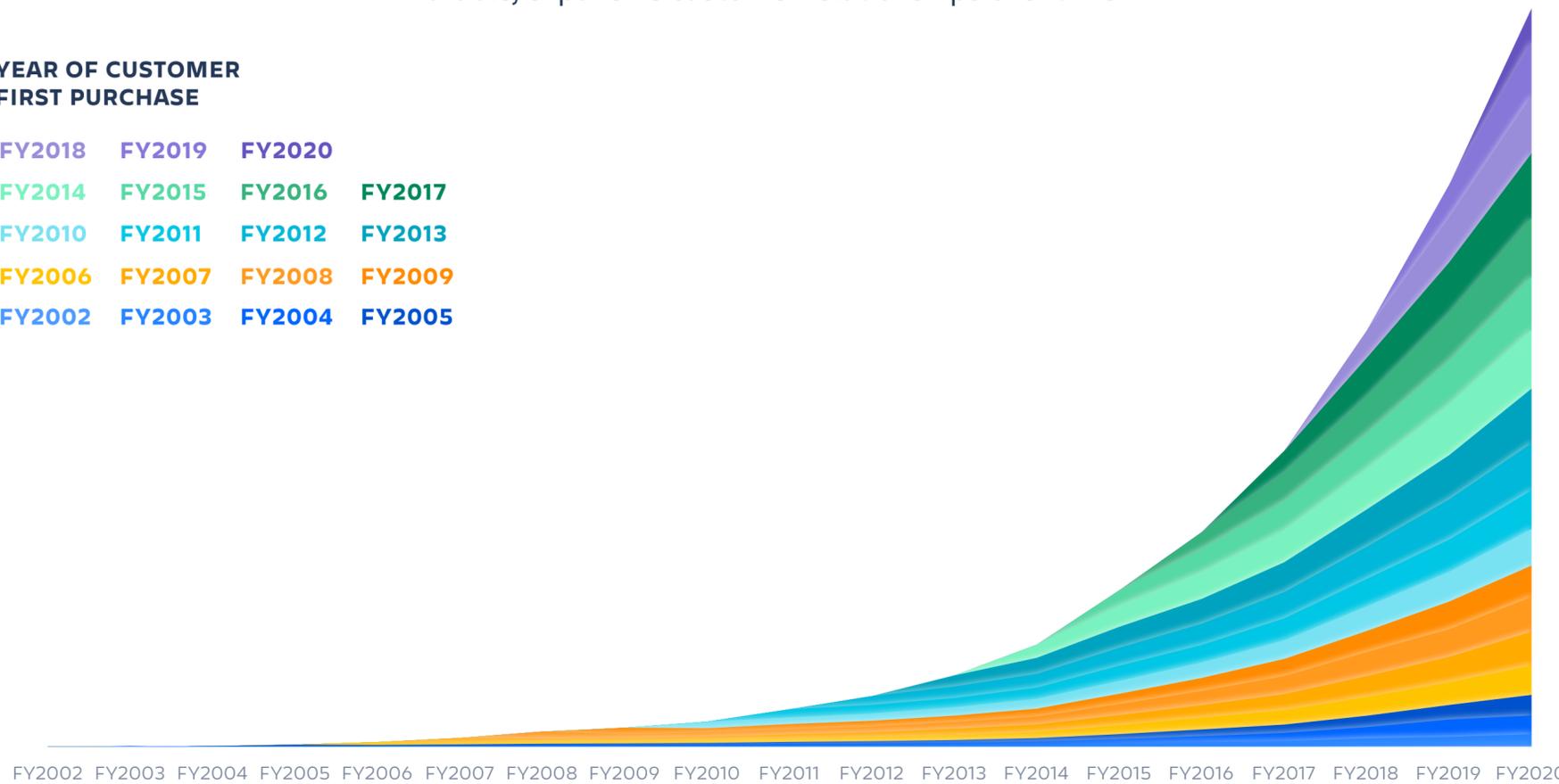
Expanding our footprint

Our GTM model has driven sustained expansion within companies across every customer cohort. This is the flywheel in action: as non-technical users collaborate with technical users, value delivered increases within each company. This prompts teams to purchase more seats for the products they already use, drive additional use cases for these products, add new Atlassian products, and upgrade up the editions ladder. The cohort chart below shows how our entire on-premises and cloud customer base has consistently expanded with Atlassian over time. Each color represents sales from a new cohort of customers landed in each specific year.

