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# Cellebrite DI Ltd. (CLBT)

Investor Day

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## MANAGEMENT DISCUSSION SECTION

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

Good morning. Thank you, everybody, for joining us. My name is Andy Kramer and I oversee the Investor Relations at Cellebrite. Like to welcome everybody to our first ever Investor Day. So, some housekeeping and some things that we want to cover with you. The first things being first is our agenda for today. And I think what you'll see is the opportunity not only to hear from those on our management team, but you'll also have a great opportunity to hear directly from some of our customers. And you'll also have an opportunity to take part in some product demonstrations.

And in terms of the product demonstrations, we have a couple of different opportunities for them, and one of them will take place at 12'o clock. So, I know you've all have very busy days. Really appreciate you taking the time to attend this event and the product demonstration itself will take place. We recognize that some of you may have appointments in the afternoon.

If you're able to stay for the product demonstration, I think that will be a really impactful way to really appreciate what we can bring to the table in terms of our products and technology and how our customers actually use them. And we're also very fortunate that we do have a couple of our longstanding customers who'll take part in a panel. So, reminder in terms of the day that the presentations that you'll see from management will be posted on our website after the event concludes.

So, in terms of what we'll be covering today, this event includes non-GAAP information. A reconciliation of our GAAP to non-GAAP metrics is available at the back of our investor slides. It's also available in the investor kit we post on our Investor Relations website. So, please note that any statements that we make today that are not

statements of historical fact constitute forward-looking statements. All forward-looking statements are subject to risks and uncertainties and other factors that could cause matters expressed or implied by those forward-looking statements not to occur.

They could also cause the actual results to differ materially from historical results or any forecasts. Some of the forward-looking statements that are discussed, they're outlined under the heading of risk factors and elsewhere in our Annual Report on Form 20-F, which we filed with the SEC last week on March 21. The company does not undertake to update any forward-looking statements to reflect future events or circumstances.

So, just some quick thoughts around investor relations. So, when we – I joined the company about a year ago and from my perspective, one of the things that we've strived hard to do over the past year is to make our story easy to understand. And I think what you'll hear from Yossi, from Tom, from really all the folks on our management team is a strong commitment to our mission. And that mission is one that's very simple. Our products ultimately accelerate just as they make our world safer and you'll hear that commitment to our mission. And in terms of our products, you'll see how we deliver those solutions and really have organized them around three flagships product offerings and all of that riding underneath the platform.

Transparency. This Investor Day is just one step in a process to making our story as easy to understand as possible. And we felt that it was important to provide you all with an opportunity to hear from us, not only about where the business is today, but where we think it can be within the next five years. The first two don't matter if we can't deliver. And we've put together the last four quarters a very strong performance, and we believe that that's performance that can be sustained well into the future, that we've got a durable, sustainable path for growth and profitability. And ultimately, I think that if we can deliver on the performance and all of the other aspects, that helps us build more trust, a better rapport with those of you in the investment community.

So, just a quick word in terms of where we'll be later today. We'll be at the Nasdaq and that will be a bell closing ceremony. So, for those of you who are interested, that'll be available online. And our efforts to work with you in the investment community don't stop after this Investor Day. So, you can see we'll be reporting our Q1 results in later in the month of May, followed by a handful of investor conferences, along with some NDRs that should trail alongside of that.

So, with that being said, I'd like to have our Executive Chairman join us. This is Tom Hogan and he'll kick off our day. So, Tom, up to you.

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## Thomas E. Hogan

*Executive Chairman, Cellebrite DI Ltd.*

Well, good morning, everybody. And let me add my welcome to the people that are here in the room and the people that are joining us online. I expect and I hope that it'll be a really informative day, but I also hope and expect it'll be actually super interesting. I've been in this industry for, I'm reluctant to say for 43 years. Done a lot of stuff from ITIL, ITSM to infrastructure and a lot of stuff that's important, but pretty boring. This stuff is not boring. What we do touches everybody in this room, and I think it's a super interesting story. So, hopefully, you'll share that view when we wrap the day up.

When I started to think about and prepare for this day, it occurred to me that I haven't done an Investor Day in over a decade, which is also sort of hard to believe. I spent the last 10 years running my first private company, then did a two-and-half year stint with Vista Equity and then came to Cellebrite. So, it's been over 10 years since I've done this. So, if I'm a little rusty today, you'll have to forgive me. But I'm excited to be here and it's fun to tell, tell the story.

Some perspective on the agenda that Andy shared with you. What I would add is, we're sort of taking a pyramid approach, so I'll fly high and I'm going to be short, but and a little bit of arm waving about why I think this is a really interesting story and an interesting company. Then we'll click down with Yossi, who'll talk about strategy and priorities for Cellebrite. Then we'll click down again into the three major functions with go-to-market product and our financials. And I think the day might culminate and what probably will be the most interesting is, you'll get to hear from two practitioners that are making our lives better and safer every day. And there's, in my view, in these days, it's priceless to hear the real story of how people are leveraging Cellebrite to do good things in the world.

So, I'm going to start with a very complicated slide, so bear with me. And that is when – I've been with the company now for roughly, I think, it's around nine months. And I still get asked, pretty much every time, it happened already this morning twice is, Tom, tell me why, why did you come to Celle after 42 years? What brought you to Cellebrite? Why did you come? And what are your observations nine months in? I think the other question that's relevant today is why should you care? Why should you all take time out of your busy schedules and invest a half a day and hearing our story? And the good news is, the answer to both of those questions is totally aligned and the same.

So, let me share with you and I would tell you that of the two answers to that question, probably, the first one is a little bit more important to me than the second and for all of you as potential or existing holders, the second answer is probably a bit more, but I think both are hugely relevant. So, the first thing and the reason that drew me here, I think what keeps a lot, which drives loyalty with the employees and allows the team to attract the best and brightest in the industry is the fact that this is a mission-driven company. And after all these years of chasing capitalism in technology, which has been a great ride, as I entered my twilight of my career, I thought, wow, what better place to leverage all I've learned over the years and still pursue value creation, but do it in a company that really is changing the world and making the world safer for all of us.

And I have to sort of chuckle. I mean, I won't guarantee, but I'll bet all of you have walked through an airport somewhere in the world and you've seen some big sign that says we're saving lives. And the subtext is, our routers or our blade servers are deployed in 91 of 100 hospitals. And I have to chuckle like, okay, that's a [ph] 40-foot part (00:09:38) to me. You're saving lives because you're selling servers to a hospital or to a police department. This is a company whose IP really is saving lives and making the world a better, safer place.

And by the way, it crosses a broad spectrum, whether it's the schools your children's attend, the community you live in, the cities, whether it's homicide, whether it's Internet crimes against children, sex trafficking, terrorism, all those vectors that I just mentioned are impacted by Cellebrite. So, when I arrived in the summer, I immediately build this pride in the company, I'm like, what? I've never heard of Cellebrite until I came here. We've got to get this story out and tell it more and let's work on our narrative. And so, one of the things we did is, we spent a lot of time with our constituents and customers. And so, tell us about what we do, why we matter to you.

And one of the themes that came across consistently is you help accelerate the path to justice. You get us from crime or Case-to-Closure or conviction faster and more productively. And so, we gravitated around a new brand promise and vision for the company of Justice Accelerated. And you will see that branding for the next X years as we move forward. So, when you hear mission-driven, it's real and it's the main reason I came.

Now, the second reason, which is probably more important to all of you is, I saw an enormous immediate opportunity for value creation, and you can do that in business. There's really two ways you can grow, grow, grow. And in some cases, they do it at any cost, or you can squeeze margins and cash flows. Both work, both are

actually easy to do. But I think the real winners and the real leaders in this industry are people that are able to do both.

