03

FY24 INVESTOR DAY 6-PAGERS

THE PATH TO $10 BILLION AND BEYOND

ATLASSIAN

Based on our current markets, products, and strategy, we have line of sight to surpassing $10 billion in annual revenue within the next five years. We're uniquely positioned in three massive and growing markets, with significant opportunities and increasing momentum in cloud, enterprise, service management, and now AI.

We've often said we are 'spoiled for choice' in terms of where to invest and how we prioritize our big bets. As we eclipse $4 billion in annual revenue, we'll continue to evolve and scale efficiently, while leaning into our competitive advantages and maintaining the elements that make Atlassian special.

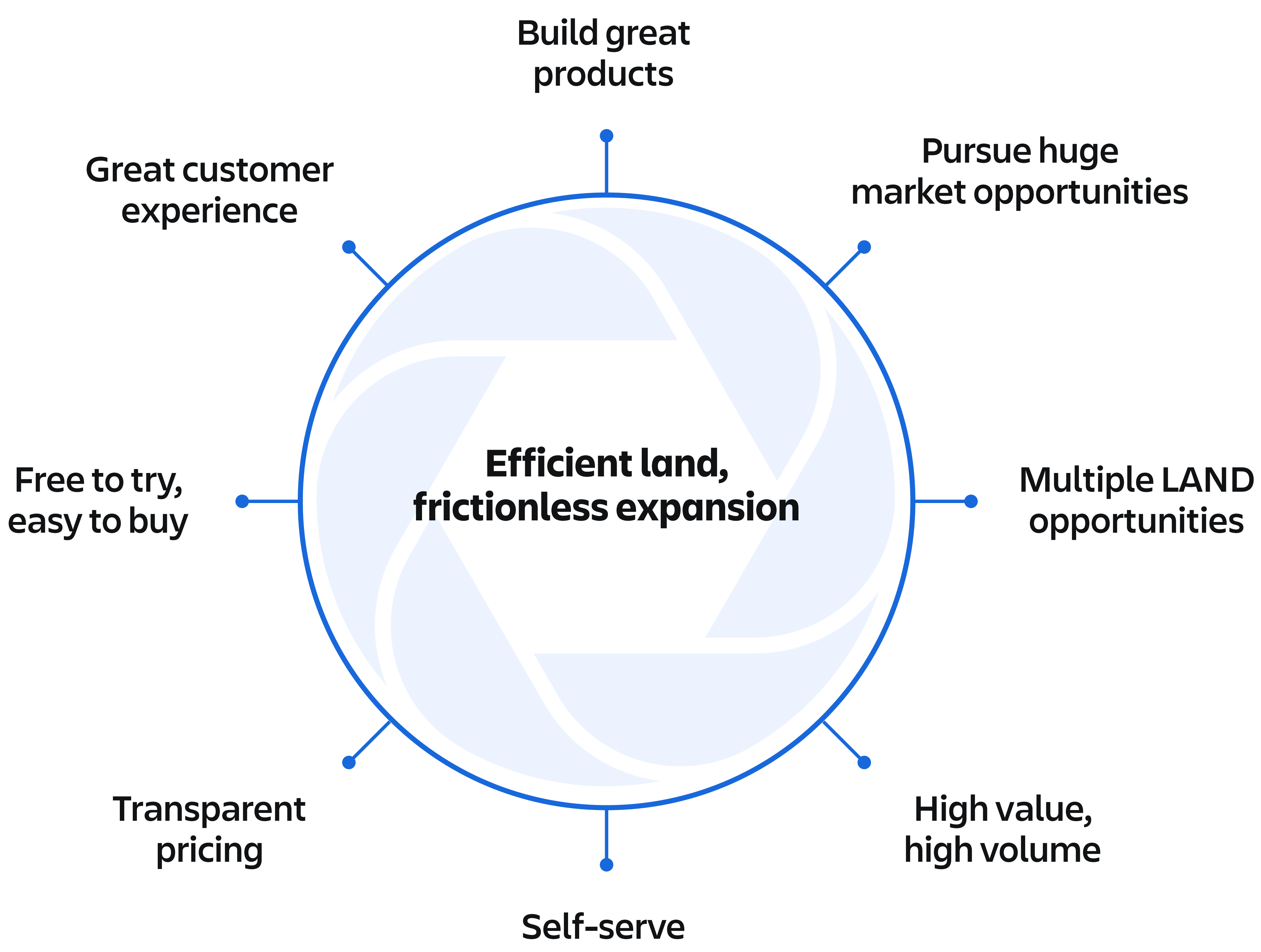
To drive the next leg of growth towards $10 billion and beyond, you'll see us increasingly prioritizing the following strategic growth initiatives:

- Enterprise (which encompasses Data Center to Cloud migrations)
- Service Management
- AI

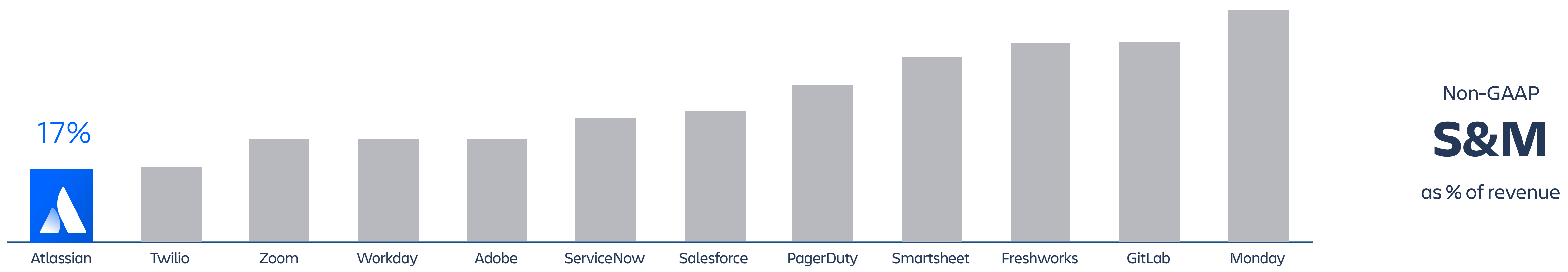
In this section, we'll cover the specific steps and investments we're making across GTM and R&D to realize these opportunities - and how they'll translate into our financial model.