Durable, expansive customer relationships over time

YEAR OF CUSTOMER FIRST PURCHASE

- FY2018 FY2019 FY2020
- FY2014 FY2015 FY2016 FY2017
- FY2010 FY2011 FY2012 FY2013
- FY2006 FY2007 FY2008 FY2009
- FY2002 FY2003 FY2004 FY2005

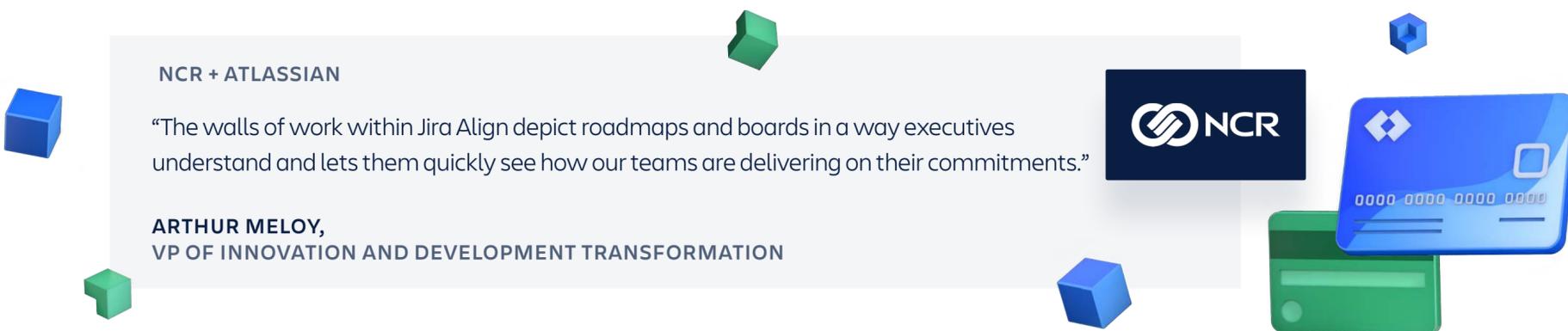


SALES ACROSS ALL PLATFORMS BY YEAR

In the cloud, that flywheel  is even more effective, with significant room to grow. We've already shared some great data on how cloud customers expand. By taking the friction out of adding new products and more user seats, cloud customers drive a strong cloud net expansion rate of 121% as of Q1 FY21, and an even stronger 130% for medium and large size companies.

And we're just getting started. As our cloud platform matures, more of our R&D investment goes toward new product innovations. A few recent examples include:

- **Atlassian Access** – Access is our fastest-growing product across the entire portfolio with over 100% year-over-year revenue growth. It offers customers greater security and easy user administration in the cloud.
- **Jira Service Management** – We're ramping up our presence in the ITSM market. This new product offers full-service management capabilities for customers of all sizes, bringing IT, development, and DevOps together on a single platform for the first time.
- **Jira Align** – This enterprise-focused portfolio management product sits on top of Jira, providing visibility across both technical and non-technical teams. Banking and commerce solutions enterprise NCR uses Jira Align in concert with Jira Software and Confluence to keep all stakeholders in lockstep throughout strategic planning and daily execution.