And I think what you'll see and hear the rest of the day is the job that this team has done in both taking market share, growing at a healthy pace, while being good stewards of the balance sheet and the P&L and generating strong margins and free cash flow. When I think about a business and the sort of the ingredients or formula for success, I think about three things. First, is there an unmet or underserved need in the marketplace? On the flip side, you need a competitive or preferably best-in-class solution to address that need and then ultimately, the team in between the ability to execute and connect those two dots. And so, if you have all three of these, you've got the formula for value creation and for success.

So, let me take a minute now and take you through each of those three buckets. First, you could not have and this is really important. You could not have better, stronger, more persistent macro tailwinds than this business has. Why? Well, number one, the world population. Where's it going? Up. Crime, where's that going? Unfortunately and sadly, crime is not going away and global peace is not about to break out. So, more people, more crime.

Three raise your hand if anybody anyone in this room that does not have some digital device with them today, raise your hand. Zero. Guess what? Bad operators are no different than you or them. And so, the statistics show that there is some form of digital witness, digital DNA in over 90% of bad acts. So, you got population doing this, you got crime doing this, you got digital going everywhere with the criminals, and then ultimately the old method of the detective and I'm old enough, I can talk about Columbo and Perry Mason and people that none of you recognize, but me that used to get the fingerprint on the scotch glass at the murder scene.

Well, nowadays, it's all about digital DNA, and so you cannot solve the problem with bodies. There's not enough budget at the sovereign city, state level to chase the amount of crime and so guess what you need? You need to solve that, just like you solve general ledger issues in the day with ERP. There's a need for a technology-based platform to bridge that chasm between the volume of cases in crime and the limits of human labor. And so, all that conspires to deliver a TAM today of about \$16 billion, with a 20% CAGR.

The flip side is the portfolio and we don't have enough time. I don't have time, but you're going to hear today from Yossi, you'll hear from Ronnen more detail on this. But if you wanted a one slide view of who, what, why, where we are, this is it. So, the vision of Justice Accelerated, our platform, which is Case-to-Closure and in the case of public safety, it could be crime to conviction and the three major product families that we're bringing to market and fueling our growth. And again, I'll let the other guys take you down a level on this. So, you kind of wrap more understanding around each of the components of the portfolio.

And then, between on execution, you have connecting the dots. And you'll hear from Marcus today on go-to-market, so, I won't share the details here. You'll hear from Ronnen on product and technology. The one comment I'll make is, we are in the IP business and I believe for 42 years that in technology you win or lose with the best people. So, our goal is to retain the best people we have and to be able to attract and motivate the best people in the industry. We continue to do that. You've seen examples in the last 90 days, where we've added a Chief Revenue Officer, who you'll hear from shortly. Also on Monday announced the addition of a new Chief Marketing Officer, David Gee. And so, this is a focus for Yossi and the management team to make sure that we continue to add the best people in the industry to chase after this opportunity.

This is my comment about doing both the great companies can both grow and deliver profitability is not an aspiration. It's a current reality. You can see our results in 2023; delivered ARR growth of 27%. And by the way, we are not a startup. This isn't a \$20 million or \$100 million company. This is a \$300-plus million operation,

delivering 27% ARR growth, which I think is solid. We nearly doubled the adjusted EBITDA last year from 10% to just under 20%. It's not smoke and mirrors. You can see the free cash flow generation tied to the EBITDA and ultimately on a full-year basis delivered a 46% Rule of X performance.

That's interesting. You say, well, I already even know that I read your earnings report and you're not telling anything, I don't know. So, I think the thing that is relevant is as we look at our business and look at those macro tailwinds I talked about and look at our IP and our portfolio, we are anchored on being a Rule of 45 company for the next three to five years. So, the long – so, in other words, the 2023 performance was not a blip or a recovery. This is a steady state model for us. We view the 20% EBITDA level as a floor with opportunity over time, with scale to leverage and improve, and growth rates in the 25% range. So, this – could we do better? Possibly are we committing to do better right now? No. But we're also committed to extending that Rule of 45 performance for the foreseeable future.

So, in summary, mission-driven – by the way, I'm trying to move from back foot to front. When I got here, I started hearing stories about all the amazing things we're doing around the world. I said, well, why don't people know about that? Well, there's privacy people and there's people, we just don't want to paint a bull's eye on, said, no, no, no. We do so much good in the world. Yes, there's always going to be one isolated case of [indiscernible] (00:18:22) that misuses the technology, but the amount of good we do for everybody in any democratized country around the world is enormous. And we need to start telling that story.

So, this is a company that not only is thriving financially, but is doing good in the world. We are leaders in innovation and technology and the investments we continue to make, and that I think will protect that leadership position. We are delivering predictable, responsible, balanced, disciplined growth as we continue to grow the company, and this is and will continue to be a great place to work. So, that's the kind of the setting of the stage.

I'm going to invite Yossi to come up now and talk about the company strategy and priorities. But before I do that, he won't do this because he's a humble guy. I've been here nine months. I get no credit for the history of this company. I would tell you, I have seen in my career people that are really good at inventing companies, entrepreneurs with good ideas, and it's a unique talent.

I've seen, people are good at taking good ideas from zero to \$100 million. That is a unique talent. Scaling companies from \$100 million to \$500 million and beyond, that is a different talent, and it takes a really unique leader to do all the above. And he's been here for 14-plus years, he could not have more passion about what this company is, what it stands for, he couldn't work harder than he does and deserves a lot of credit.

So, with that, I'll turn it over to Yossi.

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## Yossi Carmil

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Thanks. It's actually 19. All right. So, thank you, Tom. Thank you for the kind words. And thank you, all of you, for joining us in our first Investors Day. And by the way, talking about people who are here with us in the room, but will not present; Chief People Officer is here; Chief Strategy Officer is here; the leaders of the digital forensic unit customer segment and the leader of the digital of the investigative unit segment are with us. So, there is so much knowledge here in the room. So, I hope that in the demos and in the breaks, you will have the opportunity to talk with as many as possible.

So, when I think about Cellebrite, I think about the company with a clear and a unique mission and a company with an impact in the world. And I see us, especially when crime is on the rise what Tom just said, as crime is on

the rise, as violence increase, we are, Cellebrite is a safeguard. A company that operates and do everything in order to improve and create a safer world. And maybe on top of that, I think that we should look at Cellebrite as a synonym for safety, safety in public.

This is why employees join Cellebrite, why they stay with Cellebrite. This is why customers are buying from us. And I would say that for investors investing in safety in public, the best investment would be to do that with Cellebrite because, first of all, we are probably one of the, I would say, the company that give the best solution to one of the biggest pain that law enforcement and private investigations has to do in the industry. And this is how to access digital devices, what we call digital sources, digital witnesses, in order to get digital evidence and how to manage investigations in the best way in the modern era.

And within that, we are also dealing with, I would say, the three major pains that our customers are facing today. One is the increase of data volume and data complexity. The second one is how to deal with inefficient investigations. And the third, the ongoing pressure on our customers to do their investigation in a more ethical way and in a more accountable way. And we, with our brand and with our strong position, we help our customers to fight crime almost every day, almost anywhere, where our solutions are being used in hundreds of thousands of investigations around the globe.

In the last 15 years as we entered, I said 19 because we have done something else before. I'll talk about it in a second. But 15 years ago, we entered into this space and there are so many examples, great example that I could share with you of how our technology helped to create a safer world, solve crimes impactful, made a difference. Many of those cases were high profile in the news, but the question, what's going to happen or who's going to think about those hundreds of thousands of cases which say unfamiliar, what I call the real life and the real world of crime and protecting society.