Evolving GTM while maintaining best-in-class efficiency

Our incredibly efficient GTM model has been an Atlassian hallmark from day one. We prioritise product which is why we invest disproportionately more in R&D than our peers. Our self-service flywheel removes friction from purchasing, making it easy for organizations to try and then buy, beginning with Free versions of our products to get teams started. From there, it's an easy climb up our ladder of editions (Standard, Premium, and Enterprise), and simple to add teammates and purchase additional products.



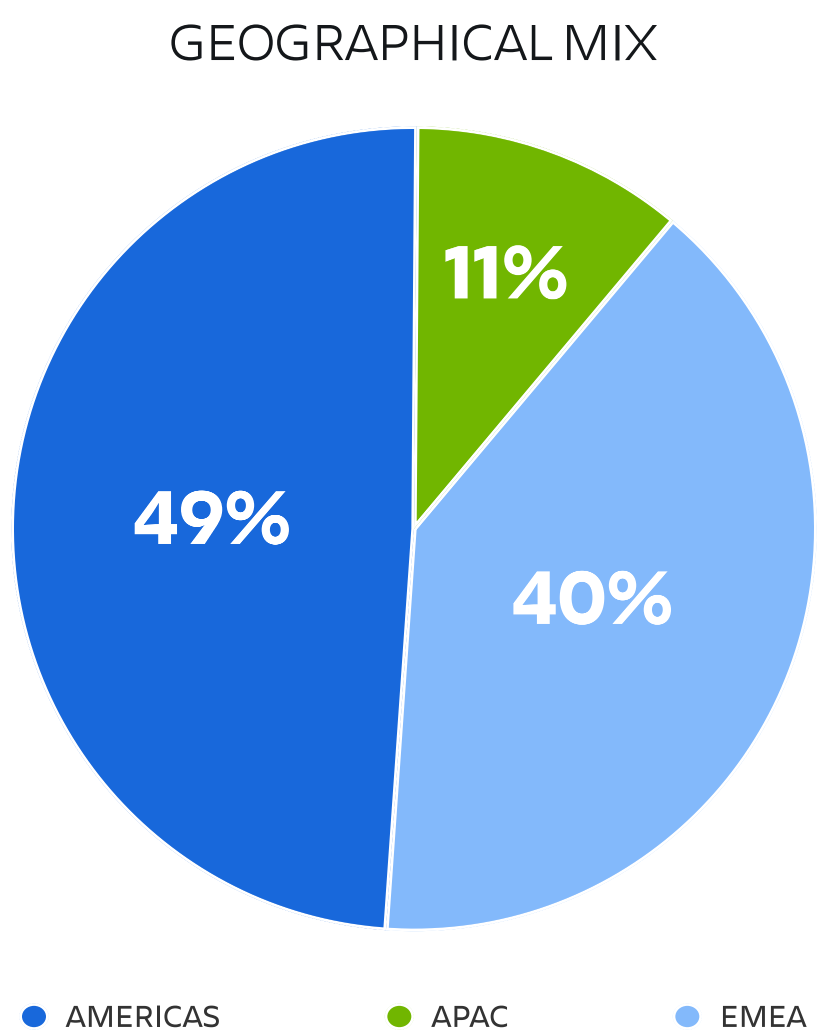
This flywheel is a unique advantage, efficiently landing thousands of new customers of all sizes from around the globe each quarter. It's what allows us to have one of the most efficient GTM models in all of software. Our new customer land motion is here to stay, but we are constantly looking at ways to optimize the purchasing and user experience to make it as frictionless as possible. And with our Teamwork Foundations that consist of Jira, Confluence, Loom, and Rovo - we'll look to further our momentum in landing with every team in an enterprise.

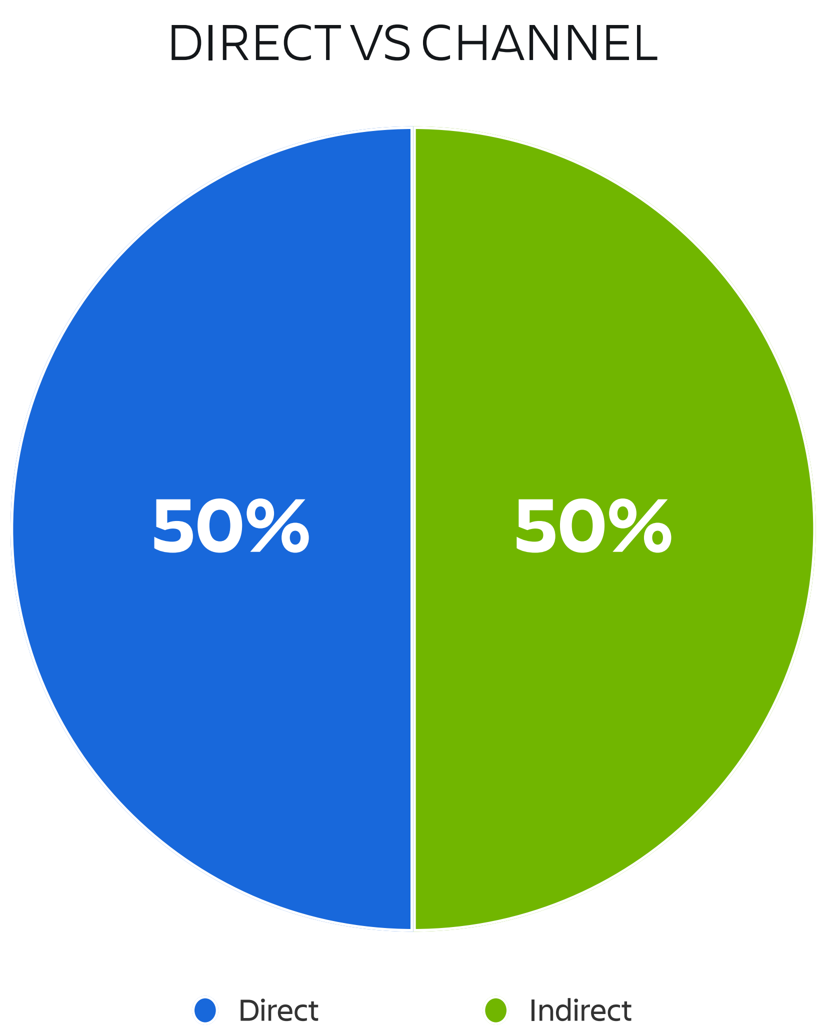


Excludes stock based compensation and amortization of acquired intangibles. All figures are last twelve month data as of March 31, 2024 for those companies that have reported earnings for that period, or last twelve month data as of January 31, 2024 for companies with a fiscal year ending January 31.

