UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to ___________.

Commission file number: **001-39048**

AvePoint, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**83-4461709**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

525 Washington Blvd, Suite 1400
Jersey City, NJ 07310
(Address of principal executive offices) (Zip Code)

(804) 314-5903
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report).

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**AVPT**	**The Nasdaq Global Select Market**
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of $11.50 per share	**AVPTW**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 7, 2024 there were 186,724,667 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

AVEPOINT, INC.
FORM 10-Q
For the Fiscal Quarter Ended June 30, 2024
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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "***Quarterly Report***") of AvePoint, Inc. (hereinafter referred to as the "***Company***," "***AvePoint***," "***we***," "***us***" and "***our***") includes estimates, projections, statements relating to our business plans, objectives, and expected operating results that may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "***Securities Act***"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"). Forward-looking statements, as well as descriptions of the risks and uncertainties that could cause actual results and events to differ materially, may appear throughout this Quarterly Report, including in the following sections: "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Part I, Item 2 of this Quarterly Report), "Quantitative and Qualitative Disclosures about Market Risk" (Part I, Item 3 of this Quarterly Report), and "Risk Factors" (Part II, Item 1A of this Quarterly Report). These risks and uncertainties also include, but are not limited to, those described from time to time in the Company's reports filed with the Securities and Exchange Commission ("***SEC***").

These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events, or developments that we expect or anticipate will occur in the future — including statements relating to volume growth, sales, earnings, and statements expressing general views about future operating results — are forward-looking statements. These forward-looking statements are, by their nature, subject to significant risks and uncertainties, and are based on the beliefs of, as well as assumptions made by and information currently available to, our management. Our management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Readers should evaluate all forward-looking statements made in the context of these risks and uncertainties. The important factors referenced above may not contain all of the factors that are important to investors.

In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise, except as required by law. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications.

PART I
Item 1

PART I. FINANCIAL INFORMATION.

ITEM 1. FINANCIAL STATEMENTS.

Index to Financial Statements (Unaudited)

AvePoint, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except par value)
(Unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 226,998	$ 223,162
Short-term investments	3,842	3,721
Accounts receivable, net of allowance for credit losses of $856 and $926, respectively	78,399	85,877
Prepaid expenses and other current assets	7,653	12,824
Total current assets	316,892	325,584
Property and equipment, net	4,522	5,118
Goodwill	18,477	19,156
Intangible assets, net	9,809	10,546
Operating lease right-of-use assets	13,402	13,908
Deferred contract costs	51,685	54,675
Other assets	12,478	13,595
Total assets	$ 427,265	$ 442,582
Liabilities, mezzanine equity, and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,462	$ 1,384
Accrued expenses and other current liabilities	47,339	53,766
Current portion of deferred revenue	117,926	121,515
Total current liabilities	172,727	176,665
Long-term operating lease liabilities	8,415	9,383
Long-term portion of deferred revenue	8,268	7,741
Earn-out shares liabilities	25,613	18,346
Other liabilities	4,834	5,603
Total liabilities	219,857	217,738
Commitments and contingencies (Note 9)		
Mezzanine equity		
Redeemable noncontrolling interest	—	6,038
Total mezzanine equity	—	6,038
Stockholders' equity		
Common stock, $0.0001 par value; 1,000,000 shares authorized, 186,657 and 184,652 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	19	18
Additional paid-in capital	688,487	667,881
Accumulated other comprehensive income	2,732	3,196
Accumulated deficit	(485,327)	(460,496)
Noncontrolling interest	1,497	8,207
Total stockholders' equity	207,408	218,806
Total liabilities, mezzanine equity, and stockholders' equity	$ 427,265	$ 442,582

See accompanying notes.

AvePoint, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue:				
SaaS	$ 53,643	$ 38,279	$ 104,954	$ 73,791
Term license and support	10,983	13,277	20,988	24,181
Services	10,517	10,066	20,998	19,813
Maintenance	2,818	3,247	5,555	6,656
Total revenue	77,961	64,869	152,495	124,441
Cost of revenue:				
SaaS	9,745	9,130	19,515	17,025
Term license and support	413	496	829	957
Services	8,647	9,958	18,720	19,309
Maintenance	137	212	320	395
Total cost of revenue	18,942	19,796	39,384	37,686
Gross profit	59,019	45,073	113,111	86,755
Operating expenses:				
Sales and marketing	30,470	27,691	60,409	54,542
General and administrative	18,184	15,193	35,052	29,841
Research and development	12,503	9,273	22,989	18,288
Total operating expenses	61,157	52,157	118,450	102,671
Loss from operations	(2,138)	(7,084)	(5,339)	(15,916)
Other expense, net	(6,970)	(2,128)	(3,566)	(500)
Loss before income taxes	(9,108)	(9,212)	(8,905)	(16,416)
Income tax expense	3,830	3,313	5,987	5,291
Net loss	$ (12,938)	$ (12,525)	$ (14,892)	$ (21,707)
Net (loss) income attributable to noncontrolling interest	(129)	60	(367)	75
Net loss available to common shareholders	$ (12,809)	$ (12,585)	$ (14,525)	$ (21,782)
Basic and diluted loss per share	$ (0.07)	$ (0.07)	$ (0.08)	$ (0.12)
Basic and diluted shares used in computing loss per share	182,804	183,315	182,150	183,068

See accompanying notes.

AvePoint, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net loss	$ (12,938)	$ (12,525)	$ (14,892)	$ (21,707)
Other comprehensive income (loss) net of taxes				
Unrealized loss on available-for-sale securities	(41)	—	(41)	—
Reclassification adjustment for net gains on available-for-sale securities included in net loss	—	—	(100)	—
Foreign currency translation adjustments	79	88	(399)	172
Total other comprehensive income (loss)	38	88	(540)	172
Total comprehensive loss	$ (12,900)	$ (12,437)	$ (15,432)	$ (21,535)
Comprehensive (loss) income attributable to noncontrolling interests	(130)	(48)	(441)	2
Total comprehensive loss attributable to AvePoint, Inc.	$ (12,770)	$ (12,389)	$ (14,991)	$ (21,537)

See accompanying notes.

AvePoint, Inc.
Condensed Consolidated Statements of Mezzanine Equity and Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Three Months Ended June 30, 2024						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance, March 31, 2024	185,215,633	$ 19	$ 677,926	$ (469,517)	$ 2,693	$ 1,627	$ 212,748
Proceeds from exercise of options	1,092,002	—	2,550	—	—	—	2,550
Common stock issued upon vesting of restricted stock units	1,002,253	—	—	—	—	—	—
Stock-based compensation expense	—	—	10,538	—	—	—	10,538
Reclassification of earn-out RSUs to earn-out shares	—	—	(121)	—	—	—	(121)
Repurchase and retirement of common stock	(652,582)	—	(2,406)	(3,001)	—	—	(5,407)
Comprehensive loss:							
Net loss	—	—	—	(12,809)	—	(129)	(12,938)
Unrealized loss on available-for-sale securities	—	—	—	—	(41)	—	(41)
Foreign currency translation adjustments	—	—	—	—	80	(1)	79
Balance, June 30, 2024	186,657,306	$ 19	$ 688,487	$ (485,327)	$ 2,732	$ 1,497	$ 207,408

	Redeemable noncontrolling interest	Total mezzanine equity	Three Months Ended June 30, 2023							
			Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Amount	Amount	Shares	Amount		Shares	Amount			
Balance, March 31, 2023	$ 14,057	$ 14,057	186,787,807	$ 19	$ 674,768	4,614,626	$ (23,477)	$ (426,124)	$ 2,055	$ 227,241
Proceeds from exercise of options	—	—	1,095,218	—	2,109	—	—	—	—	2,109
Common stock issued upon vesting of restricted stock units	—	—	751,328	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	9,586	—	—	—	—	9,586
Reclassification of earn-out RSUs to earn-out shares	—	—	—	—	(130)	—	—	—	—	(130)
Repurchase of common stock	—	—	(2,911,170)	—	—	2,911,170	(15,293)	—	—	(15,293)
Retirement of common stock	—	—	—	—	(26,729)	(7,525,796)	38,770	(12,041)	—	—
Comprehensive income (loss):										
Net loss	—	—	—	—	—	—	—	(12,525)	—	(12,525)
Net income attributable to and accretion of redeemable noncontrolling interest	60	60	—	—	—	—	—	(60)	—	(60)
Foreign currency translation adjustments	(108)	(108)	—	—	—	—	—	—	196	196
Balance, June 30, 2023	$ 14,009	$ 14,009	185,723,183	$ 19	$ 659,604	—	$ —	$ (450,750)	$ 2,251	$ 211,124

See accompanying notes.

AvePoint, Inc.
Condensed Consolidated Statements of Mezzanine Equity and Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Six Months Ended June 30, 2024								
	Redeemable noncontrolling interest Amount	Total mezzanine equity Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2023	$ 6,038	$ 6,038	184,652,402	$ 18	$ 667,881	$ (460,496)	$ 3,196	$ 8,207	$ 218,806
Proceeds from exercise of options	—	—	1,385,363	—	3,334	—	—	—	3,334
Common stock issued upon vesting of restricted stock units	—	—	3,030,973	1	(1)	—	—	—	—
Stock-based compensation expense	—	—	—	—	19,996	—	—	—	19,996
Accretion of redeemable noncontrolling interest	(99)	(99)	—	—	—	99	—	—	99
Redemption of noncontrolling interest	(5,926)	(5,926)	—	—	6,379	—	2	(6,381)	—
Reclassification of earn-out RSUs to earn-out shares	—	—	—	—	(258)	—	—	—	(258)
Repurchase and retirement of common stock	—	—	(2,411,432)	—	(8,844)	(10,306)	—	—	(19,150)
Comprehensive loss:									
Net loss	(5)	(5)	—	—	—	(14,624)	—	(263)	(14,887)
Unrealized loss on available-for-sale securities	—	—	—	—	—	—	(41)	—	(41)
Reclassification adjustment for net gains on available-for-sale securities included in net loss	—	—	—	—	—	—	(100)	—	(100)
Foreign currency translation adjustments	(8)	(8)	—	—	—	—	(325)	(66)	(391)
Balance, June 30, 2024	$ —	$ —	186,657,306	$ 19	$ 688,487	$ (485,327)	$ 2,732	$ 1,497	$ 207,408

	Six Months Ended June 30, 2023									
	Redeemable noncontrolling interest Amount	Total mezzanine equity Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, December 31, 2022	$ 14,007	$ 14,007	185,277,588	$ 19	$ 665,715	4,189,750	$ (21,666)	$ (416,927)	$ 2,006	$ 229,147
Proceeds from exercise of options	—	—	1,775,603	—	3,240	—	—	—	—	3,240
Common stock issued upon vesting of restricted stock units	—	—	2,006,038	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	17,690	—	—	—	—	17,690
Reclassification of earn-out RSUs to earn-out shares	—	—	—	—	(312)	—	—	—	—	(312)
Repurchase of common stock	—	—	(3,336,046)	—	—	3,336,046	(17,104)	—	—	(17,104)
Retirement of common stock	—	—	—	—	(26,729)	(7,525,796)	38,770	(12,041)	—	—
Comprehensive income (loss):										
Net loss	—	—	—	—	—	—	—	(21,707)	—	(21,707)
Net income attributable to and accretion of redeemable noncontrolling interest	75	75	—	—	—	—	—	(75)	—	(75)
Foreign currency translation adjustments	(73)	(73)	—	—	—	—	—	—	245	245
Balance, June 30, 2023	$ 14,009	$ 14,009	185,723,183	$ 19	$ 659,604	—	$ —	$ (450,750)	$ 2,251	$ 211,124

See accompanying notes.