And I want to share one of these with you today. I'm talking about the case which happened a decade ago, nearly a decade ago, 2016. Back then, my daughter [ph] Ella (00:23:50) was five-years-old. Same age of that victim, probably made it a little bit more personal to me, and I'll share that with you. But this is a classic, simple case that shows how impactful our technology is by solving crimes and making a difference.

2016, a 35-year-old babysitter was found dead in a house in Minnesota. A horrific scene the house was set in fire, she was murdered. She was babysitting a five-year-old girl. The girl was not there, gone. The police approached her mother and the mother shared disturbing information related to the babysitter and also shared information about an on-and-off boyfriend. The police did some background checks and discovered that the boyfriend has a past of sex offender or convicted sex offender.

At that time, no sign for a boyfriend, no sign for the girl, the five-year-old girl. The police approached boyfriend probation officer, and 20 hours after finding the dead body of the babysitter, he was invited for questioning. During the questioning, the boyfriend said, he haven't seen the babysitter recently, that during the time of the crime, he was spending time elsewhere in the state and that he hasn't seen the little girl for the last three years.

The police released him after four hours, but asked him to leave personal belongings, among others, his mobile phone. Immediately after he left, the special technicians, the police officers took with our technology everything from the phone, hidden data, deleted data, available data. And from that point, they focused on two items, text and [ph] locations (00:25:48). They discovered deleted texts between the babysitter and the boyfriend planning to kidnap the girl. They also discovered deleted text between the boyfriend and another third person about the plan to murder the babysitter, kidnap the girl, and hand over to pedophiles, to sex offenders.

From that moment, the role of the babysitter didn't play any difference. It was what mattered was to find the little girl. And the police also found on his mobile phone, GPS location that showed that he had been in an area around about 50 miles south from Minneapolis. The boyfriend told during the interrogation, during the investigation that he was fishing in an area, had been in an area which is 50 miles south from Minneapolis.

The police discovered that the boyfriend family has a property, own a property in the area where the GPS showed he had been. So, they rushed to the area. They discovered that in that area, they found tire tracks, which were matching the car of the boyfriend. They followed the tracks and entered into the property, left the cars and walked around about one mile into the area.

They spotted in the distance a camper. The camper was lock, shut with electrical tape. The police removed the tape and slowly opened the door. And this is what they have seen tied to the bed. This is the five-year-old Brittany. A girl which was basically found alive and a girl that was found alive and saved by the police. Let's not forget who the heroes are. [indiscernible] (00:27:42) saved, thanks to our technology. Thanks to our technology. Without our technology, this girl would have probably suffered and would probably died.

And this is one girl, one girl which was saved. But there are so many stories like that that show how impactful our technology is and our technology make a difference in literally saving lives, literally saving lives, lives in our community. And this is a story from 2016. The software that the police used back then is much better today, much more powerful. And the software, and the product that the police use today is not only a standalone product, it is part of an end-to-end platform that covers the entire lifecycle of digital investigations. And now, as you can see, how impactful our technology is, then you can understand, I would say, what drives us 15 years after we started this business of digital intelligence. What drives me in person? What drives my team? And I can tell you, we are just getting started.

Before I talk about where we're heading, let's talk a little bit maybe from the perspective of a Co-Founder about our journey so far. We established and found this company in order to take the wisdom from the mobile phone, all right. We analyzed already back then the power of these devices, the effect of these devices, the complexity of these devices and how impactful they're going to be on our life. These devices know about you more than you know about yourself.

And we started to solve in the beginning one pain, we were that company who operates in more than 150,000 point of sales of mobile operators, enabling customers to get the service of transferring content from an old phone to a new phone. And later on 15 years ago, we entered into a different space and started to solve another pain in a much more large potential business, as we saw that law enforcement agencies are using our devices in order to enter into mobile phones in order to solve crime.

We basically and this is important, we grew our bootstrap, something that shows about the DNA of this company, the ability to produce growth and cash and profitability in the same time. And in this business, the digital intelligence or digital investigations, we were not the first. We didn't create this market. We came as a Me-Too strategy. But then later on, we showed innovation and in a very short time after entry, we became the dominator in that space and we have done a lot in several areas; portfolio and technology are impressive accomplishments.

We were the first company to deal with or to solve deleted and hidden data on mobile. We were the first company to solve encryption and unlock the – entering into unlock phones, and we are the first company to deliver the best in iOS and Android. And then, we added more digital sources, what we call digital witnesses such as computer, cloud and so on and so forth, and progressed into multi witnesses and multi sources with Link Analysis, added



later on investigative analytics, dealing with large amount of structure, unstructured data, evidence management and case management. All that on the way from a point product company into a strategic platform provider.

We started in the US and expanded very quickly to Europe and to Asia Pacific. We started small with customers in the lab of police and then expanded to the entire digital forensic units, lab management investigator, prosecution, agency management and all that while building our private sector, customers on large enterprises and service providers.

While focusing on organic growth, we added and acquired tuck-ins in the areas of computer, Collect & Review and in the area of open source intelligence to expand our footprint within investigations. And on the ownership side, we started by ownership of few executives. Later on, we, SUNCORPORATION, a publicly traded company in Japan, acquired 100% of the company. 2019, we added IGP, an Israeli joint venture or venture capital that supported our strategy, that took us and help us to come to where we are today, Nasdaq-listed, publicly traded company.

All right. In terms of ARR, you can see that our business grew significantly in recent years, \$92 million in 2019 to \$316 million in 2023. And all that, by bringing this great combination between growth in ARR around 25%, this is what we're aiming and 20% in EBITDA margin we delivered and we'll continue to deliver this area, Rule of 45, we'll talk about it in several occasions during this day.

What drives our growth? What pushes our opportunity and our TAM? We are in a business of digital. So, digital is meaningful, the most meaningful part of investigations today and we are best in mobile. Both are expected to grow in the next decade and as we heard already, unfortunately, so does crime. Our customers on the other end, they spend more. They have more budget to spend. However, at any point of time, they are living with a reality of constrained resources, need to do more with less. And that gives a place for disruptive technologies such as ours that comes to solve the pain of our customers, and in that case, to make them more productive.

And we are laser focused, laser focused on making the flow, the investigative flow of our customers more productive, making it faster, smarter and more efficient. And I'm glad to say that we are the company that years ago really discovered or identified the value chain in public safety. And there is a gap over there in this world between access, discovery, collaboration until one take an evidence to court. And we see here a great opportunity, first of all, an opportunity to improve the mode of operation of our customers dramatically. And then, on the [ph] flywheel (00:34:35) digitizing their investigative flow, create growth for Cellebrite, which is in a much bigger factor than what we have done so far.

And I'm glad to say that after years of being best in digital forensic units, in Collect & Review and in mobile, we finally stand with an end-to-end platform. We are connecting the front-end access that we do for digital forensic units with the back-end investigative analytics for investigative units. And we do that with evidence management and case management.

And this is an end-to-end for both in the digital forensic units, in the investigative units, and in the streamlining between the both of them. And you can expect from us, the markets can expect from us to come with more about the streamlining. And I would say that already today, but in the near future, that's going to be the best and the only end-to-end platform that covers the entire lifecycle of investigations.

And while we are doing a lot in technology, and I'm not going to take from Ronnen's part, there are several focus areas, but two of them are going to be increased. One is cloud. I'm glad to say that public is [ph] ready for cloud.

Private is, in any case, ready (00:35:50) for cloud. And we are committed to deliver while maintaining on-prem, deliver our entire portfolio on a cloud and on a SaaS platform.

And the second one, a major value for the investment ongoing, ongoing investment in automation and AI, we are doing AI, by the way, since 2016 as we started investigative analytics, but we are going to increase that investment first because it improves the mode of operation in digital investigation. And secondly, it gives much more meaning to our C2C, Case-to-Closure platform.