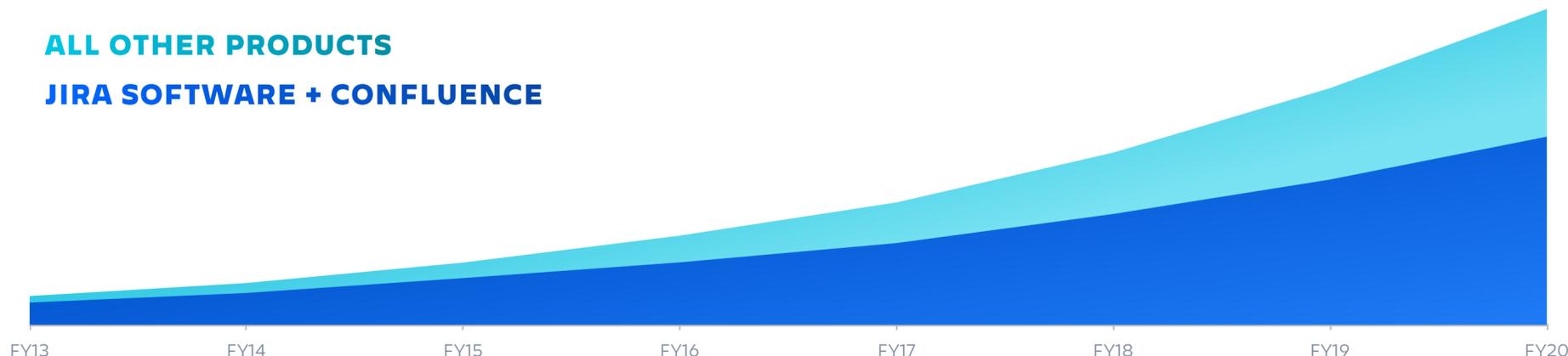
NCR + ATlassian

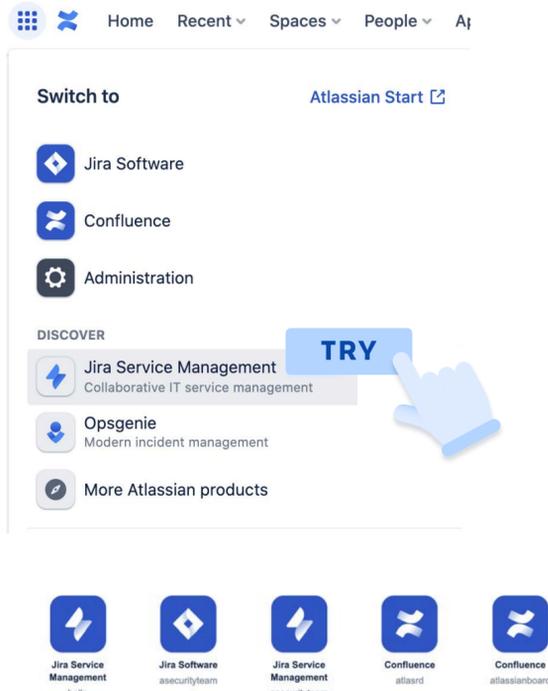
“The walls of work within Jira Align depict roadmaps and boards in a way executives understand and lets them quickly see how our teams are delivering on their commitments.”

ARTHUR MELOY,
VP OF INNOVATION AND DEVELOPMENT TRANSFORMATION

Atlassian's cloud platform also boosts our GTM motion in terms of cross-selling, where we have a unique edge as a multi-product cloud company. We have a rich history of creating increased value for customers across a growing number of products. At the time of our IPO, Jira and Confluence contributed approximately 75% of revenue. Today that is closer to 60%, even as they remain strong growth engines. Both create a launchpad  for developers and many other users to discover, onboard, and use our full portfolio.

Revenue mix by product





While we've enjoyed success in the past, the cloud now gives us even greater ability to build cross-sell directly into our products. An early example is our new "app switcher," a subtle-but-powerful feature that makes the most of our advantage here. As users click on the app switcher to navigate between Atlassian products 📍, they are made aware of additional products that can help them manage work. And not just any products: we use our machine learning engine to recommend specific products based on behavior patterns that give us clues as to what a user's job role might be. We have a full-scale R&D effort around cross-platform growth and we're excited to keep our sleeves rolled up here 💪.

Growing GTM to enterprise-scale

Large customers represent our fastest-growing customer cohort through enterprise-grade products, a high-performing sales and support team, and our channel partners. Data center has been a large driver of this success. Now that we've recently launched premium and enterprise cloud editions, we expect to drive increased value for enterprises in the cloud in the coming years.

The overall growth of large customers shows how mission-critical Atlassian products are for enterprise workflows:



One under-the-radar evolution has been steady investment in our own sales team. Atlassian has a reputation for "no sales." As you can see below, that's simply not true. Over the past several years, we've continued to thoughtfully build a world-class customer-facing team and a global network of sales partners. What's more, we've built our enterprise sales capability while keeping GTM spend levels at 15% of revenue. We'll continue to be pragmatic with our investment dollars as we continue to evolve our GTM.