AvePoint, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating activities		
Net loss	$ (14,892)	$ (21,707)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,623	2,249
Operating lease right-of-use assets expense	3,134	3,496
Foreign currency remeasurement loss	1,162	222
Stock-based compensation	19,996	17,690
Deferred income taxes	(157)	(161)
Other	(45)	329
Change in value of earn-out and warrant liabilities	7,180	4,136
Changes in operating assets and liabilities:		
Accounts receivable	5,364	4,128
Prepaid expenses and other current assets	5,079	4,434
Deferred contract costs and other assets	3,493	(429)
Accounts payable, accrued expenses, operating lease liabilities and other liabilities	(9,457)	(7,276)
Deferred revenue	434	2,145
Net cash provided by operating activities	23,914	9,256
Investing activities		
Maturities of investments	1,193	566
Purchases of investments	(1,405)	(1,055)
Capitalization of internal-use software	(729)	(644)
Purchase of property and equipment	(896)	(789)
Investment in notes	(750)	(500)
Net cash used in investing activities	(2,587)	(2,422)
Financing activities		
Repurchase of common stock	(19,151)	(17,004)
Proceeds from stock option exercises	3,334	3,240
Repayments of finance leases	(3)	(20)
Net cash used in financing activities	(15,820)	(13,784)
Effect of exchange rates on cash	(1,671)	(524)
Net increase (decrease) in cash and cash equivalents	3,836	(7,474)
Cash and cash equivalents at beginning of period	223,162	227,188
Cash and cash equivalents at end of period	$ 226,998	$ 219,714
Supplemental disclosures of cash flow information		
Income taxes paid	$ 3,270	$ 2,938
Unpaid redemption of noncontrolling interest	$ 5,926	$ —

See accompanying notes.

AvePoint, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Business and Organization

AvePoint, Inc. (collectively with its subsidiaries, hereinafter referred to as "***AvePoint***," the "***Company***," "***we***," "***us***," or "***our***") was incorporated as a New Jersey corporation on July 24, 2001 and redomiciled as a Delaware corporation in 2006.

AvePoint provides a cloud-native software platform that organizations rely on to optimize operations, manage critical data and secure the digital workplace. As companies around the world embrace the new normal of hybrid work, they must build and deliver a new, seamless workplace experience for knowledge workers, centered around an extensive portfolio of SaaS solutions and productivity applications aimed at improving collaboration across the organization.

Our principal corporate headquarters are located in Jersey City, New Jersey, with our principal operating headquarters in Richmond, Virginia and additional offices in North America, Europe, Asia, Australia and the Middle East.

2. Summary of Significant Accounting Policies

<u>Basis of Presentation</u>

The accompanying unaudited condensed consolidated balance sheet as of December 31, 2023, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "***SEC***") for interim financial information and include the accounts of the Company and entities consolidated under the variable interest and voting models. All intercompany transactions and balances have been eliminated. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("***GAAP***") have been condensed or omitted.

In the opinion of management, these financial statements contain all material adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Operating results for the six months ended June 30, 2024 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2024.

These unaudited interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, and the related notes included in our most recent Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on February 29, 2024 ("***Annual Report***").

The Company's significant accounting policies are discussed in Note 2 to the consolidated financial statements included in the Annual Report. There have been no significant changes to these policies during the six months ended June 30, 2024.

<u>Comparative Data</u>

Certain amounts from prior periods have been reclassed to conform to the current period presentation, including:

- The reclassification of changes in earn-out and warrant liabilities to be included in other expense, net on the condensed consolidated statements of operations for the three and six months ended June 30, 2023.
- The reclassification of interest income, net to be included in other expense, net on the condensed consolidated statements of operations for the three and six months ended June 30, 2023.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. We base our estimates and assumptions on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The amounts of assets and liabilities reported in our condensed consolidated balance sheets and the amounts of revenue and expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, the accounting for the determination of standalone selling price for revenue recognition, allowance for credit losses, deferred contract costs, valuation of goodwill and other intangible assets, income taxes and related reserves, stock-based compensation, purchase price in a business combination, and earn-out liabilities. Actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties.

Foreign Currency

Transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other expense, net in the Company's condensed consolidated statements of operations.

Cash and Cash Equivalents

The Company maintains cash with several high credit-quality financial institutions. The Company considers its investments with original maturities of three months or less to be cash equivalents. These investments are not subject to significant market risk. The Company maintains its cash and cash equivalents in bank accounts which, at times, exceed the federally insured limits. The Company has not experienced any losses in such accounts. The Company maintains cash balances used in operations at entities based in countries that impose regulations that limit the ability to transfer cash out of the country. As of June 30, 2024 and December 31, 2023, the Company's cash balances at these entities were $9.5 million and $13.1 million, respectively. For purposes of the condensed consolidated statements of cash flows, cash includes all amounts in the condensed consolidated balance sheets captioned cash and cash equivalents.

Prepaid Expenses and Other Current Assets

The prepaid expenses balances as of June 30, 2024 and December 31, 2023 were $4.8 million and $7.6 million, respectively.

Goodwill

No events or circumstances changed since the acquisitions that would indicate that the fair value of our reporting unit is below its carrying amount. No impairment was deemed necessary as of June 30, 2024 or December 31, 2023.

Deferred Contract Costs

We defer sales commissions that are considered to be incremental and recoverable costs of obtaining or renewing SaaS, term license and support, services, perpetual license and maintenance contracts. Changes in the anticipated period of asset benefit or the average renewal term are recognized on a prospective basis upon occurrence.

Amortization of deferred contract costs of $4.8 million and $10.1 million for the three and six months ended June 30, 2024, and $4.3 million and $8.5 million for the three and six months ended June 30, 2023, is included as a component of sales and marketing expenses in our condensed consolidated statements of operations. Deferred contract costs recognized as a contract asset on our balance sheet were $51.7 million and $54.7 million as of June 30, 2024 and December 31, 2023, respectively.

Revenue Recognition

The Company derives revenue from four primary sources: SaaS, term license and support, services, and maintenance. Services include installation services, training and other consulting services.

Term license revenue recognized at a point in time was $6.6 million and $12.2 million for the three and six months ended June 30, 2024, and $8.1 million and $14.0 million for the three and six months ended June 30, 2023.

Accounts receivable, net is inclusive of accounts receivable, and current unbilled receivables, net of allowance for credit losses. We record an unbilled receivable when revenue is recognized prior to invoicing. We have a well-established collection history from our direct and indirect sales. We periodically evaluate the collectability of our accounts receivable and provide an allowance for credit losses as necessary, based on the age of the receivable, expected payment ability, and collection experience. As of June 30, 2024 and December 31, 2023, the allowance for credit losses was not material.

We record deferred revenue in the condensed consolidated balance sheets when cash is collected or invoiced before revenue is earned. Deferred revenue as of June 30, 2024 and December 31, 2023 was $126.2 million and $129.3 million, respectively. Revenue recognized that was included in deferred revenue balance at the beginning of the period was $80.0 million for the six months ended June 30, 2024.

The opening and closing balances of the Company's accounts receivable, net, deferred revenue and deferred contract costs are as follows:

	Accounts receivable, net (1)	Deferred revenue	Deferred contract costs
		(in thousands)	
Balance, December 31, 2023	$ 94,067	$ 129,256	$ 54,675
Balance, June 30, 2024	84,718	126,194	51,685

(1) Includes long-term unbilled receivables.

There were no significant changes to the Company's contract assets or liabilities during the six months ended June 30, 2024 and the year ended December 31, 2023 outside of its sales activities.

As of June 30, 2024, transaction price allocated to remaining performance obligations, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods, was $323.5 million, of which $270.1 million is related to SaaS and term license and support revenue. We expect to recognize approximately 62% of the total transaction price allocated to remaining performance obligations over the next twelve months and the remainder thereafter.

Stock-Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees. To date, we have issued both stock options and restricted stock units. The Company measures stock-based compensation cost at the grant date based on the estimated fair value of the award and recognizes the cost ratably over the requisite service period, net of actual forfeitures in the period.

We estimate the fair value of stock options using the Black-Scholes valuation model. The Black-Scholes model requires highly subjective assumptions in order to derive the inputs necessary to calculate the fair value of stock options. To estimate the expected term of stock options, the Company considers contractual terms of the options, including the vesting and expiration periods, as well as historical option exercise data and current market conditions to determine an estimated expected term. The Company's historical experience is too limited to be able to reasonably estimate an expected term. Expected volatility is based on the historical volatility of a group of peer entities. Dividend yields are based upon historical dividend yields. Risk-free interest rates are based on the implied yields currently available on U.S. Treasury zero coupon issues with a remaining term equal to the expected term.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet effective

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures (Topic 280)" ("***ASU 2023-07***"). ASU 2023-07 is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendment in this ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. We are currently evaluating the impact ASU 2023-07 will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Improvements to Income Tax Disclosures (Topic 740)" ("***ASU 2023-09***"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The amendment in this ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted. We are currently evaluating the impact ASU 2023-09 will have on our consolidated financial statements and related disclosures.

3. Goodwill

The changes in the carrying amounts of goodwill were as follows:

	Goodwill
	(in thousands)
Balance as of December 31, 2023	$ 19,156
Effect of foreign currency translation	(679)
Balance as of June 30, 2024	$ 18,477

4. Intangible assets, net

Intangible assets consist of acquired intangible assets and self-developed software.

A summary of the balances of the Company’s intangible assets as of June 30, 2024 and December 31, 2023 is presented below:

	Gross Carrying Amount	Accumulated Amortization June 30, 2024	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization December 31, 2023	Net Carrying Amount
	(in thousands)					
Technology and software	$ 8,552	$ (2,584)	$ 5,968	$ 7,976	$ (1,758)	$ 6,218
Customer related assets	4,408	(841)	3,567	4,546	(640)	3,906
Content	821	(547)	274	843	(421)	422
Total	$ 13,781	$ (3,972)	$ 9,809	$ 13,365	$ (2,819)	$ 10,546

Amortization expense for intangible assets was $0.6 million and $1.2 million for the three and six months ended June 30, 2024, and $0.5 million and $1.0 million for the three and six months ended June 30, 2023, respectively.

As of June 30, 2024, estimated future amortization expense for intangible assets, net is as follows:

Year Ending December 31:

	(in thousands)
2024 (six months)	$ 1,259
2025	2,189
2026	1,697
2027	1,226
2028	986
Thereafter	2,452
Total intangible assets subject to amortization	$ 9,809

5. Accounts Receivable, Net

Accounts receivable, net, consists of the following components:

	June 30, 2024	December 31, 2023
	(in thousands)	
Trade receivables	$ 52,036	$ 60,508
Current unbilled receivables	27,219	26,295
Allowance for credit losses	(856)	(926)
	$ 78,399	$ 85,877

6. Line of Credit

The Company maintains a loan and security agreement (the "***Loan Agreement***") with HSBC Bank USA, National Association, ("***HSBC***") as lender, for a revolving line of credit of up to $30.0 million, with an accordion feature that provides up to $20.0 million of additional borrowing capacity the Company may draw upon at its request. The line bears interest at a rate equal to term SOFR plus 3.0% to 3.3% depending on the Consolidated Total Leverage Ratio (as defined in the Loan Agreement). The line carries an unused fee at a rate equal to 0.5%. The line will mature on November 3, 2026. We are required to maintain a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the Loan Agreement) as well as a maximum Consolidated Total Leverage Ratio, tested by HSBC each quarter. The Company pledged, assigned and granted HSBC a security interest in all shares of its subsidiaries, future proceeds and assets (except for excluded assets, including material intellectual property) as security for the performance of the Loan Agreement obligations. As of June 30, 2024, the Company is compliant with all covenants under the line and had no borrowings outstanding under the line of credit.