So, let's talk about the platform. And again, you've seen it already once, Ronnen will touch that as well. But here what I want to say is the following. Our promise is reflected, I would say, our wish to close the gap in public safety is delivered by this promise of Justice Accelerated, and that comes into action with our Case-to-Closure platform. It is basically our vision to give an end-to-end and deliver an end-to-end platform. And it is also our wish and vision to serve both segments, private and public, at the same time.

There are three major flagship solutions and families of products. I'm not going to go into the details, but maybe in short. The Inseyets on the left is our leading tool and the leading tools in the area of digital forensics and those are the best in order to enable examiners to finish an examination quicker than with any other tool in the industry. On the other side, the Pathfinder. This is our family of investigative unit solution, reflected mostly by our AI-driven investigative analytics. And over there, it's – the key is finding the golden evidence as quick as possible from a mountain of large structure, unstructured and structured data.

And in the middle, there is the flagship solutions, which are about the Guardian. Here, it's about digital forensic units which are managing evidence and then sharing it with investors and with other functions within the organization and the Guardian is a bridge. That area is a bridge between the front-end access, the Inseyets and the back-end analytics. And the key here is, the ongoing streamline and Ronnen will talk about it much more later on. With cloud, with automation, with integration and by that, also pushing, you can see on the left more digital witnesses today, mobile, cloud, computer. We're going to add support in vehicles, video we do today already, drones, et cetera, et cetera.

The principle is to ingest as many digital witnesses and bringing them into this funnel of the streamline end-to-end platform. And who's going to get it? It's about our customers. And I can say with guarantee, we have an excellent position within our customers and an excellent customer base. We have today run about 5,300 agencies in the public sector, run about 15 or more than 1,500 in the private sector, service providers and corporates. We are very strong in the United States, very strong in Europe, but still expanding.

And the motion of the thumb is, or the key in order to push the thumb is clearly to exhaust the maximum out of those customers in an element of land and expand. And I'm glad to say that the hardest job when we went public, we told that already to the world. We've done the hard job of land. We are sitting in most of them, PDs, state, local government, feds, et cetera, et cetera, and we are steadily expanding within this customer base, learning their mode of operation, their pains, their needs.

The good news, we are under-penetrated. We are yet under-penetrated. First of all, if one look at the potential buying centers and professional centers, which can still buy either Inseyets and/or Guardian and/or Pathfinder, not to mention the streamlining, it's about the fact that the law enforcement, especially law enforcements are spending a fraction on us. Dana and Marcus will talk about it later on, about this fraction on spending on us and the ability for us to increase price, because this industry embrace value and embrace value selling. And then, that push is clearly an amazing opportunity for a motion of cross-sell, upsell within these customers. More from that by Marcus and Dana.

Our growth is going to come from these four elements. And I would say three segments. One inorganic, I'll skip and leave the cloud and the platform element to one end. And maybe, well, leadership in digital forensic units, I'll start calling it, DFU, leadership in IU, expansion in private and M&A, and I'll talk shortly about each one of them.

As for the leadership in DFU, first of all, we have an amazing opportunity that we had created. We have an amazing, strong installed base of more than 28,000 licenses. And we are going to leverage on our new revolutionary Cellebrite Inseyets that combine capabilities of many solutions that were offering fraction in part and we are starting this cycle of upgrading this installed base. On top of that, finally, end-to-end offering in the DFU, combining front-end access with evidence management and clearly the need and our ability to improve efficiency of the digital forensic units by making them more productive, again, smarter, faster and more efficient.

The IU, the investigative unit is going to be an additional attractive growth engine for Cellebrite and I'm glad to say since the beginning of 2024, just one word on operational. We are managing the segment with dedicated teams on both sales, product house and marketing, you will hear more from that – you will hear about that more from my colleagues. And here, there is an amazing potential opportunity, thousands of high crime units within our logos which are willing and ready and have the need to get investigative analytics in a format that we offer it. We identified single digit penetration so far and an expected growth between 35% to 50% year-over-year.

On top of that, we are bridging DFU to IU with Guardian and here, we're going to leverage on already more than 0.5 million investigators that we identified which are using the outcomes of our Cellebrite Inseyets and we're going to monetize on that. We are going to leverage on our AI existing capabilities and have an amazing opportunity to make a difference here and to differentiate from others. And last but not least, also here, end-to-end, backend analytics with evidence management what makes it more efficient for our investigators to close more cases and close them faster.

And the private sector, the third one, the third engine. In the private sector, it's about do what we do best and this is collection as part of eDiscovery. We are going to dominate and expand within the arena of Advanced Collection and Advanced Remote Collection. We also listen to customers and in a perspective of, I would say, 2026, 2027 develop the approach of building tools, SaaS tools for multi-use cases, multi-data sources, multi-users and this is something that can make a difference for us. And we are also going to expand and I want to say something about our private sector, which is a little bit less than 10% of our business.

We have an amazing customer base over there. The top Tier 1 banks, the top Tier 1 insurance companies, [ph] Fortune 500 (00:44:20), the top service providers and over that, we have an opportunity to expand within those accounts, but also expand the account base organically and maybe inorganically. And talking about inorganically, first of all, I want to say one thing which is clear. We have an amazing opportunity and there is enough meat to grow organically within our space, all right. Enough in order to grow organically. Nevertheless, in order to accelerate, we do see the inorganic element as important as we did already twice and we are going to focus here about two things. First of all, we have you could see \$330 million in our balance sheet, in cash, so we can do many things and it's on us to decide when and how.

Tuck-in technologies is one option, and this is to accelerate the motion of cross-sell and upsell. And on top of that, interesting adjacent that could help us to expand our, in any case, attractive TAM. These are the key initiatives and the key investment that my colleagues are going to talk about, okay. I'm not going to touch it, but those are the key initiatives and the key focuses of the company. One, the C2C platform, the most comprehensive offering Ronnen will share with you about AI, about cloud, about research. Go-to-market excellence, the best and the largest sales team in the industry, Marcus Jewell, CRO, is going to share about that more.

Every company will tell you that everything is about people. I'm telling you, so, I'm telling you as well. It's about people. But I'm telling you that in our building, there are things which are being done by people that you can never, that you cannot find elsewhere in the world. We are doing unique stuff in our talents in the area of not only sales, but in research and development and in product and in marketing. It's a talent-based industry, and I'm glad to share that, at least for my team, if you look at what we have done recently, Marcus Jewell, CRO, joined us in Q4 2023.

And where is David, here's David. Pleasure and good luck. I'm sure that all of you have seen the PR on Monday. David Gee joined us as Chief Marketing Officer and on his shoulders, all of us, there is the element of best brand awareness and brand excellence and marketing excellence. Dana will, and by the way, talking about people, Zohar Tadmor over there, Chief People Officer, see that everyone can see you. She will be able to share more about our talents and our talents' policy and where we're heading in that direction. Dana, financial excellence, will cover the elements of Rule of X what we covered already and cash and so on and so forth.

So, with that, I'll come to an end. And I would like to say the following. First of all, we do good in the world and we do that big time. I would say that, I always say that the world, one, need Cellebrite, the industry need Cellebrite, and if Cellebrite wouldn't exist, one need to urgently invent it, because of our meaningful and critical role in investigations. We continue to deliver value and we are committed to this mix between 25% ARR growth in the next three years and 20% EBITDA margins, the Rule of 45.