As we scale, we evolve our expand motion to best serve our customers and deepen our relationships with them - particularly in the enterprise.

- Solution Partners: We have over 900 Solution Partners from around the globe that help existing customers best utilize Atlassian solutions, from implementations and building integrations, to delivering additional use cases across the customer organizations. Solution Partners play a critical role in addressing the complex needs of our enterprise customers.
- Enterprise Support: As we've grown our enterprise business and built more products and capabilities that solve the collaboration challenges of our largest customers, we've also built out support teams to assist them. These teams provide the expertise and strategic guidance to ensure our customers are achieving success in the deployment and usage of Atlassian solutions.
- Enterprise Advocates: We've built out a team of Enterprise Advocates who focus exclusively on driving expansion, renewals, and cloud migrations in our existing customer base. Within this organization, we have approximately 300 quota-carrying Enterprise Advocates, focused on serving our largest customers.
- Enterprise marketing support: In response to the changing market environment over the last two years, we've shifted marketing resources to prioritize growth in customers with the highest potential lifetime value. This includes a stronger focus on enterprise demand generation, CIO-targeted events, and building the Atlassian brand.





Trailing twelve months data as of March 31, 2024.

Over the past three years, our sales team, along with our Solution Partners, have had one clear priority: driving and supporting cloud migrations. So it should come as no surprise that both have had an outsized focus in this area. But as our largest customers continue to map their path to our cloud, we've been able to engage and build deeper relationships with these enterprises than ever before. The great news is these conversations are opening the door to further opportunities.

With customers facing the ever-growing challenges that come with adapting to a rapidly changing world, they want to do more with us and are turning to Atlassian as a strategic partner to help them navigate this landscape. They are looking to consolidate tooling across their organization onto the Atlassian platform, purchase our innovative new solutions to address their challenges, and upgrade to higher-value editions to take advantage of more advanced capabilities. Dish Wireless, Rivian, Mercedes Benz, Canva, and Breville are just a few examples of customers that have consolidated multiple competitor tools onto the Atlassian platform.

As discussed in Section 2, we're seeing increased success in serving enterprises and have identified a $14 billion opportunity just within our existing enterprise customer base. To tap this significant opportunity, we are deepening our GTM motions by prioritizing the following key areas:

- Drive Data Center to Cloud migrations,
- Cross-sell Jira Service Management, as well as new products like Jira Product Discovery, Compass, Loom, and our new AI product, Rovo,
- Facilitate wall-to-wall adoption of our Teamwork Foundations,
- Upsell to higher-value editions of our Cloud products.

We'll continue to invest and build out our enterprise GTM capabilities in order to capture the opportunities in front of us. At the same time, our flywheel will continue to allow us to efficiently land new customers at scale, and our higher-touch customer teams are focused on our installed base of enterprise customers. This unique approach allows us to maintain our efficient sales & marketing machine while making significant investments in R&D to keep the steady drumbeat of innovation rolling.

World Class Engineering powering our R&D engine

In Section #2, we covered ***where*** we have been focusing our R&D investments. It all starts with our cloud platform that can serve customers from a startup of 10 to enterprises with 100,000+ users. Our investments in enterprise-grade capabilities are already yielding great returns, as evidenced by the building Data Center to Cloud migration momentum. And, as we covered, there's a huge base of Data Center seats to migrate - representing an even larger opportunity than we had originally imagined.

Today, a substantial portion of R&D is focused on Enterprise platform readiness and accelerating migrations. Enterprises are looking to the Atlassian platform to plan, track, and execute every part of their organization's workflows. They have a variety of different needs, from the data residency we now provide across 12 regions, to compliance certifications like HIPAA, security capabilities like our newly released Atlassian Guard, and scale and performance improvements like increasing Confluence user support from 50,000 to 150,000 users in the last year. Our R&D team is working to ensure we can go wall-to-wall and serve the collaboration needs of business users with our overall Atlassian suite of products.

We have many examples of this, as our platform has allowed us to evolve Jira Service Management into a holistic solution that allows teams to deliver service at high velocity across the organization (over 60% of Jira Service Management instances are now used to address use cases outside of IT), and now AI, where we are working to unleash the power of all teams with enterprise search, always-on assistants to provide insights and knowledge, and agents in their workflows to complete tasks.

However, what's changing inside Atlassian is ***how*** we're driving R&D investment. Over the past year, our focus has been on developing World Class Engineering that consists of 3 main pillars:

Agility speaks to our ability to listen to customers, understand secular technology trends, and make lightning-fast data-driven decisions.

- Take Atlassian Intelligence for example, when generative AI capabilities hit the business scene at the beginning of 2023, we were able to respond quickly. In April 2023, we announced Atlassian Intelligence introducing generative AI capabilities across our product suite.
- In response to the customer demand signals with Jira Product Discovery, Compass, and now Loom, we are putting more wood behind these new product initiatives.

Effectiveness is all about getting things shipped on time and with high quality. Effectiveness is what ensures that our agile decisions translate to customer value quickly.

- Strong and improving delivery of our Enterprise roadmap items on or ahead of schedule.
- Atlassian Intelligence announcements last April were fast-followed by the GA of all those features (and more) before the end of 2023. Today, we're bringing even more transformative AI-driven customer experiences to our customers.

