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<<Jason Ader, Analyst, William Blair>>

All right. Good morning. Thanks for being here. I'm Jason Ader with William Blair, and I'm very pleased to introduce TJ and Jim from AvePoint.

Before we begin, I'm required to inform you that a complete list of research disclosures or potential conflicts of interest is available on our website at williamblair.com. Jim and TJ are going to go through some slides and then we'll have some time for Q&A and then we'll have a breakout upstairs right afterwards.

Take it away, TJ.

<<Tianyi Jiang, Chief Executive Officer>>

Thank you, Jason. All right. I think we'll just do a quick overview. I see many familiar faces in this room. So many of you heard the story already, but I just – we have a shortened slide here. Perfect. All right.

Okay. So AvePoint today we're the largest SaaS data governance and security player in the Microsoft Office Cloud ecosystem. The data that we really focus around security and governance and management is unstructured data. So this is actually 80% of all data out there. So a lot of people ask us about how we differentiate with other data aggregators and managers like Databricks and others, and we actually work with them. We're another layer. Think of us on top in terms of data orchestration, data governance and data security.

So the unstructured data is really around your emails, your files, your chats, anything that actually is part of our business. And also we have to deal with business processes, governance on top of that as well. It is a large addressable market. The media market today we estimate about $19 billion. That's in the governance, risk and compliance space as well as data replication, protection space. Those are the major things that we do.

I'll go quickly over our overall confidence platform and the major components. But the medium term adjacency, it's of course, in the data intelligence and data integration space, which we also do in term of data analytics, data integration, data migration, and of course, we already are classified by Gartner in the DSPM ecosystem. So data security, posture management. So that's our approach to security and we'll talk a bit more about that. But security is a massive, massive area. So there's opportunity there for us through both organic investment as well as inorganic expansion to extend our offering.

So the customers today are really needing one is, of course, less throat to choke, so to speak. So they need enterprise grade partners, vendors that can actually help them solve their burning data management and governance issues. And that's why we offer a platform-first strategy and also to make sure that whatever vendors they deploy has to be robust enough to handle some of the most rigorous requirements, whether it's data sovereignty or even government data centers. And also of course, all the nuances associated with massive data volume. And of course in the age of AI this is even more important, because your AI is only good as your data.

So now the commoditization of large commercial LLMs, enterprises are investing into agentic, so reasoning, capabilities, but all of that grounds on their corporate proprietary data set. So whatever AI they deploy can speak intelligently about their domain and their industry.

So this is a quick way to visualize our confidence platform. It is a singular SaaS platform. We now have about 50 instances of it running mostly Microsoft Azure data centers around the world, including FedRAMP certified data center in Arlington, Virginia, which itself is a three-year certification process. We now also have instances running GCP, its Google Compute Cloud, as well as AWS. So because the world is becoming multi-cloud or as multi-cloud so for us to continue to do land and expand and continue to improve our NRR, that's the direction that we take. And Jim will talk a bit more about our GRR, NRR retention stats.

Overall, the confidence platform has three major areas. Multiple SKUs around this, but the way to think about it is so we do resiliency. So that's backup-as-a-service, archiving service, storage optimization-as-a-service every day we actually back up well over 600 petabyte of data globally. So we're one of the largest BaaS, backup-as-a-service provider in the Microsoft Office ecosystem. Overall resiliency is well over 50% of our full recurring revenue. And then we have the control side, which is data governance.

So controlling who has access to what from where, when, how and how long does the data live? And that's critically important when enterprises are deploying Copilot because Copilot, Microsoft Copilot [Technical Difficulty] (0:05:20) especially for Office rely on Office Graph and no enterprise have their Office Graph permission done properly. So this is where we do our software automatically go to do provision management, recertification and time leasing management of all contents, all channels, all chats. So this essentially has ability to then influence how AI grounds on this content to make sure that it's not based on redundant, out of date, trivial content and also help customers to really manage like the time sensitivity of data sets.