We are operating in a attractive TAM and we're going to make it, we're going to make ourselves bigger within that environment and we are definitely the leader in technology and in innovation in our markets. And the good news is that we are just getting started. And talking about getting started and after reflecting, I would say the growth engines that I've listed, DFU, IU, private, M&A, cloud platform, talent, brand, C2C platform, then we have all the growth engines in the company today, today, they are ready in order to accelerate, win an excellent and attractive market and create the path for a \$1 billion ARR company in the mid to long-term.

And with that, I will – I'm coming to an end and questions or we continue and thank you for listening.

## QUESTION AND ANSWER SECTION

### Andrew M. Kramer

*Vice President-Investor Relations, Cellebrite DI Ltd.*

A

So, I do think we have a handful of minutes for some questions. So, we'll take a poll and it looks like Jonathan's got one.

### Jonathan Ho

*Analyst, William Blair*

Q

Hey there. This question is for Yossi. Just want wanted to understand, just given you have this Rule of 45 target, yet you also showed a slide where you've won many of the large agencies that are out there. Can you give us a little bit more color in terms of understanding, how do you continue to grow at these rates when you already have won so much of the industry and maybe a little bit more granularity around whether that's going to come from expansion of products or additional seats that you're adding? Thank you.

### Yossi Carmil

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

There is a clear, I don't want to call it a perception that when a company sits and well based by the accounts, then there is a, so to say, a saturated environment. And then, the question is clearly, how one is going to grow. And I think that we are showing already for several years by now that although we are sitting, we hardly add any logo in the last three years. And still we had almost doubled our business size ever since we took up public in terms of ARR three years ago.

And it's the motion of the growth is mainly based on adding new solution. And in that context, by the way, new seats, Collect & Review is expected to grow 20% to 25% year-over-year by adding more seats, more users. Then, on top of that, investigative analytics, 35% to 50%. And over there, we have the logos, but we have so many, you can call it sub-logos within that account which are underpenetrated and we haven't basically approached them yet in order to place investigative analytics solution and also Collect & Review.

And so, goes to the evidence management, which is, by the way, a smaller part, but it's going to double its size. And that, by the way, will strength the motion of both Collect & Review and investigative analytics. So, it's selling more solutions, it's selling more seats. And it's also related to, I would say, price increase based on the value that we are adding to our solution. So, those are the, I would say, three or four main motions. Dana, would you like to add? Thank you, Andy.

### Dana Gerner

*Chief Financial Officer, Cellebrite DI Ltd.*

A

And Jonathan, thank you for the questions. I will further elaborate it in my chapter and when we'll speak about our growth model for the coming five years. But I would say that Yossi spoke about the increase in crime and the fact that digital – crime becomes more and more digital, expanding our – the capacity of our customers to cope [indiscernible] (00:51:53) increase is a great opportunity for us to growth. And this is the same install base that we are selling to now. They will just need to cope more by adjusting to the fact that it's becoming digital. And I see that you have...

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

Can I get a workout room going from side to side here?

A

**Hugh Cunningham**

*Analyst, Cowen & Co. LLC*

Thank you. Hugh Cunningham with TD Cowen. First of all, thank you, Yossi, particularly for the commitment to the mission that you described in the beginning of your talk.

Q

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Thank you.

A

**Hugh Cunningham**

*Analyst, Cowen & Co. LLC*

So, I have two questions. The first one is, you talked about tuck-in acquisitions as a way of accelerating cross-sell and upsell. It would seem you have more opportunities on the commercial side, would be my guess, given your substantial penetration of the public sector, the opportunities would be on the commercial side? So, that's the first question.

Q

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Well, first of all, as I said, we have enough to grow organically, all right. And the importance of the tuck-ins in that case, I would say is to make sure that we are either in cases that it will take us time to bring something to the market, time to market, or in a cases that there are elements in our C2C platform that we are – we cannot do in in our size. We do not need to do everything by ourselves. So, in the context of while organically knowing that we have enough opportunity and enough meat to grow commercially, it's about strengthening the organic story and the C2C platform with tuck-ins that can enable us to accelerate, can be on cloud, can be in investigative units, et cetera et cetera.

A

**Hugh Cunningham**

*Analyst, Cowen & Co. LLC*

Okay. Thank you. And the second question I'm hoping to [indiscernible] (00:53:46) and surprise you. So, you talked about AI and particularly in the context of Pathfinder, I think you sort of emphasized that. But have you thought at all about quantum and how quantum? There's been discussion of that. It sort of faded in recent years, but how that will impact your business. Thank you.

Q

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

So, we can do two things. We can use the energy and talent of Ronnen right now, or we can save the answer to your question for his part, if you're okay with it. And that would be probably the best thing to do.

A

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

And we got time for one more.

A



Hi. Yeah, Yossi, you spoke about the fact that over the last few years, most of your – you don't had new customers or you have a few new customers. What prevents the company from getting new customers? Is the market fully penetrated or do you need a different motion in go-to-market or different kind of channel partners in order to address new customers?

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### Yossi Carmil

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*



I would say the following. We are focusing, I would say, 60% to 70% of our growth on existing logos. But within those logos, we have so many new customers to grab. If you look, for example, about a three letter agency that I visited last week, they have 32 offices around the USA. We work with only five. And even in the area of DFU, these are entities that needs basically to deal with backlog, need to deal with all the pains and they wish to open labs or only on the DFU, I've got 27 new or 27 new customers that they need to grab within that logo.

So, it's about the fact that we have the logos, but there is so much in terms of new customers that we need to grab, so, the expansion is a norm. So, first of all, there is nothing that prevent us. It's only on us, I'm glad to say. And by the way, let's not forget that the good news is, this industry is a multi-vendor industry and they buy a lot from all the vendors. The question is obviously, who is the primary, who is the secondary in each one of those areas inside Pathfinder and so on and so forth. So, I would like to correct the perception here. We are acquiring new customers almost every month, almost every week, but we are doing that a lot in the same logo. All right.

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### Andrew M. Kramer

*Vice President-Investor Relations, Cellebrite DI Ltd.*

Great. So, I think with that, we'll move on to our next presenter. And I'd like to have Ronnen Armon, who's our Chief Products and Technology Officer join us.

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### Ronnen Armon

*Chief Products & Technologies Officer, Cellebrite DI Ltd.*

[indiscernible] (00:56:47) Thank you. Good morning, guys. You know, no matter how many times I hear the [ph] briefing (00:56:59) story, I'm moved again and again. So, thank you, Yossi for that.

Hey, guys. I'm Ronnen Armon, and I'm the Chief Product and Technology officer for Cellebrite. Like many others in the company, the mission statement of making the world better and safer played a big part, me joining about four years ago. Every day, our world become more technological. And humanity is great in embracing technology. Unfortunately, for every good invention, there will always be someone who would exploit it in a bad way. But with the abundance of sensors around us, they're likely to leave a trail, digital trail. That's why many investigations, today, actually 90% of them tend to be digital ones.

Cellebrite is on a mission to accelerate justice, and we plan to do so by modernizing and transforming digital investigations. I'm proud to lead a 400 strong professional organization. Probably represent maybe the higher investment in our industry domain. I might be biased, but I believe that what distinguishes great companies, technology companies is the engineering [ph] plan (00:58:17) that we have. And I think that we have the best, we handpick them around the globe. So, we are globally spread and we have a big center in Israel.

Every place is known for something. So, Germany is known for its great cars and Italy for its pasta and France for its wine. Well, Israel is known for its cybersecurity scene, and we grow heavily from that talent pool. Our solutions are deployed in any sizable organization in the western world, and our ties with our customers keep feeding our innovation thirst with new pains and challenges. Our domain expertise is really unmatched. We're dealing with the most complex, most vital, most evolving data. We make it accessible, we make it [ph] reliable (00:59:06), we make it actionable. And we always make sure to stay one step ahead in terms of the latest [indiscernible] (00:59:14) technologies. That's why we've pioneered with data acquisition methods, with collaboration, with analytics, with machine learning and AI.