Efficiency is the cornerstone of World Class Engineering, and we are focused on delivering more for every dollar we invest. We are building the muscle to consistently identify and drive efficiencies in R&D, which allow us to invest more in highly valuable platform capabilities and new product innovation that drive long-term growth.

- Atlassian Rovo was built by a talented and sizable team working to unleash AI capabilities in a unique way for our customers. We were able to make this investment entirely without incremental hiring through efficiencies we've realized in R&D.
- Another area in which we've been able to drive increased investment through efficiencies is in platform capabilities like the Teamwork Graph, which is critical to unlocking AI insights across customer teams. Similar to our Rovo investments, we were able to resource this without incremental hiring.

Our journey to World Class Engineering is grounded in three foundational pillars: agility, effectiveness, and efficiency. They allow us to make agile pivots in response to customer and business needs, and consistently allocate our valuable R&D investments to the highest ROI initiatives to deliver more impact and value for our customers.

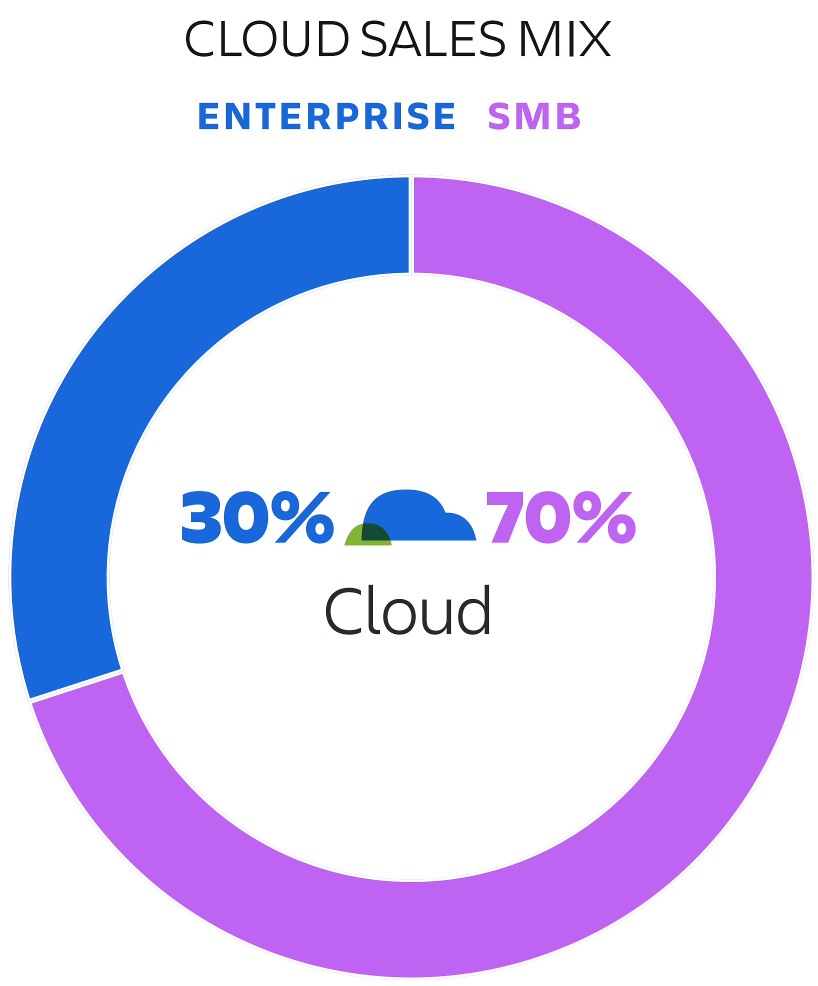
Financial profile

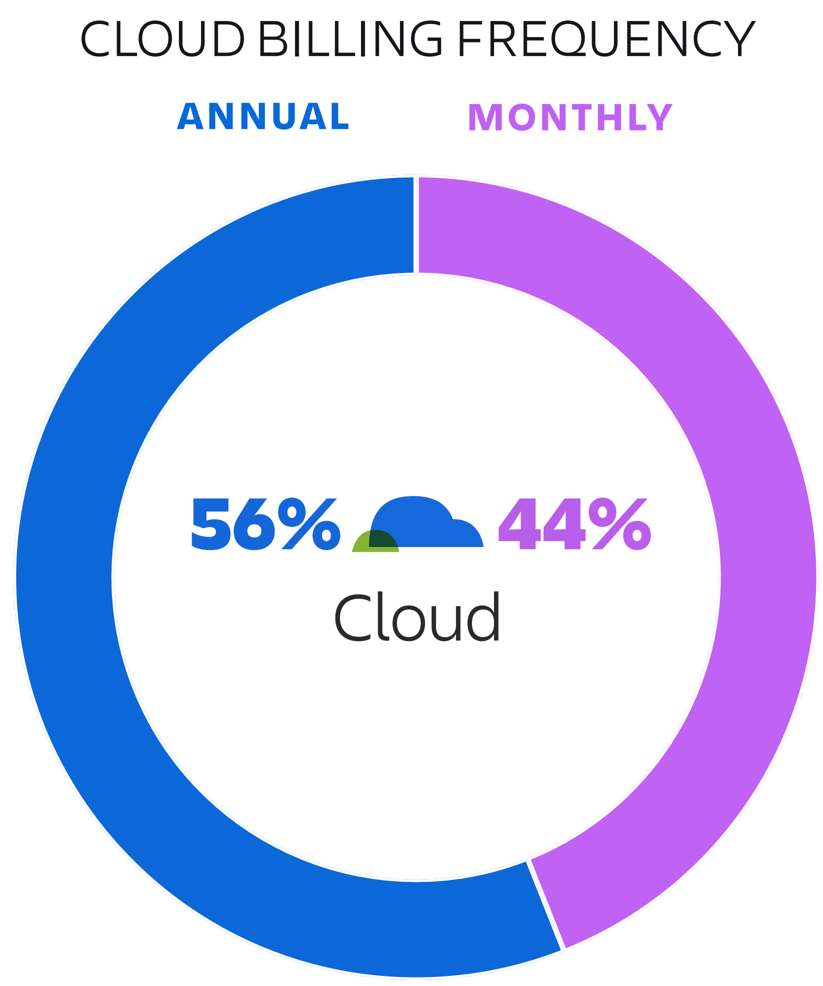
Cloud business:

We surpassed **$2.8 billion** in Cloud ARR as of Q3'24 and our Cloud net expansion rate was **120%**.