Investing in smart expansion, maintaining efficiency



past 3 years growth

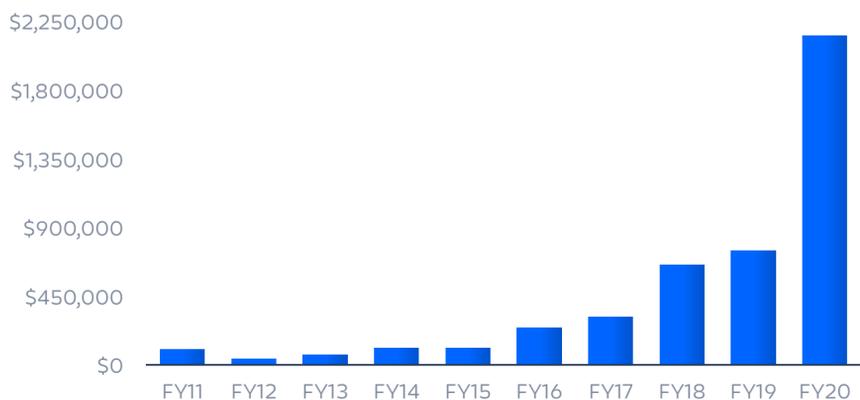
Data center was our first foray into up-selling enterprise customers into products tailored to their needs. Atlassian Access followed suit, and 2.5 years in, it's our fastest-growing product. Now we're running a similar playbook in the cloud with our premium and enterprise editions. These editions give us a special ability to partner with enterprise customers on their digital transformation strategies.

The examples below show how our GTM model intelligently nudges customers to expand users and products over time 🌱, the high demand for enterprise-oriented products like Atlassian Access and Jira Align, and how that demand is increasingly cloud-focused 🎯.

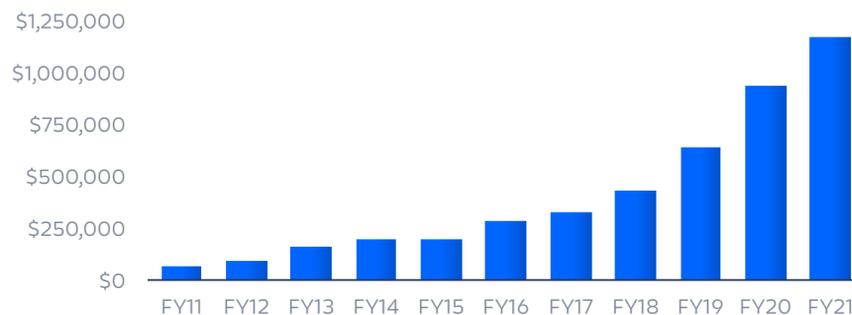
Payments industry leader – This Fortune 500 payments leader started on Atlassian with developer-centric server deployments totaling less than \$100,000 annually in its first four years. They began adopting the first versions of our cloud products in 2012, data center in 2018, and have been enterprise adopters of both Trello and Jira Align. Today, this is a \$2 million+ relationship that touches technical and non-technical teams alike.

Healthcare and pharma leader – This Fortune 50 healthcare leader leverages Atlassian across five different products and several Atlassian Marketplace apps across server, data center, and increasingly cloud. They have been an early and strong partner across many of our service management products including Jira Service Desk and Statuspage.

Payments industry leader

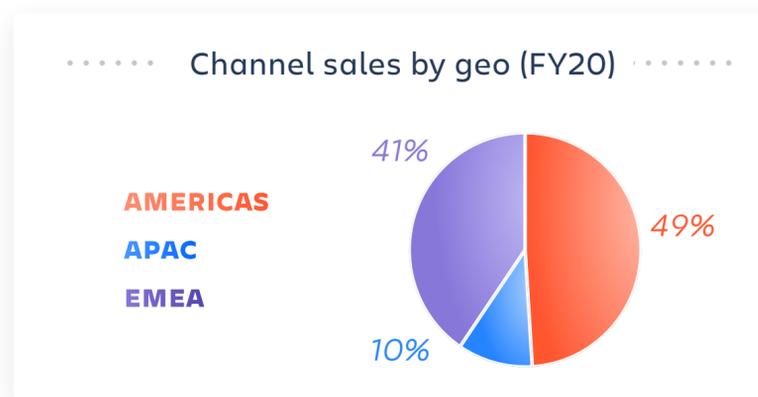
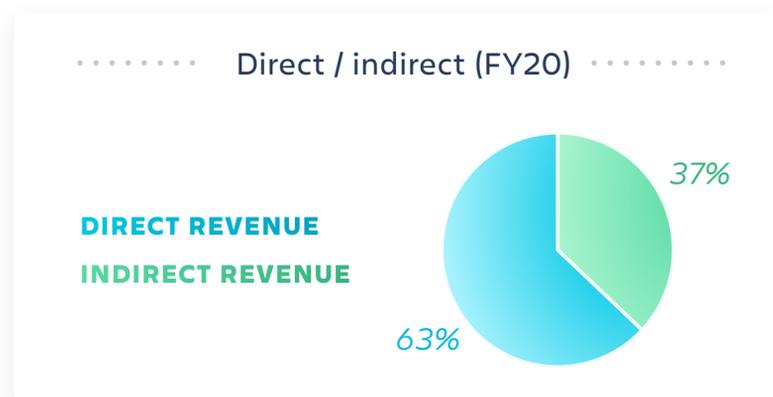