Today, after some kind of like context, I think I'd like to focus on the growth potential, as I see it from a product and technology perspective. Let me establish again the importance of digital, the digital evidence. In the past, the justice system relied heavily on human testimonies, sometimes on physical evidence like fingerprints and DNA. But these are not always exist. And honestly, in many crime types, they are not even applicable. So, you end up with juries sitting in courts, debating subjectively the validity of a case.

Now, that has all changed as our environment became so highly digital with so many sensor around us and the mobile phone, the king of sensors. Now, two things about a digital evidence extracted from a mobile device. One, it's undisputable. And secondly, it answers all the W questions as we like to call them that investigator have, like, what happened? When did it happen? Where did it happen? Who was involved? This concept is true in both the public and the private in.

Think of the Case-to-Closure lifecycle as a factory, a factory of justice, a production line of cases through which the currency that go through that is the digital evidence. We identify three bottlenecks in the production line. How to lawfully acquire an evidence, which is admissible at court, how to collaborate securely between the different stakeholders and how to analyze cases and bring them to closure. These three bottlenecks make nicely to our portfolio and our ambition. Going to talk through them one by one.

If you think about the most famous cases of our era, a case could swing and be won or lost over a single evidence. Now, what's interesting is the evidence is always there. Might be hidden behind passcode and locks, might even be deleted intentionally, maliciously. Often, it's complex, hard to read, but making sure that no evidence is left behind and it's admissible in court. Our prerequisite for digital investigation that's exactly the job of Cellebrite Inseyets.

On to collaboration. You know, in a typical case, there would be five parties at least involved. Investigator, examiners, analyst, prosecution and defense. And it's critical that evidence reach the right stakeholders as early as possible. Statistics shows that given a major lead, if it doesn't reach the designated investigator within 48 hours of being found, the chances of closing that case drop by half. Another aspect of this area is retention of evidence, and that could vary between the crime severity. It could be a year, could be eternity.

Cellebrite Guardian is about automating the flow of evidence to the different stakeholders, while keeping chain of custody, hopefully as a known term and adhering to retention regulations. Last but not least, the area of analyze. You heard – you'll hear today a lot as volume of data drive up, investigator and prosecutor have hard time to make sense of all of it. How to really build complete picture with exact timeline, sequence of events, the social circles that we have, the relationship with others, these are all super critical to advance the investigation.

There is something unique about the phone as one of the digital witnesses that it's a window to our [indiscernible] (01:03:26). What if we go online to search for? Who do we follow? What we plan to buy? Where we plan to travel? All of that is on the phone. Cellebrite Pathfinder addresses exactly that bottleneck. Which brings us, what



you have seen today already a couple of times, which is the Justice Accelerated vision. It's a vision that we align our entire teams around it, but maybe more important from my perspective on the product side is what fuels it, which is the platform underneath. That's the Case-to-Closure platform. This platform is what our customers need. That's our vision.

We were first to introduce end-to-end digital investigation platform to the market and we are going to keep evolving it as time goes by. Now, that's not necessarily to say that every line of code that we have sits exactly on the same technology stack. But this is our North Star. This is how we plan a roadmap. And every morning, an army of innovators are waking up to make that vision more real for our customers.

I'll spend a couple of minutes about the marketplace we operate in. Two good news about this slide, about this chart that you see here. On the two dimensions that our customers care most about, which is the depth and the breadth of our solution, we are in a leadership position. We know I got that question earlier before we started. We know the data that our customers know about the most. It's not just about getting access to it. It's really to know it by heart. And we know how to drive it through the entire lifecycle of Case-to-Closure. The other piece of good news is that we're not alone. There are other vendors. They might be delivering point solutions. They might be delivering pieces of it, certainly on us to keep leading this space.

The rest of my commentary I'd like to dedicate to the growth potential, as I see it from a product and technology perspective. And it's about three areas advanced evidence acquisition, cloud and AI. Now, the importance of digital evidence is just going to grow up, just going to increase. In the typical phone, you might find 50,000 images, you might find hours of audio content, many, many messages, hundred thousands of them. Every month, the typical user, like all of us, will add another five gigabytes of data to their phone every month.

The challenges of getting access to all of this data, understanding it, deciphering, making it readable are going to, the same way, would increase as well. And this is a huge growth potential for us, Yossi mentioned it as well. It's our bread and butter just with another thick layer of butter. That's how I think about it. Unburdening our customers from IT and security concerns, providing them elasticity, leveraging, running workload through the cloud, [ph] modern (01:06:41) collaboration, all of these pose kind of like another big layer of value that could come with the big spend increase. And last but not least, harnessing AI for more automation, more efficiency, especially in the resource constrained environment, again, we'll deliver another wave of value to our customers with [ph] matching (01:07:04) additional spend with us.

I'm going to take you through this one by one. So, Cellebrite is the de facto standard in mobile evidence acquisition. The great plateau that you see here represent 30,000 licenses, 30,000-plus actually across public and private sector. The height of the gray bar represent the value and the matching spend of our basic offering. As the world become a bit more complex, more evidence, more data, more challenges how to get to that, how to make sense of it got us to introduce in the last couple of years an advanced version of our solution, which we sold for a premium price.

Now, by the end of 2023, that solution was deployed around 20% of our installed base, denoted here by the taller orange bars. Now starting in 2024, we are redefining the standard of mobile evidence acquisition, actually, digital forensic. We expect that our entire install base plus additional customers to adopt that solution fully over the next couple of years. What – our customers get much more data, more digital witnesses, more automation, more streamlining and we expect that to translate to a big spend with us. So, that's one growth vector.

Cloud and SaaS are a major focus for us. When someone think about today about sensitive evidence and cloud, it almost sounds like an oxymoron. But I'll take you back 15 years ago, companies were hesitant to put their CRM

data in the cloud for the same reason. Today it's best practice. We see, by the way, the favorable affinity towards clouds in the private segment that that we run. But in the public sector that reality, I would say, conservative reality still persists, IT heavy shops, high CapEx costs a lot of attention that goes to the wrong stuff. On the other end cloud infrastructure and services have matured tremendously, and the benefits the cloud brings cannot be ignored anymore. I foresee that in the next several years we will see a major shift to cloud based services.

Now we definitely intend to, you know, remain ahead of the game here and offer the solution to this emerging market needs. The way I see it, again, from a vision perspective, the Justice factor is that today's predominantly on-prem could be completely migrated to the cloud. You're familiar with probably with cloud benefit, but what matters to our customers are the value drivers. A lot is about sharing digital evidence securely among stakeholders. It's about accelerating compute heavy workloads with cloud elasticity and gaining better insights with AI processing.

Now, what's nice is that this is relevant to all segments, even those that we consider very sensitive one like the federal segment, which is on program or FedRAMP or [indiscernible] (01:10:32) in the UK and other countries as well have emerging standards to cope that because everyone wants to get a piece of it. Cellebrite is best positioned to deliver end-to-end digital investigation in the cloud and over SaaS, and we plan to lead the game.

AI, you know, I – recently I get confused when I hear so many companies trying to whitewash themselves with AI as if it's a new thing. Well, not for us. And maybe I want to give you a kind of like past, present, future perspective of my own. You know, what you see here on the left is the content of a typical mobile device. 50,000 images, millions of messages, many chat parties, social applications, et cetera. Back in 2016, it dawned on us that the complexity and volume exist on that device are just too much for investigator to comprehend to make sense of.