Today, we have over 300,000 customers using our cloud products. While our flywheel continues to hum and bring thousands of new customers to our cloud platform each quarter, we're increasingly focused on driving expansion within our massive base as well as migrating customers to the cloud. These efforts are closely connected, as our cloud platform strategy layers on additional expansion vectors like our ladder of editions and new product offerings – all of which are easier to try, adopt, and purchase in the cloud.

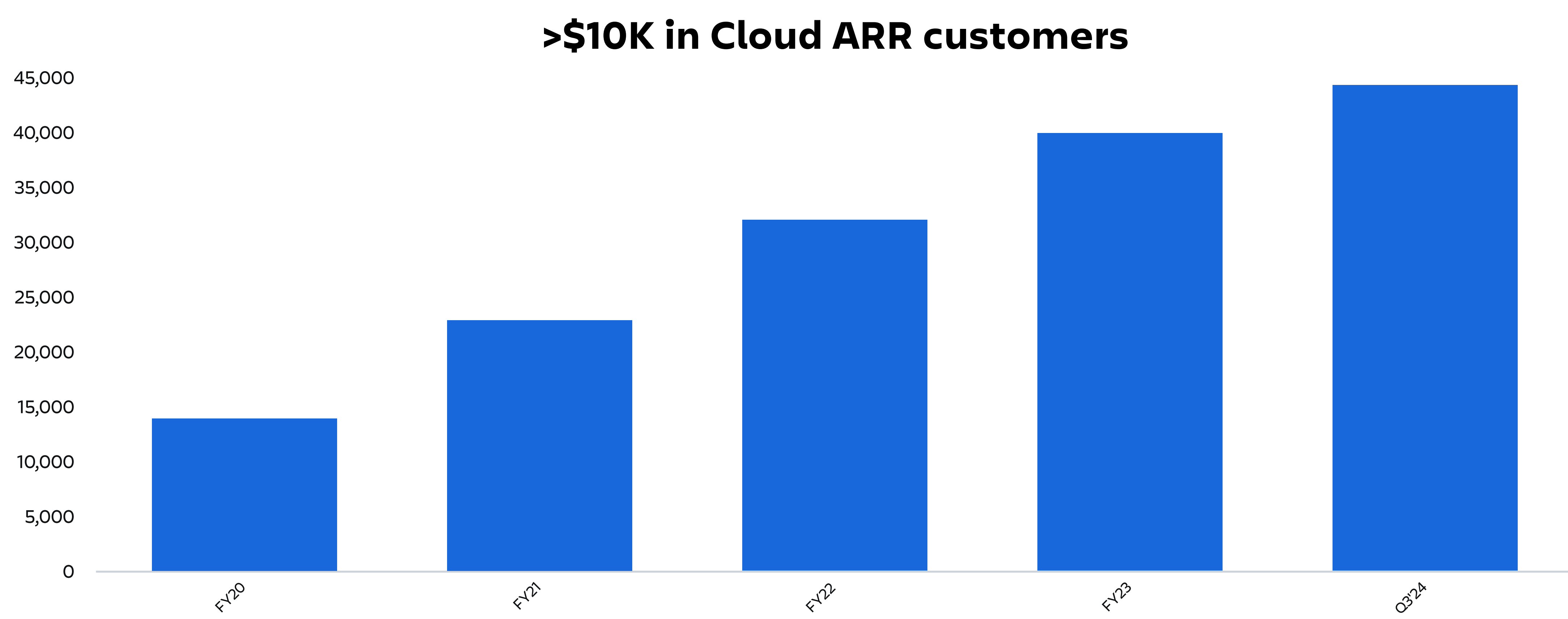
We've made tremendous progress scaling our enterprise business in the cloud, growing the enterprise proportion of cloud sales to 30% today, up from 10% just three and a half years ago. And while this mix will continue to shift increasingly towards enterprise in the coming years as we focus deeper on this customer segment, today, it skews heavily towards our SMB customer base.