And then lastly is modernization. So control by the way is our fastest growing suite since last year and we see that one of the major driver is actually AI deployments across enterprises. And then lastly is the modernization. It's really data analytics, data integration, data migration. So we've been around for 20 plus years. We understand all the enterprise content systems under the Sun, whether it's legacy stuff like Documentum, HP TRIM, OpenText, even IBM Lotus Notes or cloud-to-cloud. So companies would never finish moving data. Think about this is data set moves, whether it's from Box, Dropbox, Google, Salesforce to Microsoft, vice versa.

For example, Shell's been a customer of ours for 15 years. They never stopped moving data. There's divestitures, there's acquisitions. So anytime you move, it's actually not just a simple lift and shift, it's actually reorganizing content, making sure that you can preserve metadata tags, preserve business processes, but completely rejiggle the way schema and data are structured. So that's also another major business of ours.

It's a smaller portion of our recurring because a lot of this have to be services orientated and we actually start to give away a lot of that service capability to our partners. So this is how we were able to reduce the total amount of services part of revenue from 20% when we've gone public in 2021 to now just under 12%. And our goal is to get that under 10%. We'll always have the service component because that also allow us to do certain amount of premium services with our large enterprise customers as well as our MSP customers. I'll mention about MSP a bit. That's how we stay close to customers these days with rapid disruption and change. Especially at Agentic AI, it's critical for vendors to stay very close to customers to see where the puck is going.

So overall in terms of compete landscape, it has always been competitive. Since I've been doing this business for 20 plus years, that hasn't really changed. We have point competitors, we don't have a holistic competitor. Given our background from this enterprise content management space where we focus on the end-to-end lifecycle management of unstructured data. We also have different point competitors in different segments. So we're unique in that while we're not yet that large, we're very global and we're also cross sectional.

So 53% of our recurring revenue come from companies with 5,000 employees and up and then the other 47% come from small-to-medium sized businesses, especially small businesses less than 500 employees. That's now just under 20% of our business. That's growing very, very fast. For context, that's actually 40% of Microsoft revenue pie. So there's a lot of uplifting to grow from all the segments. So we're very excited about that. So that's how we actually look at the go-to-market motion.

We license by number of employees majority of the time, just like Microsoft license Office. But they are increasingly areas where we actually license by consumption. So obviously migration is a consumption play. But also even with the data governance and security side, as increasingly enterprises are taking a very ROI driven approach to AI rollouts, not an enterprise-wide approach, there's more opportunities for us to do the consumption based model.

So I spoke a bit about the multi-cloud. So we are investing aggressively into the multi-cloud. You probably saw some announcements from us on the Google relationship, all the pains that we solved in the Microsoft Cloud ecosystem. Existing in the Google ecosystem, very analogous. You talk about the things that we do for Copilot also exists for Gemini. So it's really a concept of making sure that your enterprise AI is grounded on really high quality, relevant, up to date data. That's fundamentally what that is. And also of course access control. Who has access to it, from where, when, for how long? And that is an increasing offering set we start to deploy into the Google ecosystem.

So our path we declared at our most recent Investor Day to get to $1 billion ARR. We're pretty confident on that. That's 25% CAGR going forward. And Jim will talk a bit more about our financial performance.

<<Jim Caci, Chief Financial Officer>>

Thanks, TJ. I'm going to come back to this slide, but just suffice to say, that we believe we have a very compelling equity story and TJ's touched on a bunch of these issues. I'm going to come back to this at the end, but we believe that there's tremendous growth potential. TJ talked about the TAM, the expanding TAM. We think that we're in the right space at the right time. We have a tremendous diverse customer base. TJ talked about the three different segments that we play in. You'll see some of the names on our website. It's really a who's, who's list of the companies we play with and actually help in their opportunity and their growth and they're dealing with obviously the challenges that they face. And then obviously the strong financial performance. So we've had nine straight quarters where we've exceeded the performance that we set for ourselves and we're proud of that. But obviously there's still a lot more work to do.