7. Income Taxes

The Company had an effective tax rate of (42.1)% and (67.2)% for the three and six months ended June 30, 2024, respectively, and (36.0)% and (32.2)% for the three and six months ended June 30, 2023, respectively.

The change in effective tax rates for the three-month period ended June 30, 2024 as compared to the three-month period ended June 30, 2023 was primarily due to the mix of pre-tax income (loss) results by jurisdictions taxed at different rates, the impact of foreign inclusions, stock-based compensation and changes in valuation allowance in certain jurisdictions.

The change in effective tax rates for the six-month period ended June 30, 2024 as compared to the six-month period ended June 30, 2023 was primarily due to the mix of pre-tax income (loss) results by jurisdictions taxed at different rates, the impact of foreign inclusions, stock-based compensation and changes in valuation allowance in certain jurisdictions.

The Company continues to evaluate the realizability of its deferred tax assets on a quarterly basis and will adjust such amounts in light of changing facts and circumstances. In making such an assessment, management would consider all available supporting data, including the level of historical taxable income, future reversals of existing temporary differences, tax planning strategies, and projected future taxable income.

8. Leases

The Company is obligated under various non-cancelable operating leases primarily for office space. The initial terms of the leases expire on various dates through 2030. We determine if an arrangement is a lease at inception.

The components of the Company's operating lease expenses are reflected in the condensed consolidated statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Lease liability cost	$ 1,780	$ 1,747	$ 3,500	$ 3,496
Short-term lease expenses (1)	279	206	546	454
Variable lease cost not included in the lease liability (2)	180	136	315	246
Total lease cost	$ 2,239	$ 2,089	$ 4,361	$ 4,196

(1) Short-term lease expenses include rent expenses from leases of 12 months or less on the transition date or lease commencement.

(2) Variable lease cost includes common area maintenance, property taxes, and fluctuations in rent due to a change in an index or rate.

Our lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. We elected to combine fixed payments for non-lease components, for all classes of underlying assets, with our lease payments and account for them together as a single lease component which increases the amount of our lease assets and liabilities.

During the six months ended June 30, 2024 and 2023, right-of-use assets obtained in exchange for new operating lease liabilities amounted to $2.9 million and $3.1 million, respectively.

Other information related to operating leases is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Cash paid for amounts included in the measurement of the lease liability:				
Operating cash flows from operating leases	$ 1,624	$ 1,619	$ 3,748	$ 3,665

As of June 30, 2024, our operating leases had a weighted average remaining lease term of 3.6 years and a weighted average discount rate of 5.5%.

As of December 31, 2023, our operating leases had a weighted average remaining lease term of 3.8 years and a weighted average discount rate of 5.6%.

The maturity schedule of the operating lease liabilities as of June 30, 2024 is as follows:

Year Ending December 31:		(in thousands)
2024 (six months)	$	3,043
2025		5,311
2026		2,877
2027		1,868
2028		1,011
Thereafter		1,241
Total future lease payments	$	15,351
Less: Present value adjustment		(1,411)
Present value of future lease payments (1)	$	13,940

(1) Includes the current portion of operating lease liabilities of $5.5 million, which is reflected in accrued expenses and other liabilities in the condensed consolidated balance sheets.

As of June 30, 2024, letters of credit have been issued in the amount of $0.8 million as security for operating leases. The letters of credit are secured by certificates of deposit, and are included in short-term investments within the condensed consolidated balance sheets.

9. Commitments and Contingencies

Legal Proceedings

In the normal course of its business, the Company may be involved in various claims, negotiations and legal actions. Except for such claims that arise in the normal course of business, as of June 30, 2024, the Company was not a party to any other litigation for which a material claim is reasonably possible, probable or estimable.

Guarantees

In the normal course of business, customers in certain geographies or in highly regulated sectors occasionally require contingency agreements for the completion of service projects, the completion of which are secured by certificates of deposit and a line of credit. The certificates of deposit are included in short-term investments within the condensed consolidated balance sheets. As of June 30, 2024, letters of credit have been issued in the amount of $3.1 million, as security for the agreements. These agreements have not had a material effect on our results of operations, financial position or cash flow.

10. Earn-Out and Warrant Liabilities

Company Earn-Out

Certain holders of common stock and certain holders of options shall be issued additional shares of AvePoint's common stock, as follows:

- 1,000,000 shares of AvePoint's common stock, in the aggregate, if at any time from July 1, 2021 through July 1, 2028 (a) AvePoint's stock price is greater than or equal to $12.50 over any 20 Trading Days within any 30 trading day period or (b) the Company consummates a subsequent transaction, which results in the stockholders of the Company having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding $12.50 per share;
- 1,000,000 shares of AvePoint's common stock, in the aggregate, if at any time from July 1, 2021 through July 1, 2028 (a) AvePoint's stock price is greater than or equal to $15.00 over any 20 Trading Days within any 30 trading day period or (b) the Company consummates a subsequent transaction, which results in the stockholders of the Company having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding $15.00 per share;
- 1,000,000 shares of AvePoint's common stock, in the aggregate, if at any time from July 1, 2021 through July 1, 2028 (a) AvePoint's stock price is greater than or equal to $17.50 over any 20 Trading Days within any 30 trading day period or (b) the Company consummates a subsequent transaction, which results in the stockholders of the Company having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding $17.50 per share.

The rights described above are hereafter referred to as the "***Company Earn-Out Shares***". To the extent that any portion of the Company Earn-Out Shares that would otherwise be issued to a holder of options that remain unvested at the date of the milestones described above, then in lieu of issuing the applicable Company Earn-Out Shares, the Company shall instead issue an award of restricted stock units of the Company for a number of shares of AvePoint's common stock equal to such portion of the Company Earn-Out Shares issuable with respect to the unvested options (the "***Company Earn-Out RSUs***"). In evaluation of the Company Earn-Out Shares and Company Earn-Out RSUs, management determined that the Company Earn-Out Shares represent derivatives to be marked to market at each reporting period, while the Company Earn-Out RSUs represent equity under ASC 718, *Compensation-Stock Compensation* ("***ASC 718***"). Refer to "*Note 13 — Stock-Based Compensation*" for more information regarding the Company Earn-Out RSUs.

In order to capture the market conditions associated with the Company Earn-Out Shares, the Company applied an approach that incorporated a Monte Carlo simulation, which involved random iterations that took different future price paths over the Sponsor Earn-Out Shares' (as defined below) contractual life based on the appropriate probability distributions. The fair value was determined by taking the average of the fair values under each Monte Carlo simulation trial. The Monte Carlo model requires highly subjective assumptions including the expected volatility of the price of our common stock, and the expected term of the earn-out shares. Significant increases or decreases to these inputs in isolation could result in a significantly higher or lower liability. Under this approach, the fair value of the Company Earn-Out Shares on July 1, 2021 was determined to be $29.6 million. The fair value was remeasured as of June 30, 2024 and December 31, 2023, and was determined to be $25.6 million and $18.3 million, respectively, and included in the earn-out shares' liabilities in the condensed consolidated balance sheets. As a result, $8.3 million and $7.0 million increases in liability were recognized during the three and six months ended June 30, 2024, and $3.9 million and $4.0 million increases in liability were recognized during the three and six months ended June 30, 2023, and included as other expense, net in the condensed consolidated statements of operations. We estimated the earn-out shares fair value using a Monte Carlo model with the following significant unobservable assumptions:

	June 30, 2024	December 31, 2023
Term (in years)	4.0	4.5
Volatility	55.0%	55.0%

Private Warrants to Acquire Common Stock

On July 1, 2021, the Company granted 405,000 private placement warrants with a 5-year term and an exercise price of $11.50 per share. Management has determined that the private placement warrants are to be classified as liabilities to be marked to market at each reporting period.

The private placement warrants are non-transferable and any transfer to an unrelated party would cause the warrants to be converted into public warrants. Consequently, the fair value of the private placement warrants is equivalent to the quoted price of the publicly traded warrants. Under this approach, the fair value of the private placement warrants on July 1, 2021, was determined to be $1.4 million. The fair value was remeasured as of June 30, 2024 and December 31, 2023, and was determined to be $0.7 million and $0.5 million, respectively, and included in the other non-current liabilities in the condensed consolidated balance sheets. As a result, $0.3 million and $0.2 million of losses were recognized during the three and six months ended June 30, 2024, and $0.1 million and $0.1 million were recognized during the three and six months ended June 30, 2023, and included as other expense, net in the condensed consolidated statements of operations.

11. Mezzanine Equity and Stockholders' Equity

The Company has one class of capital stock: common stock. The following summarizes the terms of the Company's capital stock.

Common Stock

Pursuant to the Company's restated Articles of Incorporation, the Company was authorized to issue up to 1,000,000,000 shares of common stock at $0.0001 par value. There were 186,657,306 and 184,652,402 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively. Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Company's Board of Directors. The Company's Board of Directors has not declared common stock dividends since inception.

Share Repurchase Program

On March 17, 2022, the Company announced that its Board of Directors authorized a new share repurchase program (the "***Share Repurchase Program***") for the Company to buy back shares of its common stock. Under the Share Repurchase Program, the Company has the authority to buy up to $150 million of common stock via acquisitions in the open market or privately negotiated transactions. The Share Repurchase Program will remain open for a period of three years from the date of authorization and may be suspended or discontinued at any time. The Company is not obligated to make purchases of, nor is it obligated to acquire any particular amount of, common stock under the Share Repurchase Program. During the six months ended June 30, 2024, the Company repurchased and retired 2,411,432 shares at an average price of $7.94 per share. The shares were returned to the status of authorized but unissued shares. As a result, common stock amount, additional paid-in capital, and accumulated deficit in the condensed consolidated balance sheet during the six months ended June 30, 2024 were reduced by $0.0 million, $8.8 million, and $10.3 million, respectively. During the six months ended June 30, 2023, the Company repurchased 3,336,046 shares at an average price of $5.13, and retired 7,525,796 shares.

Sponsor Earn-Out Shares

On July 1, 2021, the Company modified the terms of 2,916,700 shares of common stock ("***Sponsor Earn-Out Shares***") then held by Apex Technology Acquisition Corporation's sponsor, such that such shares will be subject to the following vesting provisions:

- 100% of the Sponsor Earn-Out Shares shall vest and be released if at any time through July 1, 2028, AvePoint's stock price is greater than or equal to $15.00 (as adjusted for share splits, share capitalization, reorganizations, recapitalizations and the like) over any 20 trading days within any 30 trading day period; and
- 100% of the remaining Sponsor Earn-Out Shares that have not previously vested shall vest and be released if at any time through July 1, 2028, the Company consummates a subsequent transaction.

The Sponsor Earn-Out Shares are currently outstanding and receive all benefits of regular shares with the exception of the fact that the shares are held in escrow and restricted from transfer until the vesting conditions described above are met. Consequently, the shares are classified as equity. No Sponsor Earn-Out Shares have vested as of June 30, 2024.

<u>Public Warrants to Acquire Common Stock</u>

On July 1, 2021, the Company issued 17,500,000 public warrants with an exercise price of $11.50. Each warrant entitles the registered holder to purchase one share of AvePoint's common stock and the warrants are exercisable from the date of issuance through July 1, 2026. As of June 30, 2024, all 17,500,000 warrants remained outstanding.