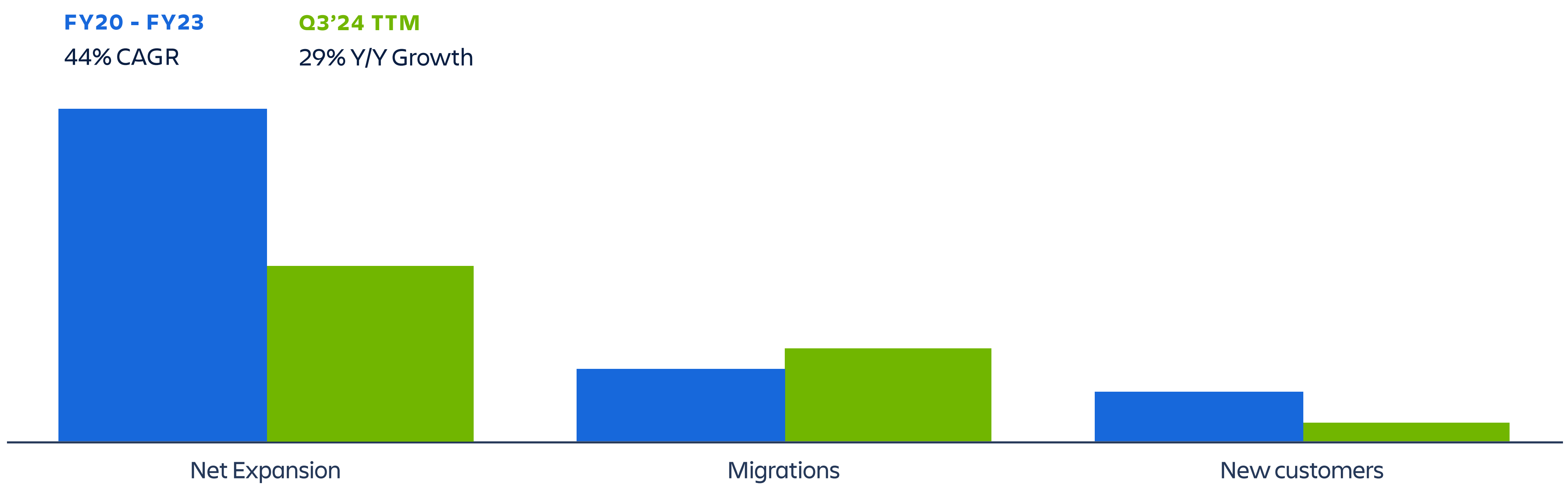


Trailing twelve month data as of March 31, 2024.

We had 44,336 customers with >$10,000 in Cloud ARR as of Q3’24, up from 17,355 at the end of FY20. This cohort now represents 79% of total cloud ARR, up from 62% at the end of FY20, and continues to grow as a proportion of our overall cloud business. This highlights our strategy of helping our customers' journey to cloud and focusing our efforts on customers with the greatest expansion potential.



Cloud revenue growth drivers:



Drivers of net expansion:

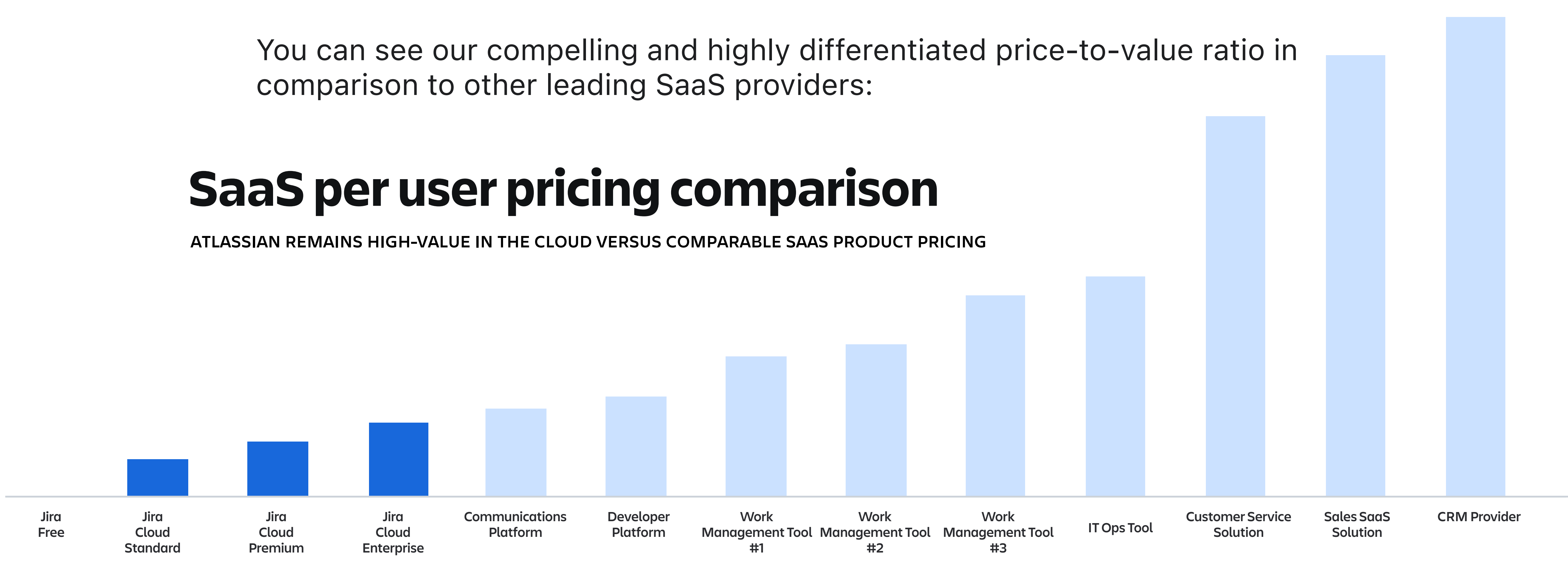
- ***Seat expansion***
  Historically, net paid seat expansion has been our largest driver of revenue growth. Over the last 18 months, we have seen the macroeconomic environment impact the rate at which existing customers expand their paid seats. This has been particularly pronounced in the SMB customer segment, while enterprise customers have been relatively more resilient. Moving forward, we expect to drive a greater sales mix shift towards enterprises and facilitate wall-to-wall adoption of our solutions which will positively impact net paid seat expansion.

- ***Cross-sell***
  Cross-sell has been driven by the introduction of additional products to our portfolio over time to address the different collaboration needs of our customers. As we approached the Server end of support deadline, our sales efforts have largely prioritized driving and supporting Cloud migrations. Moving forward, we expect a greater proportion of our Cloud revenue growth to come from an increased focus on cross-selling solutions like Jira Service Management, as well as new products like Jira Product Discovery, Compass, Loom, and Rovo.

- ***Upgrades & Pricing***
  Our platform has enabled us to build a full ladder of editions: Free, Standard, Premium, and Enterprise. We introduced the Premium edition in FY20 and the Enterprise edition in FY21. As we have added innovative platform capabilities like Analytics, Automation, and now AI in our Premium and Enterprise editions, we have seen strong customer uptake. And as Data Center to Cloud migrations have grown, many customers are choosing to go straight to these higher-value editions directly upon migration.

  Over the past several years, we have introduced modest price increases of approximately 5% annually on Jira, Confluence, and Jira Service Management. Our pricing philosophy has and will remain centered on being the high-value, high-volume leader. As an R&D-led company, our ability to continually deliver more innovation and capabilities to our customers allows us to thoughtfully evaluate our price-to-value equation for different products and segments over time. As we create more value for our customers, we'll have the opportunity to raise prices - all while remaining competitively positioned.