Healthcare and pharma leader



Growing the Atlassian economy

As part of our GTM strategy, we continue to support and invest in the Atlassian economy. Our 600+ channel partners create value for customers by offering a wide range of accredited services, apps and integrations, training, and customized solutions to extend the power of Atlassian products. Our network of Atlassian Partners now drives 37% of revenue today vs. approximately 25% at the time of our IPO in 2015.



The Atlassian Marketplace is another example of how taking a long-term approach creates significant value for customers. When a customer uses a marketplace app, dollar churn reduces by approximately half. Apps make the Atlassian experience stickier 🍪, creating a lasting competitive advantage.

This past year, the Atlassian Marketplace surpassed \$1 billion in lifetime sales. But rather than resting on our laurels, we're focused on facilitating further 3rd-party app development in the cloud. In Q1 FY21, the number of 3rd-party cloud apps added to the Marketplace grew 60% year-over-year, and the number of apps available for cloud is now over 1,500 strong. This will only increase with the upcoming general availability launch of our 3rd-party development platform, Forge.

It all adds up to a lean, mean GTM machine that allows us to land and expand with customers more efficiently than our peers. The cloud supercharges ⚡ our ability to land with companies of all sizes and further monetize through cross-sell, up-sell, apps, and partnerships. We'll continue to evolve as we always have to make sure our GTM model remains best-in-class.

