Cellebrite

Q2 '23 Results Call

August 8, 2023

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Use of Non-GAAP Financial Measures

This Presentation includes non-GAAP financial measures. Cellebrite believes that these non-GAAP measures are useful to investors for two principal reasons. First, Cellebrite believes these measures may assist investors in comparing performance over various reporting periods on a consistent basis by removing from operating results the impact of items that do not reflect core operating performance. Second, these measures are used by Cellebrite's management to assess its performance. Cellebrite believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. These non-GAAP measures should not be considered in isolated from, or as an alternative to, financial measures determined in accordance with GAAP. Other companies may calculate these non-GAAP financial measures differently, and therefore such financial measures may not be directly comparable to similarly titled measures of other companies. A reconciliation of each of these non-GAAP financial measures to their most comparable GAAP measure is set forth in a table included at the end of this Presentation and is also available in our earnings release for the quarter on our website at investors.cellebrite.com.

In regard to forward looking non-GAAP guidance, we are not able to reconcile the forward-looking Adjusted EBITDA measure to the closest corresponding GAAP measure without unreasonable efforts because we are unable to predict the ultimate outcome of certain significant items including, but not limited to, fair value movements, share-based payments for future awards, tax expense, depreciation and amortization expense, and certain financing and tax items.

Forward-Looking Statements

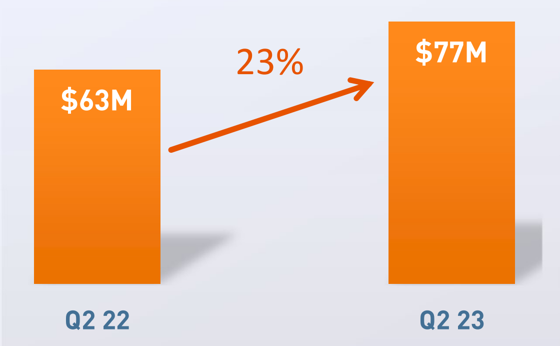
This presentation includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward looking statements may be identified by the use of words such as "forecast," "intend," "seek," "target," "anticipate," "will," "appear," "approximate," "foresee," "might," "possible," "potential," "believe," "could," "predict," "should," "could," "continue," "expect," "estimate," "may," "plan," "outlook," "future" and "project" and other similar expressions that predict, project or indicate future events or trends or that are not statements of historical matters. Such forward looking statements include estimated financial information. Such forward-looking statements with respect to estimated financial information for fiscal year 2023 such as revenue, ARR, adjusted EBITDA and earnings as well as statements related to the performance, strategies, prospects, and other aspects of Cellebrite's business are based on current expectations that are subject to risks and uncertainties. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward looking statements. These factors include, but are not limited to: Cellebrite's ability to keep pace with technological advances and evolving industry standards; Cellebrite's material dependence on the purchase, acceptance and use of its solutions by law enforcement and government agencies; real or perceived errors, failures, defects or bugs in Cellebrite's DI solutions; Cellebrite's failure to maintain the productivity of sales and marketing personnel, including relating to hiring, integrating and retaining personnel; intense competition in all of Cellebrite's markets; the inadvertent or deliberate misuse of Cellebrite's solutions; failure to manage its growth effectively; Cellebrite's ability to introduce new solutions and add-ons; its dependency on its customers renewing their subscriptions; the low volume of business Cellebrite conducts via e-commerce; risks associated with the use of artificial intelligence; the risk of requiring additional capital to support the growth of its business; risks associated with higher costs or unavailability of materials used to create its hardware product components; fluctuations in foreign currency exchange rates; lengthy sales cycle for some of Cellebrite's solutions; near term declines in new or renewed agreements; risks associated with inability to retain qualified personnel and senior management; the security of Cellebrite's operations and the integrity of its software solutions; risks associated with the negative publicity related to Cellebrite's business and use of its products; risks related to Cellebrite's intellectual property; the regulatory constraints to which Cellebrite is subject; risks associated with different corporate governance requirements applicable to Israeli companies and risks associated with being a foreign private issuer and an emerging growth company; market volatility in the price of Cellebrite's shares; changing tax laws and regulations; risks associated with joint, ventures, partnerships and strategic initiatives; risks associated with Cellebrite's significant international operations; risks associated with Cellebrite's failure to comply with anti-corruption, trade compliance, anti-money-laundering and economic sanctions laws and regulations; risks relating to the adequacy of Cellebrite's existing systems, processes, policies, procedures, internal controls and personnel for Cellebrite's current and future operations and reporting needs; and other factors, risks and uncertainties set forth in the section titled "Risk Factors" in Cellebrite's annual report on Form 20-F filed with the SEC on April 27, 2023 and in other documents filed by Cellebrite with the U.S. Securities and Exchange Commission, which are available free of charge at www.sec.gov. You are cautioned not to place undue reliance upon any statements, which speak only as of the date made, in this communication or elsewhere. Cellebrite undertakes no obligation to update its forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.