And the only way to cope with it is leveraging machine learning and AI. So we introduced back then in both our analytics and our forensic solution, the first capabilities, for example, classifying images by predefined categories like weapon related, money related, drug related. The impact on the investigator is like going from – to review thousands of images to just view dozens of them. That's a huge efficiency gain. Same with topic detection. Think about someone who's like to assess where there is gang activity going on in a lot of messages. That's again, it's a machine learning techniques that made that job of like redefining these categories much easier for an investigator.

Later on, we actually gave the ability to train the models to our customers so they can come up with new categories that we didn't think about that matter to the cases that they were working on. This classical machine learning approach is still relevant. Think about the audio content of today. If you have kids, probably you have noticed that in the last couple of years they are exchanging.

messages, which are voice based with their friends rather than typing text. I know, I get it for my kids. Think about from the investigator perspective, now the need to peruse kind of like audio content hours of it could be a nightmare. Look at this alternative approach using AI based speech to text. Hopefully, we have an audio.

[Video Presentation] (01:13:18-01:13:55)

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## Thomas E. Hogan

*Executive Chairman, Cellebrite DI Ltd.*

I picked that clip because of the heavy accent use. But guys think about it. The ability to take that. We deliver that last year along with more than 60 languages, translation from 60 languages. What it gets investigator is two

things. First, all of a sudden, they actually have access to a lot of digital data that they were practically blind, just practically they couldn't go through so much. And secondly, it's much, much more efficient.

So that was kind of like past and present. Let's see what's coming soon. I'm sure you all heard about GenAI kind of like very, we've become very topical in our life in the last couple of years. But what you might not know is that the digital investigation world work actually involves a lot of content generation that could be in submitting grounds, in filling up forms, in putting the case narrative together. Let's focus on this one for a minute. Putting the case narrative together means that you actually want to tell the story of the case while incorporating the hard evidence into the story.

What you see on the left-hand side is what we call a raw event. There are millions like that on the phone. Basically, this one is about an SMS message sent from one Wade Wilson to Marsha.

What the investigator would like to do, imagine that they'd like to incorporate that in their case story. They'd like to tell that thing to the judge, to defense, et cetera. They'd like to get something like this. Usually they typed it away. You know what's nice here? That it came completely out of the machine. A great draft. And all the bad stuff that you hear about GenAI biases, hallucination, et cetera, completely eliminated because what you have is just translation to plain English, something that investigators do in the thousands, like on every case. That's huge in terms of efficiency gain. And that's coming in our solutions this year. They'll get to more like the near future.

And here, maybe I want to share with you, we're meeting many investigators on a daily basis. And eventually, as they try to interrogate the body of evidence, they are asking very simple questions. They'd like to know when two people discuss something, who mentioned first a topic, who mentioned maybe a sum of money, things like that. That's how they work. And what we do as vendors. I'm speaking to Royal Re. We dump on them very sophisticated software with many filters and UI, et cetera. And no wonder that only a portion of them can master that art of interrogating the evidence.

So, we've built a proof of concept here that kind of like bring a Cellebrite assistant and allow investigator to work in plain English, interrogating the evidence. I'll try to explain what you see here in the short video. So I'm now interrogating the evidence. And there is this lady Evelyn, which is my suspect now asking the Cellebrite assistant, tell me who did Evelyn was in contact with on a specific date. The system comes back and marks three, folks.

One, I'm particularly interested, Snow White. So I asked, give me a summary of what Evelyn did discuss with this Snow White guy on that date. And I get a summary, and the summary hints to a shady deal going on, something about drugs. So I said, take me back, please to original messages that actually made that up summary. And I go back in a matter of seconds to the original messages that you see in a second, and voila, I get to exactly what I need. And you can imagine, take that one step further that could be completely voice commanded and what used to be going through many screens, putting filters on the dates, et cetera, and making all the searches all of a sudden available to many more investigators in plain English, much faster. And that could be our future. That could be the future of digital investigation.

Guys, with this, I'd like to kind of like summarize the takeaways that I'd like you to take from this session. First, we're building a great Case-to-Closure platform. We're putting that end-to-end digital investigation. And on top of it, we see three exciting growth factors from a product technology perspective. Redefining the standard of evidence acquisition, migrating a lot of on-prem workload to the cloud with complete cloud experience, and reshaping the modus operandi of digital investigation, what you just saw. As our life become more digital, our customers would like to solve more cases, to solve them faster. We're going to be there for them and we intend to lend the pack. Thank you, guys.

## Andrew M. Kramer

*Vice President-Investor Relations, Cellebrite DI Ltd.*

All right. So, I think at this point in time we will be taking a short break, have about 15 minutes or so. So, I would encourage you all to, if you do have the – you are interested in product demos, we can show them in a short form, sort of ad hoc, and we'll reconvene at about 10:10.

[Break] (01:20:00-01:39:17)

## Andrew M. Kramer

*Vice President-Investor Relations, Cellebrite DI Ltd.*

All right, we appreciate everybody's attention. We're going to get the next part of our investor day underway and we're fortunate to have Marcus Jewell, our Chief Revenue Officer, join us and we'll get that started now.

## Marcus Jewell

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

Thank you, Andy. So, thanks for coming back. So probably good to see you all here today. It's always great when you're the CRO or let's call myself the sales guy at an investor conference because it makes a CFO squirm because she's panicking now that I'm going to commit to something which isn't, is it? But I promise you that I won't do that.

So a little bit about myself. Marcus Jewell. I've been in tech sales for 28 years. I know I probably don't look old enough, but obviously got into it very early and I've had the privilege of being CRO in four different companies. So I was actually the CSO of Brocade, before it got bought Broadcom. I was a CRO at Juniper through its very big growth phase. And latterly I was a CRO at CSS, which is a Travis Kalanick startup in the cloud kitchen space and helped him form that company and get that off the ground.

And then being in the company now here for four months. So I run all functions and go-to-market. So sales, pre-sales, advanced services, customer support, technical support, training, field marketing. So every part that touches revenue reports up to me and it's been a blast. And we'll come on to that a little bit later.

I should also welcome David as well. So David is going to be my partner in crime. He's another British, so it only takes British brits to form an empire, so everyone's got to watch out. Okay. Resident in the US, by the way, there's a lot of questions about. No, I am resident in the US. Okay. Legally as well, which is good because the DEA here. So I just want to point that out. Well, we're not going to get into that. Let's not do that.

So I want to put some context around what you've already heard today and talk to you about why we are positioned for what I call sustainable growth. There are powerful industry trends, so we answered it a little bit. But I want to put more context. Mobile phone data is set to double in the next six years. So even the doubling of the mobile phone data puts pressure and allows us to upsell the licenses we already have. The usage increases, the number of people that get access to mobile devices increases. So there's almost like a self-fulfilling TAM growth model within our base. And I also think we have a base to go at and we'll talk about that later.

I do think there are net new customers. When we expand our coverage model, which I'm doing, that we can go at to take it to the next level. We have a compelling value proposition. As a CRO, what you really need, the best scenario is you have a happy install base and you have a new product which has extra value and extra price. And I think we're modeling that our new product Inseyets is coming at around a 20% increase to what we do and the

customers are happy to buy it. Now you've heard a lot about the demos. Today, I'm going to play on your heartstrings. I compel you to see the demo.

You will, or somebody you know will be affected by crime in their lives. I think it's on you to understand who other people, other citizens decide to protect us. And you should understand the tools that they have at their disposal. We provide to do that. Because if you don't go to the demo, it means I think you don't care about people. And I'm sure you all care about people. So I'm just going to put the heartstrings out there to say, you need to go and see this demo. It's super cool.