<u>Redeemable Noncontrolling Interest</u>

During the six months ended June 30, 2024, the redeemable noncontrolling interest shareholder of MaivenPoint Pte. Ltd. ("***MaivenPoint***"), a consolidated subsidiary of the Company, submitted notices of exercise of their put option to cause MaivenPoint to repurchase their shares at a price of approximately $5.9 million. As a result of the exercise, AvePoint's ownership in MaivenPoint became 76.1%, with the remaining ownership interest held by an unaffiliated investor. Due to the ownership percentage change, the Company adjusted the carrying amount of the noncontrolling interest by multiplying the adjusted net assets of MaivenPoint by the unaffiliated investor's new ownership percentage resulting in a reduction to noncontrolling interest and increase in additional-paid-in capital of $6.4 million, respectively, within the condensed consolidated balance sheets.

There are no put options held by MaivenPoint's remaining noncontrolling interest shareholders, and therefore, there is no longer any redeemable noncontrolling interest in MaivenPoint as of June 30, 2024.

12. Growth Equity Fund

On February 28, 2024, the Company and Lumens Capital Partners Ltd. ("***LCP***") established A3V JV Co. (the "***Venture***"), with each owning an equal share of the Venture. In addition, the Company entered into a separate agreement with LCP to form A3 Ventures Fund 1, L.P. (the "***Fund***"). The Fund is a Cayman Islands-exempted limited partnership, aimed at investing in companies in the growth equity phase and mature cashflow generating businesses with strong growth potential. The Fund looks to invest in companies situated in enterprise software markets aligning with the professional expertise and geographical presence of both the Company and LCP.

The Venture wholly owns A3V GP Co. ("***GP***"), which serves as the general partner of the Fund. As a limited partner, the Company committed to contribute $50.0 million to the Fund, to be called as needed, for portfolio investments, fees, and expenses of the Fund. The Company also participates in Fund establishment costs and an annual management fee equal to 2.0% of the total commitment. Any future repayment obligations will be triggered upon the receipt by LCP of profit allocations related to the Fund.

As of June 30, 2024, no portion of the Company's $50.0 million commitment has been called or was callable, and the operations of the Fund and the Venture have not materially impacted the Company's financial position, financial performance, or cash flows.

As of June 30, 2024, $1.3 million of management fee and establishment costs were included in accrued expenses and other liabilities in the condensed consolidated balance sheets. During the three and six months ended June 30, 2024, $0.7 million and $1.3 million, respectively, of management fee and establishment costs were included in general and administrative in the condensed consolidated statement of operations.

13. Stock-Based Compensation

The Company maintains the 2021 Equity Incentive Plan (the "***2021 Plan***"). As of June 30, 2024, 27,198,326 shares remained for future issuance under the 2021 Plan. To date, the Company has issued only stock options and restricted stock units to employees, directors and consultants.

The Company records stock-based compensation in cost of revenue, sales and marketing, general and administrative and research and development. Stock-based compensation was included in the following line items:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(in thousands)			
Cost of revenue	$ 115	$ 816	$ 986	$ 1,486
Sales and marketing	2,214	2,708	4,498	4,909
General and administrative	5,559	4,905	10,526	9,287
Research and development	2,650	1,157	3,986	2,008
Total stock-based compensation	$ 10,538	$ 9,586	$ 19,996	$ 17,690

Stock Options

The compensation costs for stock option awards are accounted for in accordance with ASC 718. Stock options vest over a four-year service period and expire on the tenth anniversary of the date of award.

On March 5, 2024, the Company granted 469,920 options under the 2021 Plan. The Company estimated the grant date fair value of these stock options using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	March 5, 2024
Expected life (in years)	6.1
Expected volatility	55.9%
Risk-free rate	4.1%
Dividend yield	—

To estimate the expected life of stock options, the Company considered the vesting term, contractual expiration period, and market conditions. Expected volatility is based on historical volatility of a group of peer entities. Dividend yields are based upon historical dividend yields. Risk-free interest rates are based on the implied yields currently available on U.S. Treasury zero coupon issues with a remaining term equal to the expected life. Based on these inputs, the grant-date fair value was determined to be $2.0 million.

As of June 30, 2024, there was $10.6 million in unrecognized compensation costs related to all unvested options.

As of June 30, 2024, the Company had 25,312,502 options outstanding and 21,701,520 options exercisable with intrinsic values of $155.5 million and $143.0 million, respectively. During the six months ended June 30, 2024, 1,385,363 options were exercised, with a total intrinsic value of $8.5 million.

Restricted Stock Units

Under the terms of the 2021 Plan, we have issued restricted stock unit awards with a continuous employment condition only ("***Time-Based RSUs***"), and restricted stock unit awards with a continuous employment condition that are also contingent on the Company meeting certain performance goals ("***PSUs***", and together "***RSUs***"). Both types of RSU awards vest over a four-year period from the grant date.

3,698,644 Time-Based RSUs and 502,676 PSUs were granted under the 2021 Plan during the six months ended June 30, 2024, with a weighted-average grant date fair-value of $7.50 per award. The compensation costs for RSUs are accounted for in accordance with ASC 718. RSUs are measured at the fair market value of the underlying stock at the grant date. RSUs that vested during the six months ended June 30, 2024 had an aggregate fair value at vesting of $25.2 million. As of June 30, 2024, there was $67.5 million in unrecognized compensation costs specific to the unvested RSUs, to be recognized over a weighted-average period of 2.7 years. As of June 30, 2024, the Company had 10,918,122 unvested Time-Based RSUs and 502,676 unvested PSUs with a weighted-average grant date fair-value of $6.27 per award.

Company Earn-Out RSUs

The compensation costs for Company Earn-Out RSUs are accounted for in accordance with ASC 718. In order to capture the market conditions associated with the Company Earn-Out RSUs, the Company applied an approach that incorporated a Monte Carlo simulation, which involved random iterations that took different future price paths over the Sponsor Earn-Out RSUs' contractual life based on the appropriate probability distributions. The fair value was determined by taking the average of the fair values under each Monte Carlo simulation trial. Under this approach, the grant-date fair value of the Company Earn-Out RSUs on July 1, 2021, was determined to be $2.5 million. The stock options underlying the Earn-Out RSUs vest over a four-year period and expire on the tenth anniversary of the date of award. If the contingent milestones of the Earn-Out RSUs are not met by July 1, 2028, the holders of the underlying stock options will not receive the Earn-Out RSUs.

14. Financial Instruments

Fair value is defined by ASC 820, *Fair Value Measurement* ("***ASC 820***") as the price that would be received upon selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

	June 30, 2024 (in thousands)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash Equivalents:				
Certificates of deposit (1)	$ —	$ 1,504	$ —	$ 1,504
Money market funds	—	4,136	—	4,136
U.S. treasury bills	—	176,739	—	176,739
Short term investments:				
Certificates of deposit (1)	—	3,791	—	3,791
Other assets:				
Notes receivables (3)	—	—	2,690	2,690
Total	$ —	$ 186,170	$ 2,690	$ 188,860
Liabilities:				
Earn-out shares liabilities:				
Earn-out shares (2)	$ —	$ —	$ 25,613	$ 25,613
Other non-current liabilities:				
Warrant liabilities (2)	—	705	—	705
Total	$ —	$ 705	$ 25,613	$ 26,318

	December 31, 2023 (in thousands)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash Equivalents:				
Certificates of deposit (1)	$ —	$ 1,533	$ —	$ 1,533
Money market funds	—	4,423	—	4,423
U.S. treasury bills	—	171,841	—	171,841
Short term investments:				
Certificates of deposit (1)	—	3,721	—	3,721
Other assets:				
Notes receivables (3)	—	—	1,840	1,840
Total	$ —	$ 181,518	$ 1,840	$ 183,358
Liabilities:				
Earn-out shares liabilities:				
Earn-out shares (2)	$ —	$ —	$ 18,346	$ 18,346
Other non-current liabilities:				
Warrant liabilities (2)	—	533	—	533
Total	$ —	$ 533	$ 18,346	$ 18,879

(1) The majority of certificates of deposit are foreign deposits.
(2) Refer to "*Note 10 — Earn-Out and Warrant Liabilities*" for further details.
(3) During 2023, the Company extended a credit facility to LCP with a total commitment of up to $5.0 million and maturities of greater than twelve months (the "***LCP Notes Receivable***"). Refer to "*Note 12 — Growth Equity Fund*" for further details. The LCP Notes receivable bear interest at an annual rate equal to 8%. As of June 30, 2024 and December 31, 2023, the LCP Notes Receivable in the amounts of $2.7 million and $1.8 million, respectively, were included in other assets within the condensed consolidated balance sheets. Fair values are based on discounted future cash flows using current interest rates offered for similar notes to third parties with similar credit ratings for the same remaining maturities.

The following tables summarize the Company's available-for-sale securities measured at fair value as of June 30, 2024 and December 31, 2023.

	June 30, 2024 (in thousands)		
	Amortized Cost	Fair Value	Gross unrealized losses
U.S. treasury bills	$ 176,780	$ 176,739	$ (41)
Total	$ 176,780	$ 176,739	$ (41)

	December 31, 2023 (in thousands)		
	Amortized Cost	Fair Value	Gross unrealized gains
U.S. treasury bills	$ 171,815	$ 171,841	$ 26
Total	$ 171,815	$ 171,841	$ 26

The contractual maturity of the available-for-sale securities held as of June 30, 2024 and December 31, 2023 was within one year.

The following table presents the reconciliation in Level 3 instruments which consisted of earn-out shares liabilities which were measured on a recurring basis.

	Six Months Ended June 30, 2024 (in thousands)
Opening balance	$ 18,346
Total gains or losses from the period	
Included in other expense, net	7,009
Reclass from Earnout-RSU	258
Closing balance	$ 25,613

15. Segment Information

The Company operates in one segment. Its products and services are sold throughout the world, through direct and indirect sales channels. The Company's chief operating decision maker (the "***CODM***") is the Chief Executive Officer. The CODM makes operating performance assessment and resource allocation decisions on a global basis. The CODM does not receive discrete financial information about asset allocation, expense allocation or profitability by product or geography.

Revenue by geography is based upon the billing address of the customer. All transfers between geographic regions have been eliminated from consolidated revenue. The following table sets forth revenue by geographic area:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue:				
North America	$ 31,697	$ 28,297	$ 61,592	$ 52,733
EMEA	23,089	19,573	45,895	39,061
APAC	23,175	16,999	45,008	32,647
Total revenue	$ 77,961	$ 64,869	$ 152,495	$ 124,441

The following table sets forth revenue generated by countries which represent more than 10% of total consolidated revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue:				
United States	$ 31,529	$ 27,518	$ 61,226	$ 51,036
Singapore	10,230	7,180	20,709	13,617
Germany	9,394	8,126	19,288	16,781

16. Other expense, net

Other expense, net is disaggregated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Change in value of earn-out and warrant liabilities	$ (8,670)	$ (4,027)	$ (7,180)	$ (4,136)
Interest income, net	37	286	71	611
Profits on securities (1)	2,336	1,925	4,753	3,595
Foreign currency exchange loss, net	(644)	(344)	(1,212)	(630)
Other, net	(29)	32	2	60
Other expense, net	$ (6,970)	$ (2,128)	$ (3,566)	$ (500)

(1) Profits on securities consist of interest income from amortization of the discount arising at acquisition of U.S. treasury bills.