Agenda

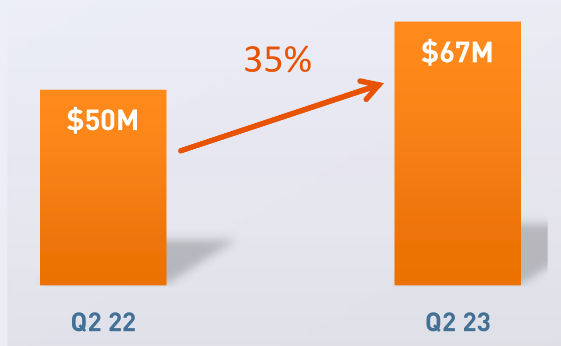
1. Q2 '23 Results Highlights
2. Market Dynamics & Recent Highlights
3. Customer Success
4. Outlook
5. Financial Review

Q2 '23 Results Highlights

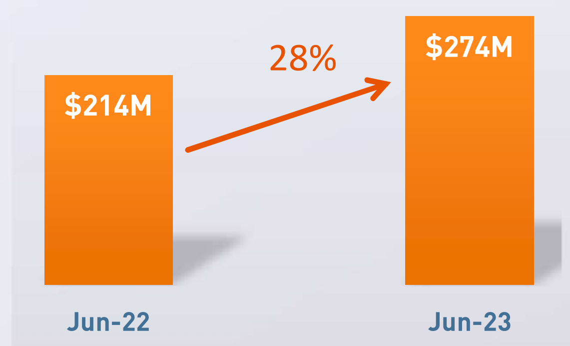
Revenue



Subscription Revenue



Annual Recurring Revenue



25

Deals > $500K

125%

Net Retention Rate

Market Dynamics and Recent Highlights

Customer Relationships

Healthy Market Environment

Strategic Progress & Achievements

Q2 '23 Customer Success

1

Premium.

Pathfinder.

Large NA Federal Law Enforcement Agency

- Major Premium expansion along with an initial Pathfinder engagement
- Centralizes digital forensic capabilities and supercharges investigative capabilities
- ARR nearly tripled to ~$5m

2

UFED.

Premium.

Pathfinder.

APAC Regional Correctional Services Agency

- New logo win
- Deploying UFED, Premium as a Service and Pathfinder
- Building in-house digital forensic unit with strong investigative capabilities
- ARR of nearly $250,000

3

Guardian.

Two mid-sized U.S. cities

- Transform evidence management workflows to efficiently track sensitive digital evidence
- City Police Department: ARR increases 10x to over $200,000
- City District Attorney: ARR more than doubled to $330,000

4

Endpoint Inspector.

U.S. Service Provider

- Expanded use of Endpoint Inspector as part of its forensics practice that supports its corporate clients' legal, regulatory and compliance activities
- ARR for this customer nearly doubled into the low six-figure range

Outlook

- Well positioned to help customers convert major pain points into advantages
  - Complexity and volume of digital data
  - Inefficient workflows
  - Greater public scrutiny on the ethics and accountability of law enforcement operations
- Based on our results to date and the trajectory of our business for the second half of this year, we have raised our annual 2023 guidance
- While there is still a lot of hard work ahead, 2023 is shaping up to be a very good year