Some of the highlights from 2020, the first quarter of 2025, you can see here total ARR growth of 26% year-over-year, solid performance. Maybe the biggest highlight in terms of our ARR growth is the second line here where we had net new ARR in the quarter of really $18.5 million or 85% year-over-year growth. So really stellar performance from all three of our regions across the globe. Really proud of the teams in terms of their execution and it's obviously reflected in our growth.

SaaS revenue is up 34% on a constant currency basis, 37%. Total revenue up 25%. This kind of aligns with obviously what TJ was talking about, our long-term CAGR of 25% to get to that $1 billion of ARR. So we're Q1 is reflective of our kind of plan to get there and obviously the numbers reflect our ability to do that.

We talked about retention a couple different points. For us it's gross retention and net retention. Gross retention stands at 89% and net retention is at 111%. Again, good progress toward our longer term targets here. On the long-term we're expecting that 89% to be 90% plus. And then on our net retention rate that 111% we see that getting to 115%. So again, good progress to date. We still think there's tons of room for improvement. We have a number of initiatives that we're working toward improving these numbers. But again we feel good about where we're at right now, but lots of room for improvement.

And then obviously the last thing on the page is just our operating margin. So we just under 14.5%. Really good start to the year. Traditionally Q1 is our weakest quarter coming off of the big Q4 generally in software, particularly in the U.S. So again, really pleased with the performance of Q1 and I think sets us up really well for the rest of the year.

So some of you who have heard me talk about this slide, you know this is my favorite slide, but I do think it encapsulates AvePoint in really one picture talks about the balance and diversity of our company. So on the left hand side we talk about industries. You can see here that there's really no concentration in any one industry. And we service really every industry. Every industry has the same data management, governance, security challenges that we address. And that's why you see this great diversification in terms of industries.

And then on the right-hand side of the page you see a variety of pie charts covering all these different aspects of our business, whether it's geography. Talked about the three different regions we play in. North America represents about 44% of the business, EMEA 35% and APAC the balance. And for a company of our size, this is a really unique, I think distribution of our ARR. Normally a company sub $400 million would be concentrated maybe just in North America, maybe they've dabbled a little bit in the UK, maybe a little bit in Australia.

So to have this diversification I think demonstrates that we've done some of the hard things first, which is build the foundation of the organization on a global scale. That now allows us to scale up and really grow without some of those impediments of having to build out an infrastructure. So again, this gives us some of the confidence to get to that $1 billion over the next several years.

And then the rest of these kind of direct verse channel again just shows our balance over all the way down to customer segments. As TJ alluded to earlier, really good diversification. And again that customer segment is another unique aspect I think of AvePoint in that again most companies our size would concentrate in one area. Maybe they're an SMB player, maybe they're an enterprise player. And you can see here that we're actually providing solutions that cut across all customer segments and address the needs of our customers.

So I guess it was our first Investor Day and really almost two and a half years ago now, we started talking about this phrase and you've heard us say it a thousand times, profitable growth. And I think this slide encapsulates what we were talking about back in 2022 where you guys remember back in 2022, obviously there were companies laying off people, there were tons of riffs.

We were coming kind of out of the COVID pandemic and there was kind of this rebound of people trying to right size their businesses. And so there was a lot of turmoil and concern and the idea of software companies just growing at any costs fell out of favor. Right? All of a sudden it was, hey, what's the pathway to profitability? So we made a commitment at that point that said, we are focused on profitable growth. We're going to demonstrate that we have a pathway to profitability. Obviously, this was at the end of 2022, and I think what you see here both in 2023, 2024 and now in Q1 of 2025 is the execution against what we committed to do back in at the end of 2022.