17. Loss Per Share

Basic loss per share available to the Company common stockholders ("***EPS***") is computed by dividing net loss by the weighted average number of common shares outstanding for the period. In computing diluted EPS, the Company adjusts the denominator, subject to anti-dilution requirements, to include the dilution from potential shares of common stock resulting from outstanding share based payment awards, warrants, earn-outs and the conversion of convertible preferred shares. The Company's Sponsor Earn-Out Shares described in "*Note 11 — Mezzanine Equity and Stockholders' Equity*" are considered participating securities and have no contractual obligation to shares in the loss of the Company. As such, the weighted-average impact of these shares is excluded from the calculation of loss per share below. As losses were incurred during all periods presented, no earnings per share exists for the Sponsor Earn-Out Shares.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except per share amounts)			
Loss per share available to common shareholders, excluding sponsor earn-out shareholders				
Numerator:				
Net loss	$ (12,938)	$ (12,525)	$ (14,892)	$ (21,707)
Net (loss) income attributable to noncontrolling interest	(129)	60	(367)	75
Total net loss available to common shareholders	$ (12,809)	$ (12,585)	$ (14,525)	$ (21,782)
Denominator:				
Weighted average common shares outstanding	182,804	183,315	182,150	183,068
Effect of dilutive securities	—	—	—	—
Weighted average diluted shares	182,804	183,315	182,150	183,068
Basic and diluted loss per share available to common shareholders, excluding sponsor earn-out shareholders	$ (0.07)	$ (0.07)	$ (0.08)	$ (0.12)

To arrive at net loss available to common stockholders, the Company deducted net (loss) income attributable to the redeemable noncontrolling interest.

For the three and six months ended June 30, 2024 and 2023, the Company's potentially dilutive securities were deemed to be anti-dilutive given the Company's net loss position. As such, basic loss per share is equal to diluted loss per share for the periods presented.

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted-average shares outstanding because such securities have an antidilutive impact due to losses reported:

	June 30,	
	2024	**2023**
	(in thousands)	
Stock options	25,313	28,286
RSUs	11,421	12,456
Warrants	17,905	17,905
Company Earn-Outs	3,000	3,000
Total potentially dilutive securities	57,639	61,647

18. Related Party Transactions

The Company has entered into indemnification agreements with its executive officers and directors. These agreements, among other things, require AvePoint to indemnify its directors and executive officers to the fullest extent permitted by Delaware law, specifically the Delaware General Corporation Law (as the same exists or may hereafter be amended) for certain expenses, including attorneys' fees, judgments, fines, and settlement amounts incurred by a director or officer in any action or proceeding arising out of their services as one of the Company's directors or officers or any other company or enterprise to which the person provides services at the Company's request.

19. Subsequent Events

No material subsequent events occurred since the date of the most recent balance sheet period reported.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Part I, Item 2 of this Quarterly Report) ("**MD&A**") summarizes (and is intended to help the reader understand) the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our Company as of and for the periods presented below. The MD&A should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023 (our "**Annual Report**") and our condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report.*

Second Quarter 2024 Business Highlights

- Total annual recurring revenue ("***ARR***") increased 23% year-over-year to $290.1 million as of June 30, 2024;
- Total revenue increased 20% year-over-year to $78.0 million for the three months ended June 30, 2024;
- SaaS revenue increased 40% year-over-year to $53.6 million for the three months ended June 30, 2024;
- Named to Inc.'s annual Best Workplaces list in the software industry; and
- Won our sixth global Microsoft Partner of the Year award.

Overview

AvePoint provides a cloud-native data management software platform that organizations rely on to manage and protect critical data, optimize IT operations, achieve meaningful cost savings, and efficiently secure the digital workplace. Companies around the world have adopted a hybrid work model, and they are now tasked with delivering a seamless and secure workplace experience for knowledge workers, centered around an extensive portfolio of Software-as-a-Service ("***SaaS***") solutions and productivity applications.

The adoption of a portfolio of solutions is a substantial and ongoing challenge for most organizations, which for decades had used only a small number of multi-purpose on-premises applications to drive business outcomes. However, to deliver an efficient digital workplace today, companies must manage this range of applications – and the associated explosive growth and sprawl of critical data – with a platform offering that is well governed, fit for purpose, easy to use and built on automation.

In addition, many organizations are beginning to realize the potential of generative artificial intelligence ("***AI***") to drive competitive advantage and value creation, including (1) extracting greater value from complex datasets, (2) making more informed business decisions, (3) reducing employee workloads, and (4) improving the overall customer experience. While these data-driven improvements are expected to lead to stronger revenue growth and operational efficiency, successfully leveraging this new technology is in turn dependent on first addressing data management challenges that all organizations face. Specifically, for AI-driven projects to succeed, companies must apply robust strategies across the data estate to manage the information lifecycle, properly govern and secure their data, and ensure its compliance. These are the core business problems that AvePoint has been solving for more than two decades, and why we believe AvePoint is well positioned to be a key enabler of generative AI adoption within enterprises in the coming years.

AvePoint's Confidence Platform empowers organizations – of all sizes, in all regions, and across all industries – to optimize and secure the solutions that most commonly establish and underpin the digital workplace. As our customers seek to rapidly reduce costs, improve productivity and make more informed business decisions, they depend on our platform for data-driven insights, critical business intelligence and ongoing operational value through automation.

Key Business Metric

	June 30,	
	2024	2023
Total ARR ($ in mil)	$ 290.1	$ 236.2

Annual Recurring Revenue

We calculate our ARR at the end of a particular period as the annualized sum of contractually obligated Annual Contract Value ("***ACV***") from SaaS, term license and support, and maintenance revenue sources from all active customers.

As of June 30, 2024 and June 30, 2023, total ARR was $290.1 million and $236.2 million, respectively, representing growth of 23%.

Growth in ARR is driven by both new business and the expansion of existing business. ARR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or replace these items. ARR is not a forecast of future revenue, and the active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers.

Components of Results of Operations

Revenue

We generate revenue from four primary sources: SaaS, term license and support, services, and maintenance.

SaaS revenues are generated from our cloud-based solutions. Term license and support revenues are generated from the sales of on-premise or hybrid licenses, which include a distinct support component. Both SaaS and term license and support revenues are primarily billed annually. SaaS and term license and support are generally sold per user license or based upon the amount of data protected. SaaS revenue is recognized ratably over the term of the contract. For term license and support revenues, the license component is generally recognized upfront at the point in time when the software is made available to the customer to download and use, and the support component is recognized ratably over the term of the contract.

Services revenue includes revenue generated from implementation, training, consulting, license customization and managed services. These revenues are recognized by applying a measure of progress, such as labor hours, to determine the percentage of completion of each contract. These offerings are not inherently recurring in nature and as such are subject to more period-to-period volatility than other elements of our business. Services revenue from managed services are recognized ratably or on a straight-line basis over the contract term.

Maintenance revenue is a result of selling on-going support for legacy perpetual licenses. It also includes recurring professional services such as technical account management. Maintenance revenue is recognized ratably over the term of the maintenance agreement, which is typically one year.

Cost of Revenue

Cost of SaaS and cost of term license and support consists of all direct costs to deliver and support our SaaS and term license and support products, including salaries, benefits, stock-based compensation and related expenses, overhead, third-party hosting fees related to our cloud services, depreciation and amortization. We recognize these expenses as they are incurred. We expect that these costs will increase in absolute dollars but may fluctuate as a percentage of SaaS and term license and support revenue from period to period.

Cost of maintenance consists of all direct costs to support our legacy perpetual license products, including salaries, benefits, stock-based compensation and related expenses, overhead, depreciation and amortization. We recognize these expenses as they are incurred. We expect that cost of maintenance revenue will decrease in absolute dollars as maintenance revenue declines but may fluctuate as a percentage of maintenance revenue.

Cost of services consists of salaries, benefits, stock-based compensation and related expenses for our services organization, overhead, IT necessary to provide services for our customers, depreciation and amortization. We recognize these expenses as they are incurred.

Gross Profit and Gross Margin

Gross profit is revenue less cost of revenue, and gross margin is gross profit as a percentage of revenue.

Gross profit has been and will continue to be affected by various factors, including the mix of our revenue, the costs associated with third-party cloud-based hosting services for our cloud-based subscriptions, and the extent to which we expand our customer support and services organizations. We expect that our gross margin will fluctuate from period to period depending on the interplay of these various factors but should increase in the long term as SaaS revenue continues to increase as a percentage of total revenue.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses for sales, marketing and customer success personnel, stock-based compensation expense, sales commissions, marketing programs, travel-related expenses, overhead costs, depreciation and amortization. We focus our sales and marketing efforts on creating sales leads and establishing and promoting our brand. Incremental sales commissions for new customer contracts are deferred and amortized ratably over the estimated period of our relationship with such customers. We plan to continue our investment in sales and marketing by hiring additional sales and marketing personnel, executing our go-to-market strategy globally, and building our brand awareness.

General and Administrative	General and administrative expenses consist primarily of personnel-related expenses for finance, legal and compliance, human resources, and IT personnel, as well as stock-based compensation expense, external professional services, overhead costs, other administrative functions, depreciation and amortization. Our general and administrative expenses have increased as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, and increased expenses for insurance, investor relations, and professional services.
Research and Development	Research and development expenses consist primarily of personnel-related expenses incurred for our engineering and product and design teams, as well as stock-based compensation expense, overhead costs, depreciation and amortization. We have a geographically dispersed research and development presence in the United States, China, Singapore and Vietnam. We believe this provides a strategic advantage, allowing us to invest efficiently in both new product development and increasing our existing product capabilities. We believe delivering expanding product functionality is critical to enhancing the success of existing customers while new product development further reinforces our breadth of software solutions.
Other Expense, net	Other Expense, net consists primarily of fair value adjustments on earn-out and warrant liabilities, realized gain/loss for securities, and of foreign currency remeasurement gains/losses.
Income Taxes	We are subject to income taxes in the U.S. (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, administrative practices, principles, and interpretations in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions. The foreign jurisdictions in which we operate have different statutory tax rates than those of the United States. Accordingly, our effective tax rate could be affected by the relative proportion of foreign to domestic income, use of foreign tax credits, changes in the valuation of our deferred tax assets and liabilities, applicability of any valuation allowances, and changes in tax laws in jurisdictions in which we operate.

Results of Operations

The below period-to-period comparisons of operating results are not necessarily indicative of results for future periods.

Comparison of Three Months Ended June 30, 2024 and June 30, 2023

Revenue

The components of AvePoint's revenue during the three months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
Revenue:				
SaaS	$ 53,643	$ 38,279	$ 15,364	40.1%
Term license and support	10,983	13,277	(2,294)	(17.3)%
Services	10,517	10,066	451	4.5%
Maintenance	2,818	3,247	(429)	(13.2)%
Total revenue	$ 77,961	$ 64,869	$ 13,092	20.2%

Total revenue increased 20.2% to $78.0 million for the three months ended June 30, 2024, primarily as a result of an increase in SaaS revenue. For the three months ended June 30, 2024, SaaS revenue increased 40.1% to $53.6 million, and represented 69% of total revenue, up from 59% of total revenue in the prior year. The increase in SaaS revenue, which was driven by strong customer demand for our SaaS solutions, was partially offset by an expected decrease in both term license and support and maintenance revenue.

Services revenue is expected to fluctuate as the services generally are not recurring in nature. Additionally, maintenance revenue is expected to continue declining as we have shifted away from the sale of perpetual licenses and towards SaaS and term licenses. Without perpetual license sales, there will be limited opportunities to sell maintenance contracts to new customers. Existing customers have and will continue to transition to SaaS and term licenses, which will continue the decline in maintenance revenue.