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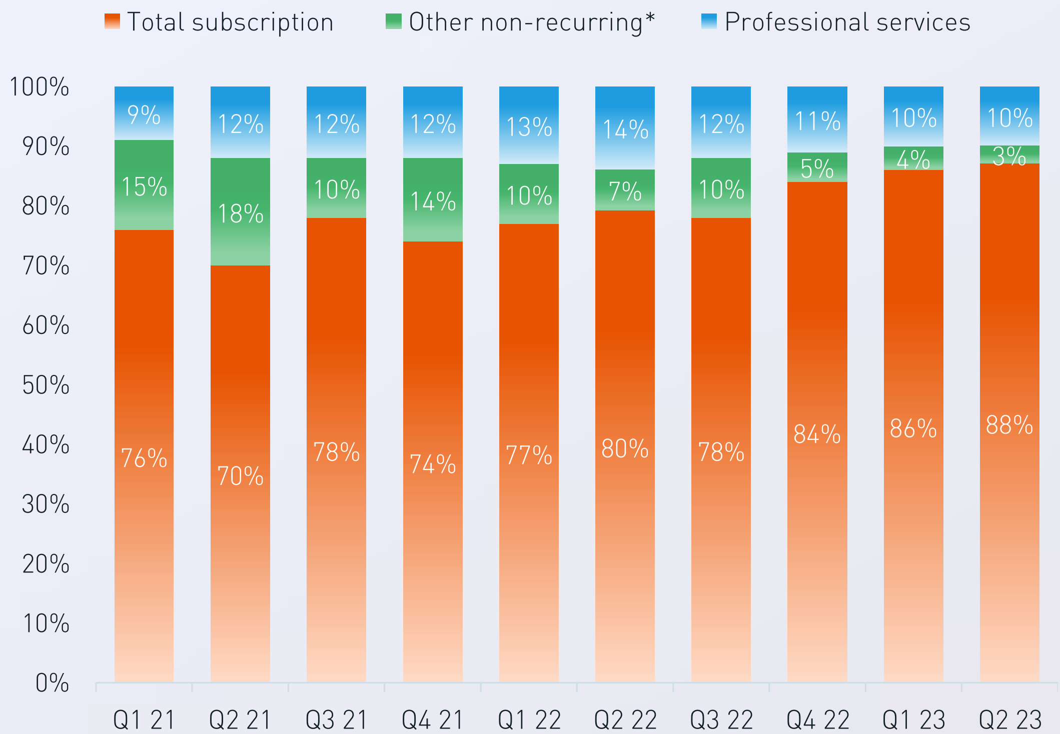
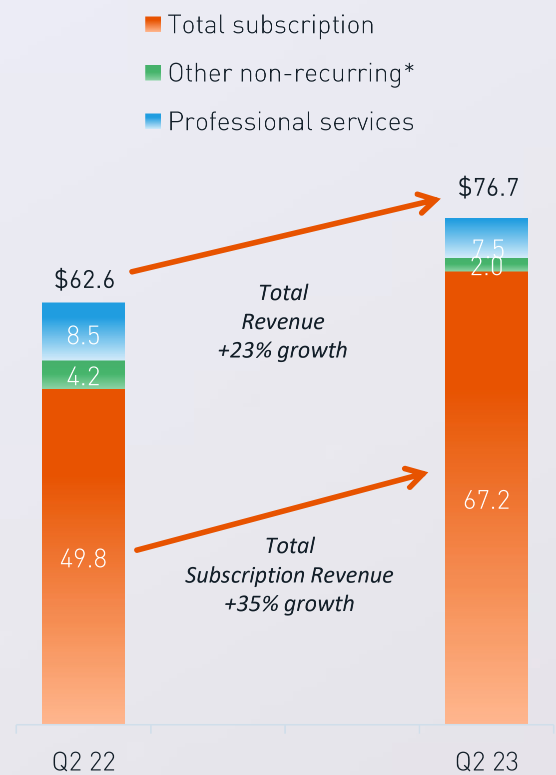
FINANCIAL REVIEW