  You can see our compelling and highly differentiated price-to-value ratio in comparison to other leading SaaS providers:



Migrations
In October 2020, we announced we would end support for our Server offering in February 2024. Migrations to Cloud have increased over time and, over the last year, have driven approximately 10 points of cloud revenue growth. Looking forward, we expect migrations to drive a mid-to-high single-digit contribution to cloud revenue growth over the next three years as we continue to migrate Data Center customers to Cloud.

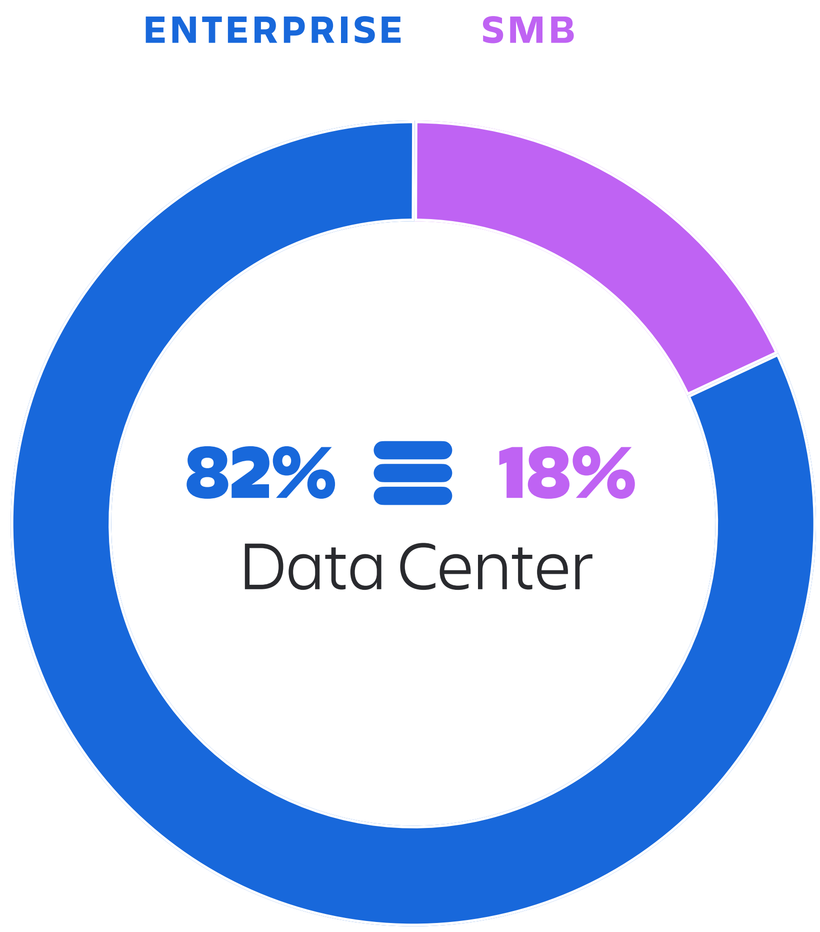
New Customers
Historically, given our land and expand model, we have consistently driven >90% of revenues from our existing customers. Over the past 18 months, we have seen the macroeconomic environment pressure the rate at which teams convert from free instances to paid plans. We will continue to optimize the user experience to make purchasing as frictionless as possible and with our Teamwork Foundations of Jira, Confluence, Loom and Rovo - we'll look to increasingly land with business teams.

Data Center business:

We introduced the Data Center offering in 2015 to provide Server customers with large Atlassian footprints an upgrade path to an enterprise-grade, self-managed option that offers greater performance at scale. Historically, it has been the deployment option for many of our largest, most complex customers. And as discussed in Section 2, Data Center is an easy upgrade from Server, providing a stepping stone for customers on their journey to Cloud. We're already seeing a growing number of Data Center customers move to Cloud in response to our continued platform investments around performance, scalability, security, and data compliance.

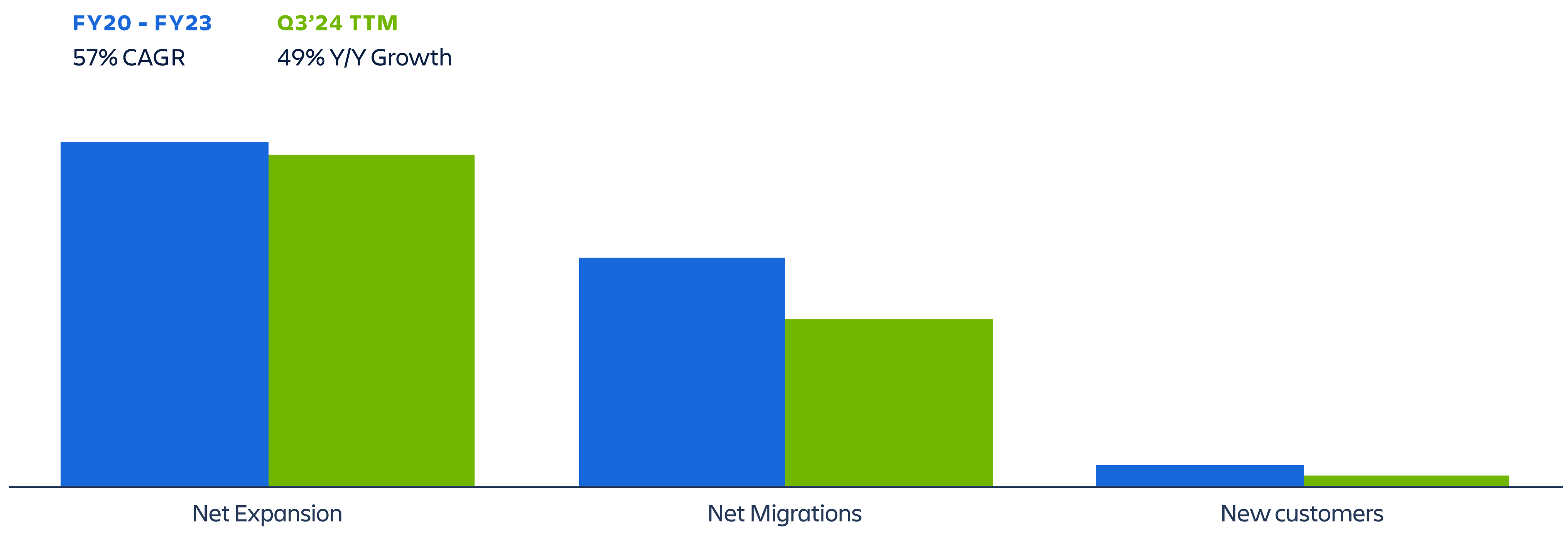
We surpassed **$1.2 billion** in Data Center ARR as of Q3'24 and our Data Center net expansion rate was approximately **130%**. Because the Data Center business caters to larger customers, we generally offer one or two-year contracts, and as of Q3'24, the average contract duration was approximately 14 months.