Revenue by geographic region for the three months ended June 30, 2024 and 2023 was as follows:

	Three Months Ended June 30,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
North America	$ 31,697	$ 28,297	$ 3,400	12.0%
EMEA	23,089	19,573	3,516	18.0%
APAC	23,175	16,999	6,176	36.3%
Total	$ 77,961	$ 64,869	$ 13,092	20.2%

For the three months ended June 30, 2024, North America revenue increased 12.0% to $31.7 million, driven by a 39.9%, or $6.7 million, increase in SaaS revenue, partially offset by a combined $3.3 million decrease in term license and support, services, and maintenance revenues. EMEA revenues increased 18.0% to $23.1 million, driven by a 35.7%, or $5.1 million, increase in SaaS revenue, partially offset by a combined $1.6 million decrease in term license and support, services and maintenance revenues. APAC revenues increased 36.3% to $23.2 million, driven by a 49.5%, or $3.5 million, increase in SaaS revenue, a 33.6%, or $2.1 million, increase in services revenue, and a 23.7%, or $0.5 million, increase in term license and support revenue.

Cost of Revenue, Gross Profit, and Gross Margin

Cost of revenue, gross profit, and gross margin during the three months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
Cost of revenue:				
SaaS	$ 9,745	$ 9,130	$ 615	6.7%
Term license and support	413	496	(83)	(16.7)%
Services	8,647	9,958	(1,311)	(13.2)%
Maintenance	137	212	(75)	(35.4)%
Total cost of revenue	$ 18,942	$ 19,796	$ (854)	(4.3)%
Gross profit	59,019	45,073	13,946	30.9%
Gross margin	75.7%	69.5%	—	—
GAAP cost of revenue	$ 18,942	$ 19,796	$ (854)	(4.3)%
Stock-based compensation expense	(115)	(816)	701	(85.9)%
Amortization of acquired intangible assets	(239)	(242)	3	(1.2)%
Non-GAAP cost of revenue	$ 18,588	$ 18,738	$ (150)	(0.8)%
Non-GAAP gross profit	59,373	46,131	13,242	28.7%
Non-GAAP gross margin	76.2%	71.1%	—	—

Cost of revenue decreased 4.3% to $18.9 million for the three months ended June 30, 2024, primarily driven by a $0.6 million net decrease in personnel costs, which included a 13.2% year over year decline in cost of services revenue, partially offset by a 6.7% year over year increase in cost of SaaS revenue.

Operating Expenses

Sales and Marketing

Sales and marketing expenses during the three months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Sales and marketing	$ 30,470	$ 27,691	$ 2,779	10.0%
Percentage of revenue	39.1%	42.7%	—	—
GAAP sales and marketing	$ 30,470	$ 27,691	$ 2,779	10.0%
Stock-based compensation expense	(2,214)	(2,708)	494	(18.2)%
Amortization of acquired intangible assets	(110)	(112)	2	(1.8)%
Non-GAAP sales and marketing	$ 28,146	$ 24,871	$ 3,275	13.2%
Non-GAAP percentage of revenue	36.1%	38.3%	—	—

Sales and marketing expenses increased 10.0% to $30.5 million for the three months ended June 30, 2024, primarily driven by a $2.4 million increase in personnel costs, which included additional headcount and other investments in the business to respond to strong customer demand for our solutions and provide support for future growth.

General and Administrative

General and administrative expenses during the three months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
General and administrative	$ 18,184	$ 15,193	$ 2,991	19.7%
Percentage of revenue	23.3%	23.4%	—	—
GAAP general and administrative	$ 18,184	$ 15,193	$ 2,991	19.7%
Stock-based compensation expense	(5,559)	(4,905)	(654)	13.3%
Non-GAAP general and administrative	$ 12,625	$ 10,288	$ 2,337	22.7%
Non-GAAP percentage of revenue	16.2%	15.9%	—	—

General and administrative expenses increased 19.7% to $18.2 million for the three months ended June 30, 2024. The increase was primarily driven by a $1.4 million increase in personnel costs, $0.7 million in new fees related to the Company’s investment in a growth equity fund, and a $0.7 million increase in professional services expense.

Research and Development

Research and development expenses during the three months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Research and development	$ 12,503	$ 9,273	$ 3,230	34.8%
Percentage of revenue	16.0%	14.3%	—	—
GAAP research and development	$ 12,503	$ 9,273	$ 3,230	34.8%
Stock-based compensation expense	(2,650)	(1,157)	(1,493)	129.0%
Non-GAAP research and development	$ 9,853	$ 8,116	$ 1,737	21.4%
Non-GAAP percentage of revenue	12.6%	12.5%	—	—

Research and development expenses increased 34.8% to $12.5 million for the three months ended June 30, 2024 , primarily driven by a $2.7 million increase in personnel costs.

Income Tax Provision

Income tax expense during the three months ended June 30, 2024 and 2023 was as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Income tax expense	$ 3,830	$ 3,313	$ 517	15.6%

AvePoint’s income tax expense for the three months ended June 30, 2024 was $3.8 million, as compared to a tax expense of $3.3 million for the three months ended June 30, 2023. The effective tax rate was (42.1)% for the three months ended June 30, 2024, compared to (36.0)% for the three months ended June 30, 2023. The change in effective tax rates was primarily due to the mix of pre-tax income (loss) results by jurisdictions taxed at different rates, certain jurisdictions with separate tax expense calculated, impact of foreign inclusions, stock-based compensation, and changes in valuation allowance.

In assessing the need for a valuation allowance, the Company has considered all available positive and negative evidence including its historical levels of income, expectations of future taxable income, future reversals of existing taxable temporary differences and ongoing tax planning strategies. If in the future, the Company determines it is more likely than not that deferred tax assets will not be realized, the Company may set up a valuation allowance, which may result in income tax expense in the Company’s condensed consolidated statements of operations and condensed consolidated statements of comprehensive loss.

Comparison of Six Months Ended June 30, 2024 and June 30, 2023

Revenue

The components of AvePoint's revenue during the six months ended June 30, 2024 and 2023 were as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Revenue:				
SaaS	$ 104,954	$ 73,791	$ 31,163	42.2%
Term license and support	20,988	24,181	(3,193)	(13.2)%
Services	20,998	19,813	1,185	6.0%
Maintenance	5,555	6,656	(1,101)	(16.5)%
Total revenue	$ 152,495	$ 124,441	$ 28,054	22.5%

Total revenue increased 22.5% to $152.5 million for the six months ended June 30, 2024, primarily as a result of an increase in SaaS revenue. For the six months ended June 30, 2024, SaaS revenue increased 42.2% to $105.0 million, and represented 69% of total revenue, up from 59% of total revenue in the prior year. The increase in revenue, which was driven by strong customer demand for our SaaS products, was partially offset by an expected decrease in both term license and support and maintenance revenue.

Services revenue is expected to fluctuate as the services generally are not recurring in nature. Additionally, maintenance revenue is expected to continue declining as we have shifted away from the sale of perpetual licenses and towards SaaS and term licenses. Without perpetual license sales, there will be limited opportunities to sell maintenance contracts to new customers. Existing customers have and will continue to transition to SaaS and term licenses, which will continue the decline in maintenance revenue.

Revenue by geographic region for the six months ended June 30, 2024 and 2023 was as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
North America	$ 61,592	$ 52,733	$ 8,859	16.8%
EMEA	45,895	39,061	6,834	17.5%
APAC	45,008	32,647	12,361	37.9%
Total	$ 152,495	$ 124,441	$ 28,054	22.5%

For the six months ended June 30, 2024, North America revenue increased 16.8% to $61.6 million, driven by a 40.9%, or $13.5 million, increase in SaaS revenue, partially offset by a combined $4.6 million decrease in term license and support, services, and maintenance revenues. EMEA revenues increased 17.5% to $45.9 million, driven by a 40.8%, or $11.0 million, increase in SaaS revenue, partially offset by a combined $4.1 million decrease in term license and support, services and maintenance revenues. APAC revenues increased 37.9% to $45.0 million, driven by a 48.3%, or $6.7 million, increase in SaaS revenue, a 35.2%, or $4.4 million, increase in services revenue, and a 40.6%, or $1.4 million, increase in term license and support revenue, partially offset by a $0.2 million decrease in maintenance revenues.

Cost of Revenue, Gross Profit, and Gross Margin

Cost of revenue, gross profit, and gross margin during the six months ended June 30, 2024 and 2023 were as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Cost of revenue:				
SaaS	$ 19,515	$ 17,025	$ 2,490	14.6%
Term license and support	829	957	(128)	(13.4)%
Services	18,720	19,309	(589)	(3.1)%
Maintenance	320	395	(75)	(19.0)%
Total cost of revenue	$ 39,384	$ 37,686	$ 1,698	4.5%
Gross profit	113,111	86,755	26,356	30.4%
Gross margin	74.2%	69.7%	—	—
GAAP cost of revenue	$ 39,384	$ 37,686	$ 1,698	4.5%
Stock-based compensation expense	(986)	(1,486)	500	(33.6)%
Amortization of acquired intangible assets	(480)	(484)	4	(0.8)%
Non-GAAP cost of revenue	$ 37,918	$ 35,716	$ 2,202	6.2%
Non-GAAP gross profit	114,577	88,725	25,852	29.1%
Non-GAAP gross margin	75.1%	71.3%	—	—

Cost of revenue increased 4.5% to $39.4 million for the six months ended June 30, 2024, primarily driven by a $1.0 million increase in personnel costs and a $1.0 million increase from higher aggregate hosting costs resulting from increased SaaS revenue.

Operating Expenses

Sales and Marketing

Sales and marketing expenses during the six months ended June 30, 2024 and 2023 were as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Sales and marketing	$ 60,409	$ 54,542	$ 5,867	10.8%
Percentage of revenue	39.6%	43.8%	—	—
GAAP sales and marketing	$ 60,409	$ 54,542	$ 5,867	10.8%
Stock-based compensation expense	(4,498)	(4,909)	411	(8.4)%
Amortization of acquired intangible assets	(222)	(269)	47	(17.5)%
Non-GAAP sales and marketing	$ 55,689	$ 49,364	$ 6,325	12.8%
Non-GAAP percentage of revenue	36.5%	39.7%	—	—

Sales and marketing expenses increased 10.8% to $60.4 million for the six months ended June 30, 2024, primarily driven by a $5.4 million increase in personnel costs, which included additional headcount and other investments in the business to respond to strong customer demand for our solutions and provide support for future growth.

General and Administrative

General and administrative expenses during the six months ended June 30, 2024 and 2023 were as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
General and administrative	$ 35,052	$ 29,841	$ 5,211	17.5%
Percentage of revenue	23.0%	24.0%	—	—
GAAP general and administrative	$ 35,052	$ 29,841	$ 5,211	17.5%
Stock-based compensation expense	(10,526)	(9,287)	(1,239)	13.3%
Non-GAAP general and administrative	$ 24,526	$ 20,554	$ 3,972	19.3%
Non-GAAP percentage of revenue	16.1%	16.5%	—	—

General and administrative expenses increased 17.5% to $35.1 million for the six months ended June 30, 2024. The increase was primarily driven by a $2.8 million increase in personnel costs, $1.3 million in new fees related to the Company’s investment in a growth equity fund, and a $0.7 million increase in professional services expense.