Revenue Growth Driven by Subscription



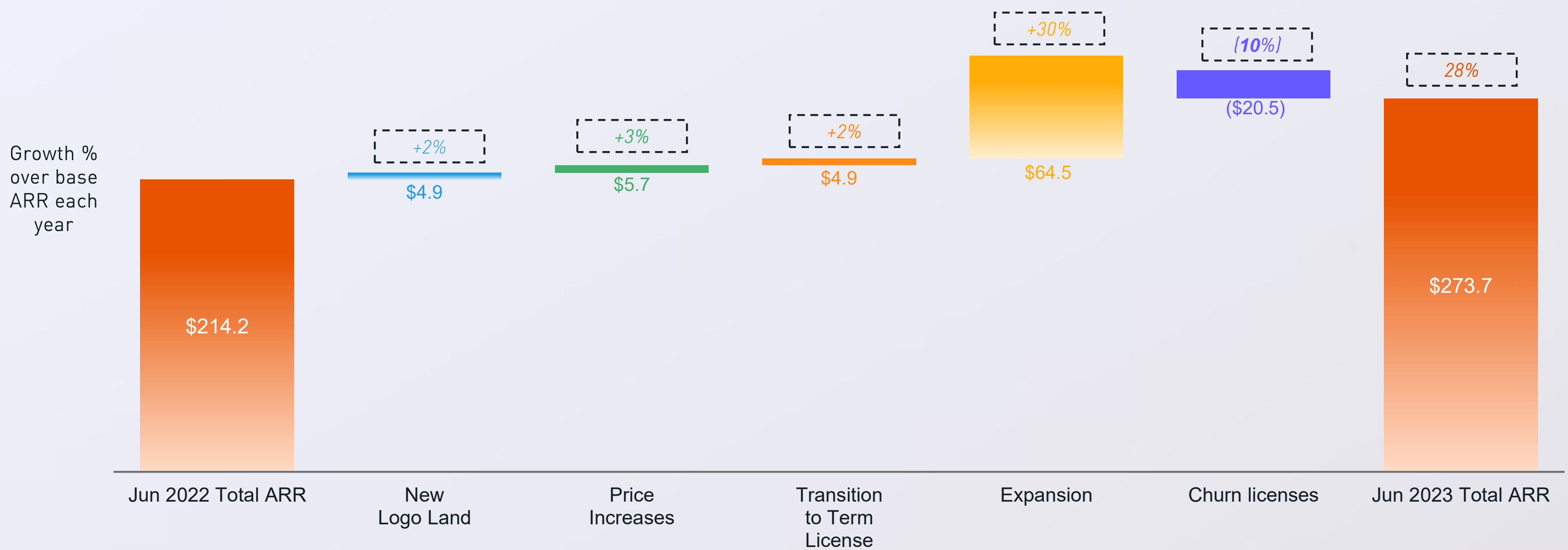
Note: Numbers may not total 100% due to rounding.



Note: Numbers may not total due to rounding.
$ in millions

* Other non-recurring revenue is composed of hardware sales, usage fees and perpetual licenses, and was previously referred to "Perpetual license and other." Changing the name for this type of revenue reflects that perpetual license revenue has declined to relatively insignificant levels with hardware sales now representing the majority of this type of revenue.