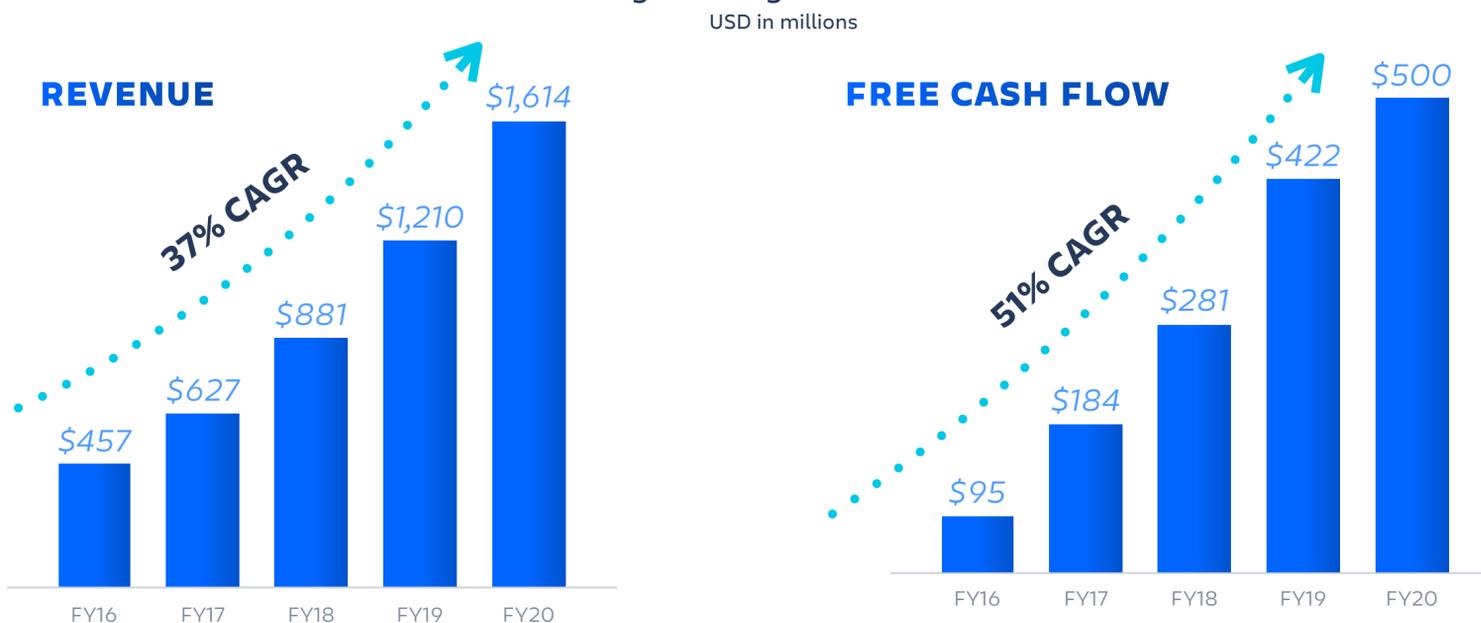
✔ The bottom line

- ▶ Atlassian spends approximately 15% of revenue on GTM, allowing us to invest more in R&D than our peers.
- ▶ Free editions have increased cloud top-of-funnel sign-ups by 300%.
- ▶ Atlassian Access is our fastest-growing product, growing over 100% year-over-year with cloud customers.
- ▶ Enterprise is our fastest-growing segment with over 100 customers spending \$1 million+ each year, up 76% year-over-year.
- ▶ Dollar churn reduces by approximately half when customers add at least one app or integration.

Creating long-term durable growth

Atlassian has a strong legacy of generating strong financial performance. Our patient, efficient, flywheel model  has driven both consistent revenue growth and strong free cash flow profitability. Through fiscal 2020, we've time and again generated best-in-class results amongst software peers.

Scaling a strong financial model



FY17 - FY20 revenue figures are based on revenue recognition standard, IFRS 15. FY16 revenue figure is based on the prior revenue recognition standard, IAS 18.

Free cash flow is defined as net cash provided by operating activities less capital expenditures, which consists of purchases of property and equipment, and payments of lease obligations.

Short-term tradeoffs for a durable future

We have a proud history of maintaining a long-term focus. Our decisions to hire, acquire, and launch our starter license program during the 2009 downturn when others were fearful reflect that mindset. As does our consistent multi-year investment in the cloud platform. By putting customers first , we believe we can build a durable business that will create a lasting impact and stronger financial value.

Our decisions over the past six months once again reflect that mindset. It is our responsibility to our customers, to our employees, and to our owners to invest in what we believe is a massive growth opportunity in huge addressable markets. The future for Atlassian is bright, and we will use the strength of our financial model to invest in the long-term potential of our products, the expansion potential created by the cloud, our differentiated go-to-market, and the collaboration potential of our work management vision.



Share



The bottom line

Our bottom line is about making customers successful, and unleashing the potential of their teams. Since the day we started, we've put customers first, giving rise to an incredible business model with durable competitive advantages and world-class products. By investing in the cloud, we will continue to adapt to a rapidly changing world, we will continue to grow in massive addressable markets, and we will continue to deliver impact for customers across technical and non-technical teams to drive change in the world.

Thank you for your support on this journey, we value you as fellow owners and long-term partners as we continue on our path towards 100 million users, \$5 billion in revenue, and far beyond. You help us be the change we seek 🚀 through our business.

And of course, thank you to our team 🙌, whose passion and resilience make unleashing the potential of every team possible.

✓ The **BOTTOM** bottom line

- ▶ A multi-product work management platform that puts collaboration at the core and developers at the center 🎯.
- ▶ A strategy built around software development and digital transformation at a time when software is eating the world.
- ▶ The unique opportunity to win in three massive interconnected markets totaling \$126 billion annually across 2 million companies and 1.1 billion knowledge workers.
- ▶ A cloud-first business ☁️ transforms the innovation we can deliver to customers and the long-term economics of our model.
- ▶ A commitment to continuous innovation through R&D investment in both our own team and teams we bring in through acquired companies.
- ▶ A pioneering GTM flywheel that can efficiently evolve to deliver free products to millions of teams and enterprise-grade solutions to the world's most sophisticated organizations.
- ▶ A long-term commitment to leveraging the strength 💪 of our financial model to drive durable growth.
- ▶ And a unique culture, that will continue to adapt, scale, and focus on unleashing the potential of teams around the world. 🌍 🚀 🙌 🏆 🌐