Research and Development

Research and development expenses during the six months ended June 30, 2024 and 2023 were as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Research and development	$ 22,989	$ 18,288	$ 4,701	25.7%
Percentage of revenue	15.1%	14.7%	—	—
GAAP research and development	$ 22,989	$ 18,288	$ 4,701	25.7%
Stock-based compensation expense	(3,986)	(2,008)	(1,978)	98.5%
Non-GAAP research and development	$ 19,003	$ 16,280	$ 2,723	16.7%
Non-GAAP percentage of revenue	12.5%	13.1%	—	—

Research and development expenses increased 25.7% to $23.0 million for the six months ended June 30, 2024 , primarily driven by a $4.3 million increase in personnel costs.

Income Tax Provision

Income tax expense during the six months ended June 30, 2024 and 2023 was as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change Amount	Change %
	(in thousands, except percentages)			
Income tax expense	$ 5,987	$ 5,291	$ 696	13.2%

AvePoint's income tax expense for the six months ended June 30, 2024 was $6.0 million, as compared to a tax expense of $5.3 million for the six months ended June 30, 2023. The effective tax rate was (67.2)% for the six months ended June 30, 2024, compared to (32.2)% for the six months ended June 30, 2023. The change in effective tax rates was primarily due to the mix of pre-tax income (loss) results by jurisdictions taxed at different rates, certain jurisdictions with separate tax expense calculated, impact of foreign inclusions, stock-based compensation, and changes in valuation allowance.

In assessing the need for a valuation allowance, the Company has considered all available positive and negative evidence including its historical levels of income, expectations of future taxable income, future reversals of existing taxable temporary differences and ongoing tax planning strategies. If in the future, the Company determines it is more likely than not that deferred tax assets will not be realized, the Company may set up a valuation allowance, which may result in income tax expense in the Company's condensed consolidated statements of operations and condensed consolidated statements of comprehensive loss.

Certain Non-GAAP Financial Measures

We believe that, in addition to our financial results determined in accordance with GAAP, non-GAAP operating income (loss) and non-GAAP operating margin are useful in evaluating our business, results of operations, and financial condition.

Non-GAAP Operating Income and Non-GAAP Operating Margin

Non-GAAP operating income and non-GAAP operating margin are non-GAAP financial measures that our management uses to assess our overall performance. We define non-GAAP operating income as GAAP operating income (loss) plus stock-based compensation and the amortization of acquired intangible assets. We define non-GAAP operating margin as non-GAAP operating income divided by revenue. We believe non-GAAP operating income and non-GAAP operating margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as these metrics eliminate the effects of stock-based compensation which has had historical volatility from period to period due to marked-to-market securities, and of acquired intangible assets, which are unrelated to current operations and are neither comparable to the prior period nor predictive of future results. We believe the elimination of the effect of variability caused by stock-based compensation expense and the amortization of acquired assets, both of which are non-cash expenses, provides a better representation as to the overall operating performance of the Company. We use non-GAAP financial measures (a) to evaluate our historical and prospective financial performance and trends as well as our performance relative to our peers, (b) to set and approve spending budgets, (c) to allocate resources, (d) to measure operational profitability and the accuracy of forecasting, and (e) to assess financial discipline over operational expenditures.

Non-GAAP operating income and non-GAAP operating margin should not be considered as an alternative to operating income, operating margin or any other performance measures derived in accordance with GAAP as measures of performance. Non-GAAP operating income and non-GAAP operating margin should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table presents a reconciliation of (i) non-GAAP operating income from the most comparable GAAP measure, operating income, and (ii) non-GAAP operating margin from the most comparable GAAP measure, operating margin, for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except percentages)			
GAAP operating loss	$ (2,138)	$ (7,084)	$ (5,339)	$ (15,916)
GAAP operating margin	(2.7)%	(10.9)%	(3.5)%	(12.8)%
Add:				
Stock-based compensation	10,538	9,586	19,996	17,690
Amortization of acquired intangible assets	349	354	702	753
Non-GAAP operating income	$ 8,749	$ 2,856	$ 15,359	$ 2,527
Non-GAAP operating margin	11.2%	4.4%	10.1%	2.0%

Liquidity and Capital Resources

As of June 30, 2024, we had $227.0 million in cash and cash equivalents and $3.8 million in short-term investments.

Our short-term liquidity needs primarily include working capital for sales and marketing, research and development, and continued innovation. In addition, we extended a credit facility with a remaining commitment of $2.5 million, and committed $50.0 million to a growth equity fund. We also have letters of credit issued in the amount of $0.8 million as security for operating leases, and $3.1 million as security for customer contingency agreements. Our long-term capital requirements will depend on many factors, including our growth rate, levels of revenue, the expansion of sales and marketing activities, market acceptance of our platform, the results of business initiatives, and the timing of new product introductions.

We currently maintain a loan and security agreement (the "***Loan Agreement***"), dated as of November 3, 2023, with HSBC Bank USA, National Association, ("***HSBC***") as lender, for a revolving line of credit of up to $30.0 million with an accordion feature that provides up to $20.0 million of additional borrowing capacity we may to draw upon at our request. The line currently bears interest at a rate equal to term SOFR plus 3.0% to 3.3% depending on the Consolidated Total Leverage Ratio (as defined in the Loan Agreement). The line carries an unused fee at a rate equal to 0.5%. The line will mature on November 3, 2026. We are required to maintain a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the Loan Agreement) as well as a maximum Consolidated Total Leverage Ratio, tested by HSBC each quarter. We pledged, assigned, and granted HSBC a security interest in all shares of our subsidiaries, future proceeds and assets (except for excluded assets, including material intellectual property) as a security for the performance of the loan and security agreement obligations.

We believe that our existing cash, cash equivalents and short-term investments, our cash flows from operating activities, and our borrowing capacity under our credit facility with HSBC are sufficient to meet our working capital and capital expenditure needs for at least the next twelve months. In the future, we may attempt to raise additional capital through the sale of additional equity or debt financing. The sale of additional equity would be dilutive to our stockholders. Additional debt financing could result in increased debt service obligations and more restrictive financial and operational covenants.

Cash Flows

The following table sets forth a summary of AvePoint's cash flows for the periods indicated.

	Six Months Ended June 30,	
	2024	2023
	(in thousands)	
Net cash provided by operating activities	$ 23,914	$ 9,256
Net cash used in investing activities	(2,587)	(2,422)
Net cash used in financing activities	(15,820)	(13,784)

Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2024 was $23.9 million, reflecting AvePoint's net loss of $14.9 million, adjusted for non-cash items of $33.9 million and net cash inflows of $4.9 million from changes in its operating assets and liabilities. The primary drivers of non-cash items were stock-based compensation which reflects ongoing compensation and an increase in the mark to market value of earn-out and warranty liabilities. The drivers of changes in operating assets and liabilities are seasonal in nature. These drivers are related to a decrease in accounts receivable due primarily to the timing of customer invoices and a decrease in prepaid expenses and other current assets primarily related to prepaid insurance, a decrease in deferred revenue and a decrease in accrued expenses primarily due to accrued bonuses, commissions and VAT/sales tax payable.

Net cash provided by operating activities for the six months ended June 30, 2023 was $9.3 million, reflecting AvePoint's net loss of $21.7 million, adjusted for non-cash items of $28.0 million and net cash inflows of $3.0 million from changes in its operating assets and liabilities. The primary drivers of non-cash items were stock-based compensation which reflects ongoing compensation and an increase in the mark to market value of earn-out and warranty liabilities. The drivers of changes in operating assets and liabilities are seasonal in nature. These drivers are related to a decrease in accounts receivable due primarily to timing of customer invoices and decrease in prepaid expenses and other current assets primarily related to prepaid insurance, an increase in deferred revenue and a decrease in accrued expenses primarily due to accrued bonuses, commissions and VAT/sales tax payable.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2024 was $2.6 million. It primarily consisted of $1.4 million of purchases of short-term investments, $0.9 million of purchases of property and equipment, and $0.7 million from the capitalization of internal use software, partially offset by $1.2 million in the maturity of short-term investments.

Net cash used in investing activities for the six months ended June 30, 2023 was $2.4 million. It primarily consisted of $1.1 million of purchases of short-term investments, $0.6 million from the capitalization of internal use software and $0.8 million of purchases of property and equipment, partially offset by $0.5 million in the maturity of short-term investments.

Financing Activities

Net cash used in financing activities for the six months ended June 30, 2024 was $15.8 million, primarily consisting of $19.2 million in repurchases of common stock under the previously announced Share Repurchase Program that authorizes us to repurchase up to $150 million of our common shares (the "***Share Repurchase Program***"), partially offset by $3.3 million of proceeds from the exercise of stock options.

Net cash used in financing activities for the six months ended June 30, 2023 was $13.8 million, primarily consisting of $17.0 million in repurchases of common stock under the Share Repurchase Program, partially offset by $3.2 million of proceeds from the exercise of stock options.

Indebtedness

Credit Facility

We maintain a line of credit under Loan Agreement with HSBC, as the lender. See "*Note 6 - Line of Credit*" in Part I, Item 1 "*Financial Statements*" of this Quarterly Report on Form 10-Q.

The Loan Agreement provides for a revolving line of credit of up to $30.0 million and an additional $20.0 million accordion feature for additional capital we may draw upon at our request. Borrowings under the line currently bear interest at a rate equal to term SOFR plus 3.0% to 3.3% depending on the Consolidated Total Leverage Ratio (as defined in the Loan Agreement). The line carries an unused fee at a rate equal to 0.5%. Any proceeds of borrowings under the Loan Agreement will be used for general corporate purposes.

On a consolidated basis with our subsidiaries, we are required to maintain a minimum Consolidated Fixed Charge Coverage Ratio as well as a maximum Consolidated Total Leverage Ratio, tested by HSBC each quarter. Pursuant to the Loan Agreement, we pledged, assigned, and granted HSBC a security interest in all shares of our subsidiaries, future proceeds, and certain assets as security for our obligations under the Loan Agreement. Our line of credit under the Loan Agreement will mature on November 3, 2026.

To date, we are in compliance with all covenants under the Loan Agreement. We have not at any time borrowed under the Loan Agreement. The description of the Loan Agreement is qualified in its entirety by the full text of the form of such agreement, a copy of which is referenced as an exhibit to our Annual Report.

Leasing Activities

We are obligated under various non-cancelable operating leases for office space. The initial terms of the leases expire on various dates through 2030. As of June 30, 2024, the commitments related to these operating leases is $15.4 million, of which $5.9 million is due in the next twelve months.

Operating Segment Information

We operate in one segment. Our products and services are sold throughout the world, through direct and indirect sales channels. Our chief operating decision maker (the "***CODM***") is our Chief Executive Officer. The CODM makes operating performance assessment and resource allocation decisions on a global basis. The CODM does not receive discrete financial information about asset allocation, expense allocation, or profitability by product or geography. See the section titled "*Notes to Condensed Consolidated Financial Statements*" (Part I, Item 1 of this Quarterly Report) under the sub-heading "*Note 15 – Segment Information*" for more information.

Critical Accounting Policies and Estimates

Preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. We also make estimates and assumptions on the reported revenue generated and reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that our management believes are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

While our significant accounting policies are described in more detail in the section titled "*Notes to Condensed Consolidated Financial Statements*" (Part I, Item 1 of this Quarterly Report), we believe the following critical accounting policies and estimates are most important to understanding and evaluating our reported financial results.

Revenue Recognition

We derive revenue from four primary sources: SaaS, term license and support, services, and maintenance. Many of our contracts with customers include multiple performance obligations. Judgement is required in determining whether each performance obligation is distinct. Our products and services generally do not require a significant amount of integration or interdependency; therefore, our products and services are generally not combined. We allocate the transaction price for each contract to each performance obligation based on the relative standalone selling price ("***SSP***") for each performance obligation within each contract.