ARR Growth Driven by Existing Customer Expansion

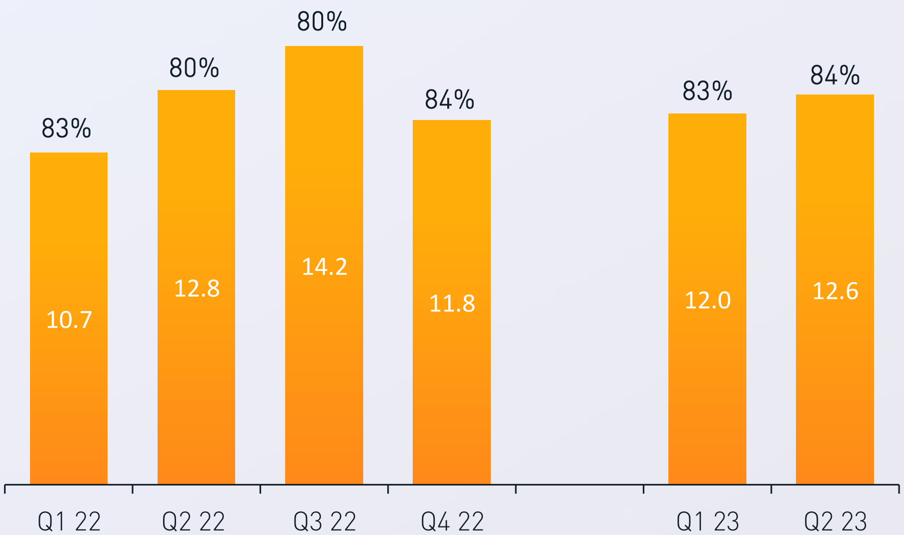


$ in millions

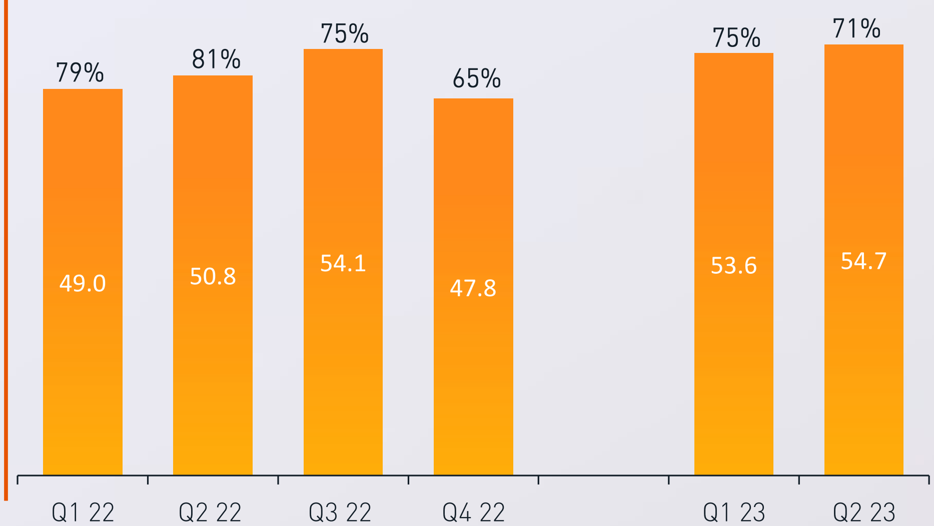
Gross Margin & Operating Costs

Investing in Cellebrite's Future

Cost of Goods Sold (Non-GAAP, $M)
and Gross Margin (Non-GAAP, %)



Operating Expenses (Non-GAAP, $M)
and Operating Expense Margin (Non-GAAP, %)