You can see on the left hand side revenues, you see this nice continued growth ending with the 25% year-over-year in Q1 that we talked about. You can see nice gross margin improvement in the middle of those bar charts from 72% plus up to now, almost 76% in gross margins. And it obviously starts there. When you think about profitable growth, if you can improve your gross margins, it starts there and trickles down. And then if we move over to the operating expenses, you can see here that we made significant improvement in terms of leveraging our expenses.

And on the bottom chart or the bottom part of the bar chart is our sales and marketing expenses. And you can see that they were about 41% of revenues back in 2023. These are on a trailing 12-month basis. And now that's dropped to under 34% of revenue. So again, good leverage coming out of our sales and marketing. The top of the chart is our G&A. You can see also almost 19%

down to under 15% and the middle is our R&D, which we believe is the lifeblood of the company and something we want to keep in that 12% range.

So again, we've done a good job of reinvesting in initiatives and obviously technology. And then obviously that translates to the right-hand side, which is ultimately the profitability. And you can see that we were effectively breakeven on a trailing 12 months back in Q1 of 2023. And that's improved now to almost 16% in Q1 of 2025. So good progress, and I think hopefully demonstrating that what we said, we were going to do back in 2022, we've obviously been executing and we believe we can continue this move forward.

That operating income obviously translates to really nice free cash flow. You can see the improvement here. Again, minimal cash flow, free cash flow back in 2023 and obviously that improved significantly where the trailing 12 months is now $77 million. At the end of 2024, we had about 26% free cash flow margins. So again, really strong dynamics in the business. Healthy cash flow generation.

People ask about capital allocation all the time. We're sitting with $350 million of cash on the balance sheet. You just saw the free cash flow generation. So what are you guys doing with the cash? So this is how we think about the allocation of capital in these three major buckets. First, obviously continuing to invest in the business for profitable growth. It's important that we invest in our teams, ensuring that they have all the right resources. That's both people resources, it's also technology. Particularly now in the age of AI, ensuring that they have the right technology to execute and deliver that profitable growth. So that's first and foremost and that won't change.

Second is obviously M&A. It's a vital part of any company's thought process in terms of supplementing what we can do organically? How can we supplement that inorganically and it's something we've done in the past? We've done six acquisitions to date, all tiny little tuck-in acquisitions. I do think we've demonstrated our ability to not only acquire those companies, but assimilate those into the broader organization. And I think we're poised to do even larger acquisitions at this point.

And the last is share repurchases, where we've done some of this in the past, and we have a program, an authorized program to purchase up to $150 million of our own stock. So that's broadly how we think about capital allocation.

I've kind of touched on some of these long-term targets. I know we only have a little over eight minutes left, Jason, so I'm going to almost end here in a second. Long-term targets, we think 80% gross margins, sales and marketing goes from that 33% down to 30%. R&D stays in that 12%, 12.5% range. G&A goes from right now the 14% range down to 10% again, really good progress toward those goals. That leaves us with operating margins of the high 20s, 27.5% and our stock-based compensation, which is around 12% at the end of last year, we believe gets to 10% this year and below 10% moving forward.

Well, since the presentation is frozen, I think we're going to end here. This is maybe a good way to end it.

<<Jason Ader, Analyst, William Blair>>

All right, leave that up there. One of the main questions I guess on AvePoint, I get a lot is just who are you competing against? Maybe you could talk a little bit about the competitive landscape and in particular, I'm like obsessed with this question – is that actually today, later today we have Commvault and Varonis, which are both sort of quasi competitors to you, but they take kind of a horizontal approach to a specific function within data management like Commvault and backup, Varonis in data governance where you guys have more of like a vertical stack, around a very – a different, an individual ecosystem like Microsoft or Google.

So can you just talk about like how that works, inside a company like, how do they buy this technology and is it just sort of dependent on the company where they want – some companies want more of a vertical approach and some companies want more of a horizontal approach.