We use judgment in determining the SSP for products and services. For substantially all performance obligations except term licenses, we are able to establish the SSP based on the observable prices of products or services sold separately in comparable circumstances to similar customers. We typically establish an SSP range for our products and services which is reassessed on a periodic basis or when facts and circumstances change. Term licenses are sold only as a bundled arrangement that includes the rights to a term license and support. In determining the SSP of license and support in a term license arrangement, we utilize observable inputs and consider the value relationship between support and term license when compared to the value relationship between support and perpetual licenses, the average economic life of our products, and software renewals rates. Using a combination of the relative fair value method, or the residual value method the SSP of the performance obligations in an arrangement is allocated to each performance obligation within a sales arrangement.

Company Earn-Out Shares

In evaluation of the Company Earn-Out Shares and Company Earn-Out RSUs, management determined that the Company Earn-Out Shares represent derivatives to be marked to market at each reporting period, while the Company Earn-Out RSUs represent equity under ASC 718. Refer to *"Note 13 — Stock-Based Compensation"* for more information regarding the Company Earn-Out RSUs.

In order to capture the market conditions associated with the Company Earn-Out Shares, the Company applied an approach that incorporated a Monte Carlo simulation, which involved random iterations that took different future price paths over the Sponsor Earn-Out Shares' contractual life based on the appropriate probability distributions. The fair value was determined by taking the average of the fair values under each Monte Carlo simulation trial. The Monte Carlo model requires highly subjective assumptions including the expected volatility of the price of our common stock, and the expected term of the earn-out shares.

Economic Conditions, Challenges, and Risks

The markets for software and cloud-based services are dynamic and highly competitive. Our competitors are developing new software while also deploying competing cloud-based services for consumers and businesses. Customer preferences evolve rapidly, and choices in hardware, products, and devices can and do influence how users access services in the cloud, and in some cases, the user's choice of which suite of cloud-based services to use. We must continue to evolve and adapt to keep pace with this changing environment. The investments we are making in infrastructure, research and development, marketing, and geographic expansion will continue to increase our operating costs and may decrease our operating margins.

Our success is highly dependent on our ability to attract and retain qualified employees. We hire a mix of university and industry talent worldwide. We compete for talented individuals globally by offering an exceptional working environment, broad customer reach, scale in resources, the ability to grow one's career across many different products and businesses, and competitive compensation and benefits.

Additionally, demand for our software and service is correlated to global macroeconomic and geopolitical factors, which remain dynamic and currently include multiple ongoing conflicts where the outcomes and consequences are not possible to predict, but could include regional instability and geopolitical shifts, and could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. These in turn could increase our costs, disrupt our supply chain, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition, and results of operations.

Our international operations provide a significant portion of our total revenues and expenses. Many of these revenues and expenses are denominated in currencies other than the U.S. dollar. As a result, changes in foreign exchange rates may significantly affect revenue and expenses. Refer to the section titled "*Risk Factors*" (Part I, Item 1A of our Annual Report) for a discussion of these factors and other risks.

Seasonality

Our quarterly revenue fluctuates and does not necessarily grow sequentially when measuring any one fiscal quarter's revenue with another (e.g. comparing the fourth fiscal quarter of fiscal year 2023 with the first fiscal quarter of fiscal year 2024). Historically, our third and fourth quarters have been our highest revenue quarters, however those results are not necessarily indicative of future quarterly revenue or full year results. Higher third and fourth quarter revenue is driven primarily by increased sales resulting from our customers' fiscal year ends. Additionally, new product and service introductions (including the timing of those introductions) can significantly impact revenue. Revenue can also be affected when customers anticipate a product introduction. Our operating expenses have generally increased sequentially due to increases in personnel in connection with the expansion of our business.

Recently Issued and Adopted Accounting Pronouncements

For information about recent accounting pronouncements, see "*Note 2 - Summary of Significant Accounting Policies*" in Part I, Item 1 "*Financial Statements*" of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to potential economic risk from interest rates, foreign exchange rates, and our concentration of credit. We continued to evaluate our exposure to market risks during the six months ended June 30, 2024, and have determined that there have been no material changes to our exposure to market risks from those described in our Annual Report. However, we have provided the following information to supplement or update our disclosures in our Annual Report.

Interest Rate Risk

As of June 30, 2024, we had cash and cash equivalents, marketable securities, and short-term deposits of $230.8 million, which we hold for working capital purposes. Our cash and cash equivalents are held in cash deposits and money market funds. Due to the short-term nature of these instruments, we believe that it does not have any material exposure to changes in the fair value of our investment portfolio due to changes in interest rates. Declines in interest rates, however, would reduce our future interest income. The effect of a hypothetical 10% change in interest rates would not have a material negative impact on our condensed consolidated financial statements. To the extent we enter into other long-term debt arrangements in the future, we would be subject to fluctuations in interest rates which could have a material impact on our future financial condition and results of operation.

Foreign Currency Exchange Risk

Fluctuations in foreign currencies impact the amount of total assets and liabilities that we report for our foreign subsidiaries upon the translation of these amounts into U.S. Dollars. In particular, the amount of cash, cash equivalents and marketable securities that we report in U.S. Dollars for a significant portion of the cash held by these subsidiaries is subject to translation variance caused by changes in foreign currency exchange rates as of the end of each respective reporting period, the offset to which is substantially recorded to accumulated other comprehensive income on our condensed consolidated balance sheets and is also presented as a line item in its condensed consolidated statements of comprehensive income. We believe we are in large part naturally hedged against foreign currency exchange risk from our ongoing business operations, as most of our regional revenues are generated in the same currency as that region's expenses are paid.

Concentration of Credit Risk

We deposit our cash with financial institutions, and, at times, such balances may exceed federally insured limits.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer (in his capacity as "***Principal Executive Officer***") and our Chief Financial Officer (in his capacity as "***Principal Financial and Accounting Officer***"), we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e)) under the Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our Principal Executive Officer and Principal Financial and Accounting Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2024, due to the material weakness described below.

Notwithstanding such material weakness in internal control over financial reporting, our Principal Executive Officer and Principal Financial and Accounting Officer have concluded that our condensed consolidated financial statements included in this report present fairly, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles ("***GAAP***").

Previously Disclosed Material Weakness

Our management is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. As reported in our Annual Report, we did not maintain effective internal control as of December 31, 2023, as a result of a material weakness in our internal control over financial reporting for accuracy and completeness of information used. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Refer to our Annual Report for a description of our material weakness.

2024 Remediation Plan

Our material weakness was not remediated as of June 30, 2024. Our management has been and continues to be committed to remediating this material weakness and has identified and implemented several steps to enhance our internal controls over financial reporting. We have implemented a remediation plan (the "***2024 Remediation Plan***"), which includes actions not limited to:

- enhance the design of controls that address the accuracy and completeness of reports being utilized in the execution of internal controls; and
- establishing additional training to address the accuracy and completeness of data used controls and the level of documentation required to evidence control activities.

We have implemented documented policies and procedures for, and are in the process of testing the implementation and operating effectiveness of, the newly designed controls. The material weakness in our internal control over financial reporting will not be considered remediated until the newly designed controls operate for a sufficient period of time, and management has concluded, through testing, that these controls are designed and operating effectively. In addition, we may discover additional material weaknesses that require additional time and resources to remediate, and we may decide to take additional measures to address the material weaknesses or modify the remediation steps described above.

Changes in Internal Control Over Financial Reporting

Other than described above, there have been no changes in our internal control over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of our business, we may be involved in various claims, negotiations, and legal actions. Except for such claims that arise in the normal course of business, as of and for the fiscal quarter ended June 30, 2024, we are not a party to any material asserted, ongoing, threatened, or pending claims, suits, assessments, proceedings, or other litigation for which a material claim is reasonably possible, probable, or estimable.

Refer to the information under the section titled "*Risk Factors*" of our Annual Report (Part I, Item 1A of our Annual Report) for information regarding the potential legal and regulatory risks (including potential legal proceedings and litigation) in which we may become involved.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "*Risk Factors*" in our Annual Report, which risks and uncertainties could affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. There have been no material changes to the risk factors previously disclosed in our Annual Report. We urge you to read the risk factors in our Annual Report.

Part II
Items 2, 3 and 4

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

During the quarter ended June 30, 2024, we did not issue any shares of our common stock or any other equity securities without registration under the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities.

On March 17, 2022, we announced that our Board of Directors authorized the Share Repurchase Program for us to buy back shares of our common stock. Under the Share Repurchase Program, we have the authority to buy up to $150 million of our common stock shares via acquisitions in the open market or privately negotiated transactions. The Share Repurchase Program will remain open for a period of three years from the date of authorization. Purchases made pursuant to the Share Repurchase Program may be conducted in compliance with Exchange Act Rule 10b-18 and/or Exchange Act Rule 10b5-1. Purchases made pursuant to the Share Repurchase Program will be conducted in compliance with all applicable legal, regulatory, and internal policy requirements, including our Insider Trading Policy. We are not obligated to make purchases of, nor are we obligated to acquire any particular amount of, our common stock under the Share Repurchase Program. The Share Repurchase Program may be suspended or discontinued at any time.

The following table presents information with respect to common stock shares repurchased under the Share Repurchase Program during the three months ended June 30, 2024:

Period	Total number of shares purchased(1)	Average price paid per share(2)	Total number of shares purchased as part of the Share Repurchase Program	Approximate dollar value of shares that may yet be purchased under the Share Repurchase Program(3)
April 1, 2024 - April 30, 2024	379,367	$7.8023	379,367	$74,333,776
May 1, 2024 - May 31, 2024	61,893	$7.8725	61,893	$73,846,526
June 1, 2024 - June 30, 2024	211,322	$9.2813	211,322	$71,885,175

(1) All shares reported herein were purchased pursuant to the publicly announced Share Repurchase Program.
(2) Average price paid per share includes costs associated with the repurchases and excludes the 1% excise tax on stock repurchases enacted by the Inflation Reduction Act of 2022.
(3) The maximum remaining dollar value of shares that may yet be purchased under the Share Repurchase Program is reduced by the aggregate price paid for share purchases in addition to any fees, commissions, or other costs that may arise as a result of the purchase.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-k.

Part II
Item 6

ITEM 6. EXHIBITS

The following exhibits are filed as part of, furnished with, or incorporated by reference into, this Quarterly Report on Form 10-Q, in each case as indicated therein.

Exhibit Index

		Incorporated by Reference				
Exhibit Number	**Description**	**Schedule/ Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
31.1	Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104.1	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101).					X

** Furnished herewith. Any exhibit furnished herewith (including the certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto) are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	AVEPOINT, INC.
Date: August 8, 2024	/s/ Tianyi Jiang
	Name: Tianyi Jiang
	Title: Chief Executive Officer (Principal Executive Officer)
Date: August 8, 2024	/s/ James Caci
	Name: James Caci
	Title: Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Tianyi Jiang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AvePoint, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act of 1934, as amended, ("Exchange Act") Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ Tianyi Jiang
Tianyi Jiang
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, James Caci, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AvePoint, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act of 1934, as amended, ("Exchange Act") Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ James Caci
James Caci
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Tianyi Jiang, Chief Executive Officer of AvePoint, Inc. (the “Company”) hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: August 8, 2024

By: /s/ Tianyi Jiang
Tianyi Jiang
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), James Caci, Chief Financial Officer of AvePoint, Inc. (the “Company”) hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: August 8, 2024

By: /s/ James Caci
James Caci
Chief Financial Officer
(Principal Financial and Accounting Officer)