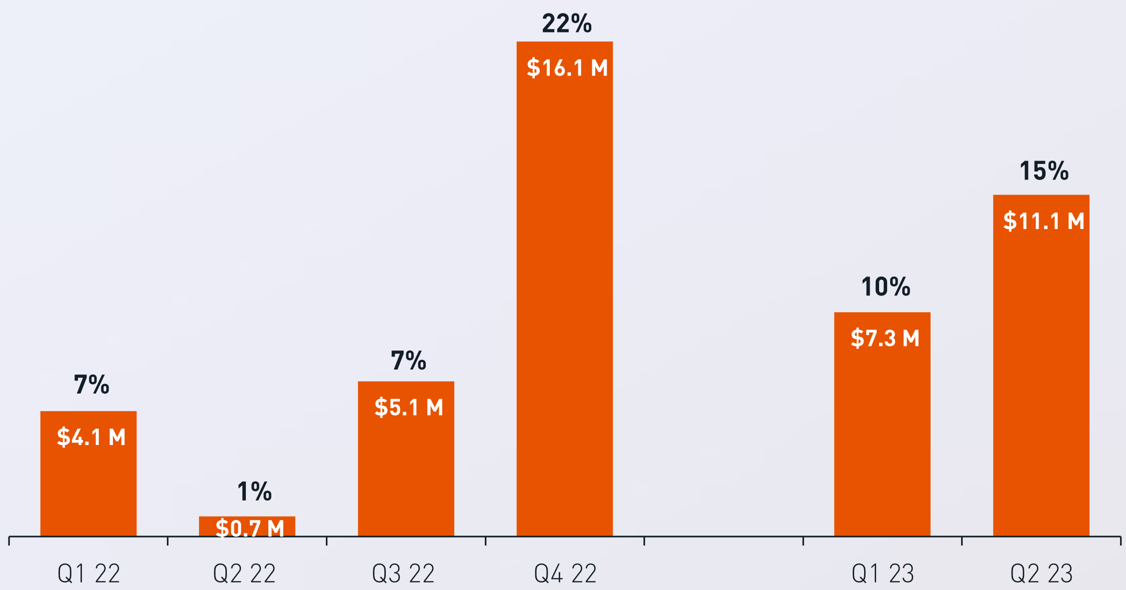
969
Headcount Jun-22

1,004
Headcount Dec-22

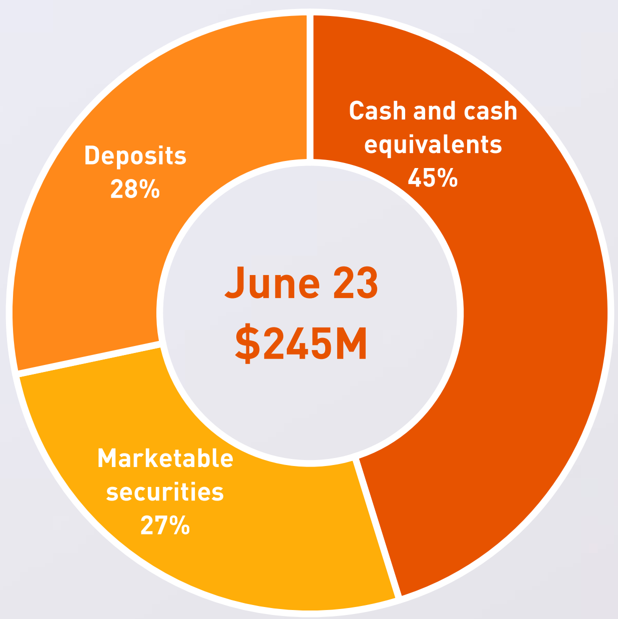
966
Headcount Jun-23

Adjusted EBITDA & Cash Position

Adjusted EBITDA (Non-GAAP, $M)
and Adjusted EBITDA Margin (Non-GAAP, %)



Cash Position



+$23M from Q1 23

Financial Forecast

	2022A	Original 2023 Expectations (first issued on 2/15/23)	Updated 2023 Expectations (as of 8/8/23)
Revenue	$271M	*$305M - $315M*	$310M - $320M
Revenue Growth (y/y)	+10%	*+13% - +$16%*	+15% - +18%
ARR	$249M	*$300M - $310M*	$303M - $313M
ARR Growth (y/y)	+33%	*+21% - +25%*	+22% - +26%
Gross Margin*	82%	*80% - 82%*	82% - 84%
Adjusted EBITDA*	$25.9M	*$35M - $40M*	$39M - $44M
Adjusted EBITDA Margin*	9.6%	*11% - 13%*	13% - 14%

** Non-GAAP*

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Q&A

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APPENDIX

Thank you

Financial Summary Q2 '23

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	76,684	62,573	147,918	124,958
Gross profit	63,653	49,475	122,481	100,877
Gross margin	83.0%	79.1%	82.8%	80.7%
Operating income (loss)	4,623	(5,599)	4,759	(7,545)
Operating margin	6.0%	(8.9)%	3.2%	(6.0)%
Net (loss) income	(32,348)	33,197	(72,953)	88,635
Cash flow from operating activities	16,576	(4,073)	29,052	(14,610)
Non-GAAP Financial Data:				
Operating income (loss)	9,395	(936)	15,048	1,698
Operating margin	12.3%	(1.5)%	10.2%	1.4%
Net income (loss)	10,715	(25)	17,614	1,395
Adjusted EBITDA	11,124	657	18,428	4,739
Adjusted EBITDA margin	14.5%	1.0%	12.5%	3.8%