<<Tianyi Jiang, Chief Executive Officer>>

Yes, I think a few years ago you will have company IT that organized with a backup group and a risk group that they would have their own purchase decisions. But increasingly with a way that everyone's centralizing on cloud, on the new technology because that's where things are revving fastest. Increasingly you see that group become merged into one that worry about fundamentally AI and security. And underneath of that, that substrate is data. They have to worry about how secure is their data, the quality of the data and the curation of that to accelerate obviously the collaboration, velocity of innovation, et cetera.

So that's how we see the conversation changing. So when we have conversation with our customers, it's not just a backup conversation, not a governance conversation or a data analytics migration conversation. It's actually one of data governance and data quality conversation. So you see this is why Salesforce actually went out and buy Informatica? Right. Because they are missing that kind of data analytics story. So that's how we think about it. We think it's really one collective problem set.

Yes, you do see the backup vendors even at Rubrik and others, right. That are horizontal just to backup. We see them from time to time. But more important we think that the conversation that we're having is just different. We do see multiple occasions where we are actually co deployed in accounts where they could have some Veritas or some Commvault and then even some Varonis. Different aspect because you have to understand the tech space is pretty complex and nuanced.

Varonis's strength is in file share, security audits and remediation. They're very, very new to cloud and especially – the nuance of entirety of Microsoft Office cloud is actually quite complex. So we've been doing that for 12 plus years and we continue to do that. And of course, so sending even backup players, you see that they're trying to pivot toward the security story because they also know backup alone is no longer sufficient in. It's a bit of a race to the bottom commoditization. So everyone's trying to pivot towards different type of value propositions so they can be more strategic to the customer.

So that’s how we see things. We don’t really see it as a backup story or a separate governance story. And this is why when we actually deploy into accounts, when we have two or more these products, our retention rate goes through the roof. And then we are able to really have the high NRR as well, so we can get the recurring revenue from those customers.

<<Jason Ader, Analyst, William Blair>>

Great. And then the next obvious question that people ask I think is, so you’re very tight with Microsoft, you’ve been a partner for 25 years or something, right?

<<Tianyi Jiang, Chief Executive Officer>>

Yes.

<<Jason Ader, Analyst, William Blair>>

Pretty long time. What’s to stop them from kind of doing more of this stuff in-house themselves? I mean they’re in this, you see insecurity, they really pushed hard.

<<Tianyi Jiang, Chief Executive Officer>>

Series space [ph].

<<Jason Ader, Analyst, William Blair>>

Yes. I don’t know that that’s massively disrupted some of the players, but I’d say, it’s had an impact on some of those pure play security names. So why should we not be worried about that?

<<Tianyi Jiang, Chief Executive Officer>>

So that’s a great question. So we like to say, we don’t compete against Microsoft. We compete within this trillion dollar Microsoft ecosystem. There’s plenty of room to grow. I was at the Microsoft CEO Summit two weeks ago where we spend two to two and a half days with Satya with Bill Gates, one of the most commonly the highest attendance session in cybersecurity that you talk about. They actually say, yes, they compete, their biggest competitor in this space is CrowdStrike and SentinelOne [ph]. But they also know that customers do want to have third party as well. They don’t want to trust everything with one vendor.

So there’s always that dynamic happening. But for us really we see massive opportunity in the ecosystem. We stay very close to our customers fundamentally. Customers today are intentionally multi-cloud, because they don’t want to trust their entire stack with one hyperscalers. And also the problems that we address are also fundamentally different than Microsoft’s motivation. For example, Microsoft will want everyone to buy the Cadillac version of every license type. Whereas we actually help customers consolidate and coalesce data management and governance consistency across different license types and also across multi-cloud.

And those are things that the hyperscaler will never help their customer to do. So we really in this case behave like an advocate for the customer. And because we are very close on the product side, we're one of the top global partners. We actually also forecast where Microsoft's going in the next year, two years. So then we can actually anticipate the new monetization areas. And again, dancing with the elephant for 20 plus years. We know how to work with that. Of course, there's always baseline improvements from the hyperscalers that from time-to-time we remove different aspect of our offering. We like to think about it as a very good coexistence where we actually complement.