DATA CENTER SEAT COMPOSITION



Data as of March 31, 2024.

Data Center Revenue Growth Drivers:



Drivers of net expansion:

- ***Seat Expansion & Cross-sell***
  Data Center growth has had healthy seat expansion as existing customers continue to expand their Atlassian footprint through the addition of more teams and use cases. Because the Data Center customer base skews heavily towards enterprise customers, Data Center seat expansion has remained relatively resilient over the past 18 months, underscoring the value of our offerings. Today, we're seeing an increasing number of Data Center customers adopt a hybrid deployment strategy as they migrate their teams to Cloud over a multi-year period. Moving forward, we continue to expect healthy rates of seat expansion on Data Center which will be partially offset by customers reducing their Data Center seat counts as those users gradually move to Cloud.

- ***Pricing***
  Over the past several years, we've implemented annual price increases in order to bring Data Center pricing in line with Cloud. Moving forward, we'll continue to apply a thoughtful strategy to pricing, ensuring we maintain strong value to price across our Data Center offerings while providing incentives that drive migrations to Cloud.

Migrations
Nearly all Data Center customers started their Atlassian journey from Server and as a result Data Center has always seen a benefit from Server customers upgrading. As we have continued to invest and build out our enterprise-grade cloud platform, Data Center customers have also been migrating to the Cloud in increasing numbers, which has created a headwind to Data Center revenue growth. Moving forward, with Server end of support behind us, the Server to Data Center migration benefit will disappear, and the Data Center to Cloud migration headwind will continue over the coming years.

Medium-term financial targets

Non-GAAP basis, Unless otherwise noted	FY24 Implied Guidance	FY27 Expectations	Path to FY27 targets
Revenue (GAAP)	100	**20%+ CAGR**	Healthy revenue growth driven by cross-sell, greater enterprise penetration in the form of paid seat expansion and upgrades, and DC -> Cloud migrations
Gross Margin	83.5	↘	Decrease slightly with the revenue mix shift to cloud
Research and development	33.0	↘	Modestly decrease over time driven by developer productivity, efficiency gains, and moderating headcount growth
Sales and marketing	17.0	↗	Modest increase over time driven by evolution of the enterprise sales motion
General and administrative	10.5	↘	Decrease over time driven by greater operating leverage at scale
Operating margin	23.0	**>25% Operating Margin**	>25% operating margin by FY27
Stock-based compensation (GAAP)	25.0	↘	Decrease over time as we moderate headcount growth

Throughout Atlassian's history, we have always been prudent stewards of capital. We have made big bets and invested in areas that we believed would drive the highest returns on investment, and over the last 20+ years, this strategy has paid off. We have been able to successfully and consistently deliver durable revenue growth and strong free cash flows, and remain committed to driving healthy, balanced growth and profitability into the future.

- **Revenue growth**: We expect total revenue over the next three years to grow at a 20%+ CAGR driven by cross-sell of additional products, continued momentum with enterprise customers, greater wall-to-wall seat expansion, upgrades to higher-value editions, and the net tailwind of Data Center to Cloud migrations.
- **Gross margin**: We expect gross margins to decrease gradually driven by the continued revenue mix shift to Cloud.
- **Research and development (R&D)**: We expect R&D as a percentage of revenue to decrease modestly over time as we moderate headcount growth following a multi-year investment cycle in cloud migrations, drive improvements in developer productivity and efficiency, and continue to allocate our R&D investments to the highest ROI opportunities. We will continue to be an R&D-led company, focused on continuously delivering significant value and new product innovation to customers.
- **Sales and marketing (S&M)**: We expect S&M as a percentage of revenue to increase modestly over time as we continue to evolve our enterprise GTM motion and build out our enterprise sales team, all while maintaining our hyper-efficient flywheel.
- **General and administrative (G&A)**: We expect G&A as a percentage of revenue to decrease over time as we continue to drive operating efficiencies with scale.
- **Operating margin**: We expect to return to historical operating margins of >25% by FY27.
- **Stock-based compensation**: We expect stock-based compensation as a percentage of revenue to decrease over time with a goal of achieving GAAP profitability.

Additionally, our principles and strategy around capital allocation remain unchanged. Our first priority is investment in organic opportunities to deliver the innovation and customer value that drives durable long-term growth, as well as funding strategic acquisitions and investments to complement our organic investments. From there, we look to opportunistically return capital to shareholders in a disciplined way, as we do through our share repurchase program.

As we look ahead to the tremendous opportunities in front of us, we are prioritizing investments in enterprise (which includes Data Center to Cloud migrations), Service Management, and AI. Our GTM investments will continue to focus on landing new customers through our hyper-efficient flywheel while we continue to build out our enterprise sales and support capabilities and broaden our GTM motions. We are also focused on driving World Class Engineering, which centers on three pillars: agility, effectiveness, and efficiency. We have confidence that the culmination of these priorities and investments will deliver durable, long-term revenue growth with sustainable non-GAAP operating margins in excess of 25%.

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 nonGAAP 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 Canter 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%**