$ in thousands

Reconciliation Q2 '23
Cost of Revenue and Gross Profit

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenues	$ 13,031	$ 13,098	$ 25,437	$ 24,081
Less:				
Share based compensation	414	339	800	585
Acquisition related costs	14	—	27	—
Non-GAAP cost of revenues	$ 12,603	$ 12,759	$ 24,610	$ 23,496

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross profit	$ 63,653	$ 49,475	$ 122,481	$ 100,877
Share based compensation	414	339	800	585
Acquisition related costs	14	—	27	—
Non-GAAP gross profit	$ 64,081	$ 49,814	$ 123,308	$ 101,462

$ in thousands

Reconciliation Q2 '23
Operating Expenses and Operating Income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating expenses	$ 59,030	$ 55,074	$ 117,722	$ 108,422
Less:				
Issuance expenses	(345)	—	(345)	—
Share based compensation	4,186	3,266	8,257	5,878
Amortization of intangible assets	840	664	1,636	1,328
Acquisition related costs	(337)	394	(86)	1,452
Non-GAAP operating expenses	$ 54,686	$ 50,750	$ 108,260	$ 99,764

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating income (loss)	$ 4,623	$ (5,599)	$ 4,759	$ (7,545)
Issuance expenses	(345)	—	(345)	—
Share based compensation	4,600	3,605	9,057	6,463
Amortization of intangible assets	840	664	1,636	1,328
Acquisition related costs	(323)	394	(59)	1,452
Non-GAAP operating income (loss)	$ 9,395	$ (936)	$ 15,048	$ 1,698

$ in thousands

Reconciliation Q2 '23 Net Income and EPS

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net (loss) income	$ (32,348)	$ 33,197	$ (72,953)	$ 88,635
Issuance expenses	(345)	—	(345)	—
One time tax income	—	—	—	(1,825)
Share based compensation	4,600	3,605	9,057	6,463
Amortization of intangible assets	840	664	1,636	1,328
Acquisition related costs	(323)	394	(59)	1,452
Tax expense (income)	131	506	1,325	81
Finance expense (income) from financial derivatives	38,160	(38,391)	78,953	(94,739)
Non-GAAP net income (loss)	$ 10,715	$ (25)	$ 17,614	$ 1,395
Non-GAAP Earnings per share:				
Basic	$ 0.05	$ (0.0001)	$ 0.09	$ 0.01
Diluted	$ 0.05	$ (0.0001)	$ 0.08	$ 0.01
Weighted average shares outstanding:				
Basic	188,130,294	181,907,435	187,239,136	181,217,005
Diluted	199,704,722	192,133,157	199,820,166	194,355,966

$ in thousands

Reconciliation Q2 '23 Adjusted EBITDA

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net (loss) income	$ (32,348)	$ 33,197	$ (72,953)	$ 88,635
Issuance expenses	(345)	—	(345)	—
Financial expense (income), net	36,051	(38,466)	74,826	(94,866)
Tax expense (income)	920	(330)	2,886	(1,314)
Share based compensation	4,600	3,605	9,057	6,463
Amortization of intangible assets	840	664	1,636	1,328
Acquisition related costs	(323)	394	(59)	1,452
Depreciation expenses	1,729	1,593	3,380	3,041
Adjusted EBITDA	$ 11,124	$ 657	$ 18,428	$ 4,739

$ in thousands

Definitions

1. *Annual Recurring Revenue:* Annual recurring revenue ("ARR") is defined as the annualized value of active term-based subscription license contracts and maintenance contracts related to perpetual licenses in effect at the end of that period. Subscription license contracts and maintenance contracts for perpetual licenses are annualized by multiplying the revenue of the last month of the period by 12.
2. *Subscription Revenue:* Is defined as revenue from recurring, term-based license contracts and ongoing services related to core offerings. Subscription revenue is recognized ratably over the subscription term with a portion of revenue, related to the term-based license, recognized upfront.
3. *Net Retention:* Dollar-based net retention rate is calculated by dividing customer annual recurring revenue by base revenue. We define base revenue as annual recurring revenue we recognized from all customers with a valid license at the end of the equivalent quarter of the previous year. We define our customer revenue as the annual recurring revenue we recognized on the date of measurement from the same customer base included in our measure of base revenue, including recurring revenue resulting from additional sales to those customers.