For example, we do work with a Purview. It's not a pure all or nothing type of story. But we also work with customers who don't have Purview coverage for the entire enterprise, who don't have Purview coverage for multi-cloud. So these are things that fundamentally that's just not in the interest of Microsoft to do and that's how we come across to the customer as a value-added provider.

Lastly, I would say is, because it's MSP segment that we really growing very well. We actually now roll out license control management for them, because everyone is also conscious about cost. So again recently we had a meeting with – and we sell this to the SMB customer because they're so conscious about that. And MSP is managing hundreds of tenants. Right. So license management is a big, big topic. But recently we showed this capability to a large enterprise customer, 130,000 seize customer in Europe. We actually showed them in our dashboard say hey, you're actually over licensed on the Microsoft side by $2 million a year.

So the shipping, procurement officer nearly fell off his chair and then he checked all our numbers is correct. So yes there's another thing. Most cloud consumption today at least 40% is considered wastage. So there's a ton of room for ecosystem partner like us, who think really for the benefit of the customer to grow.

<<Jason Ader, Analyst, William Blair>>

Okay, great. And then maybe last question, because we've got 30 seconds left. But in your experience with, at these conferences talking to investors, you guys have, been public now for what, like four years or something. What do you think investors most underappreciate about the AvePoint story? I know you want to take that one, Jim?

<<Jim Caci, Chief Financial Officer>>

Yes, I mean I'll start and then TJ can add. I think that one slide, my favorite slide, that balance slide I do think is something that's underappreciated, how hard it actually is to build a global organization and be as diversified as we are playing in really three different geographies, three different customer segments and really establishing a platform that isn't just a point solution but solves multiple problems for our customers.

I think sometimes that's underappreciated, because I think you just assume, you see like companies like the hyperscalers and just assume, oh well, everybody can do that. And it's not easy. I think it’s taken us a ton of work to get there. However, I do think now we’re positioned and I think this is the underappreciated part that since we are this global organization that the scaling from here is actually easier than the scaling to get here. So all of that infrastructure that’s in place, all of the layers of management in terms of being able to manage those teams across the globe. I think, we’ve done those hard things first and now I – not that it’s ever easy, but I do think our ability to scale from heel here is much easier than getting to here.

<<Tianyi Jiang, Chief Executive Officer>>

Yes, I concur. So we build this business, we take this business public 2021 with just $60 million primary capital, no debt. So we’re super disciplined and efficient and we build this infrastructure that’s highly scalable now. So we’re more excited than ever before in that we started in the direct sales, large enterprise, the hard things first. And now we have the flywheel of channel. We have the SMB. Well, of course, have enterprise. We’ve done the full subscription conversion before we went public. So everything now is that flywheel. As we continue to improve NRRs retention numbers, you have a lot more predictability on the revenue growth.

And of course, we will not slow down on the top line new logo acquisitions, as we continue to also expand our IT offering with really native product integration. We don’t believe in acquisitions where you accumulate tech debt. I think those are the most dangerous type of acquisitions to do. Especially in the next few years you will see where our tech capacity is, half of our population is in developers. So that’s also a major advantage that we have to continue to rev and stay ahead of the curve. Because in the next few years you will see a lot of the existing vendors will not be able to transition properly. These highly disruptive agentic AI times where even fundamentally the way code are being developed, deployed and managed in the next few years will change.

<<Jason Ader, Analyst, William Blair>>

Okay, thank you guys very much. Thanks everybody.

<<Tianyi Jiang, Chief Executive Officer>>

Thanks, Jason.

<<Jason Ader, Analyst, William Blair>>

We’re going to go upstairs to Jenny A for the breakout. Jenny A.