And we're making strong investments in go-to-market and all aspects of go-to-market about customer service and sales, and I'll talk about in actual specificity how we're going to make those investments. So what's our market opportunity? Well, first of all, there's a digital transformation happening, and this is public safety in particular is a little late to the party on digital transformation. These are the slides I used to do like 15 years ago for enterprise or finance and these kind of things. But what's happening now, the national police authority, I don't know if you know, have set a goal to have 80% of all applications that law enforcement use in the cloud, 80%. This is a new thing and we're going to talk about how we're going to take advantage of that.

Public safety demands increase. The digital artifacts that we collect only become more and more important. This is not going away. We can over emphasize that point, but I think we need you to leave here knowing that these problems are not getting away. They're getting harder. But let's not forget about our enterprise business. Internal investigation, the enterprise. I'm sure a lot of you here have a compliance department for who you work for. Is compliance getting easier for you? Is your compliance team growing like, you know, like Gremlins, you know, every time you turn up, there's another one like, you know, when they get wet, more of them breed because it's important.

And so I can almost guarantee from our install base, we have an unbelievable install base in the enterprise I can almost guarantee that the majority of the people in this room, compliance departments, legal departments, we're using our devices at some level to extract information from corporately owned or bring your own device, cell phones, whether through a service with partner or your own use. And I believe that we have a compelling argument there to not only increase our penetration, but we also have some price leverage as well. And we're going to take that forward as we expand.

And the most important part of this slide is don't assume how police are making decisions. I was with a customer actually in the UK. I thought it was us, it was UK. And the person in charge, the detective in charge, the superintendent, was a masters in computer science. It wasn't criminal law, it was masters in computer science. This was a person that knew investigating in digital and investing in digital was the way forward to solve crime. It's no longer, oh, I want to go and buy guns or police or armor or something. There's a much better market opportunity for us to take wallet share from some traditional policing areas because the need of solving crime digitally is so much more efficient. And again, I do react to this.

So let's look at how traditionally things, and I like the way that Tom talked about Colombo and these kind of things. Kind of things, I used to grow up when I was pretending I was ill and off school. It used to be on in the afternoon. I don't know if it's the case in the US, but in the UK it was how crimes are traditionally done. And the meta point of this slide is very simple for you guys to understand. The top in the blue still happens. Police work is incredibly important. There is instinct, there is need. And you're going to see here, for some fabulous customers going to talk about these things still happen. But the top is so expensive. It's so expensive.

The way that we demonstrate our IU software, our Pathfinder software, is we go to customers and we go give us a tricky case that took you a long time to solve because they've extracted the data that exists and under chain of custody, that data has to be kept for a very long time and let's put it through Pathfinder and see what happens. West Mainland's police big drug case, serious crime, we put it through Pathfinder and I think we reduced the time to charge by six months because we found a Snapchat conversation, which is all they needed to prove that the single person they were trying to get, this drug lord, was in the place where he said he was with the right person. Six months. We can't even calculate the cost, what that was, of all the fuel, policing, searching, warrants, paperwork. So what you're now seeing is to solve a crime digitally is the primary way to solve a crime. It is much easier if you don't have to do the physical. And our customers will be hopefully talking to you about that later on.

So where are we? Everyone has to talk about a transformation. All markets continually go through transformations, or evolutions is a better word. So we're way beyond experimental and siloed for the technology we have. Police forces rely on it. We are now in this aligned area and the growth of our platform and we are the only platform that can take it to a completely optimized solution. We now have people that can take from extraction to charge in a faster time than they ever thought possible. This will be the driver of our business. Over the next three to five years this will be the standard that not only the minority of police forces and law enforcement and agencies take, it will be the majority. Because the data extraction alone is getting too complicated. We have to assess, process, analyse and reduce that time to charge.

Now something slightly controversial, everyone gets worried now when I say that, but trust me, it's not numbers. We don't solve crime. It's not what Cellebrite does. We actually serve those who serve others. Okay? We actually reduce the time to charge. We reduce the time to charge and time is everything, because time is cost. If we can reduce the time to charge, more cases get cleared, public safety increases. We are effectively a speed paradigm. And the way I look at us, the parallel markets are the observability market. If you think about what Dynatrace does or Datadog and I've seen some nodding heads, so I'm glad this analogy is working. They really get into root cause analysis of a load of data fields so you can make good decisions on your infrastructure. We're getting to root cause analysis, so you can actually charge a bad guy and get them in, but the process is roughly the same, and we believe that we can become that platform. And wouldn't it be great when Cellebrite becomes the Datadog of the public safety world? That'll be nice, because I think our valuation would be very, very nice.

So why do we win? Well, I'm going to put the [ph] Cliché up (01:48:33), we're a trusted partner. I don't know how many of the analysts go to different companies, and we're a trusted partner. Let me talk to you about what trust means. Trust here means we get letters of commendation handwritten from chief of police. I've never seen anything like it. Literally handwritten, thanking us for what we did. I'm an immigrant to this country. I have the pleasure of going through border control quite often. And usually when I used to go through 1,000 questions, what do you do? Why are you here? What does juniper do? What does cloud kitchens do? You have this horrible thinking, oh, my god, I'm going to be pulled aside and questioned again as soon as they see Cellebrite on my paperwork. Thank you. Literally three quarters of a time. Thank you. I remember when I was an agent, I remember extracting on your device. Thank you for what you do to us. I have a pleasant experience going through border control. It's unbelievable. TSA, not so much, but I'm not going to get into that. But, you know, border control is fine.

The other thing you need to understand is, like, here's how we work. You rather remembered, in the evacuation of Afghanistan, you know, that was kind of a mess. It was obviously trying to save a lot of innocent people. And I can't remember how many thousands turned up that had to be evacuated. Citizens, obviously, refugees looking for asylum, innocent people that were caught up in that horrific situation. Now, unfortunately, what happened amongst that and that mad evacuation that the US sponsored was a lot of not necessarily good actors would have appeared, you know, pretending to be the mother, the father, the daughter, or whatever of the innocent people

that are getting on. And so we were called up very quickly. They actually were processing them all in DC out of an airbase, I believe, was it [ph] Adam (01:50:14)

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## Unverified Participant

At the Dulles convention center.

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### Marcus Jewell

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

Okay. In the Dulles convention center. And they said, we need help. We know there's going to be some bad actors in this place. Can you go there? We were there within a couple of hours with the technology. We're not charging for this with the team. And we found three top level technology terrorists, not minor. These are top level. We're going to do very, very bad things. That's what trusted partners do, and that's the way that we want to operate going forward.

And we have countless stories like that. We're the only end to end solution. I'm not going to go on about that. It's pretty clear. What I am going to talk about is super exciting, is global partnerships. We have both technology partnerships to make sure that our solution is end to end. And you've probably seen announcements with companies like Chainalysis, Relativity, which really helps us get to the next level. And that's going to be a big investment area for us. And I'm pleased to announce that I've hired the first global leader, which I'll talk about later, for partnerships in order to formalize and make that a much bigger play for us. But a partnership that's misunderstood and people haven't clocked onto is AWS.

Amazon Partnership is very tight with us. Amazon have huge aspirations, as you know, in the public safety market. When they hear 80% is going to move to cloud, they get excited. They know how critical we are as a piece to that. So not only our partnership is going to market with them and taking that forward, but also the ability to actually work with them to deliver our technology through virtual connections and our journey to cloud and journey to SaaS, which is incredibly important. So those partnerships are going to be great for us. And then go-to-market investment, which I'm going to cover now. So here's the tam.

What do we want to point out here? Nice spread. We have plenty of tam to grow into. We're not going to run out of total addressable market. That's not a thing for us. The ARR growth is nicely balanced. Diana covers this a little more across the world. And then there's huge areas of the world which are black. So everywhere we operate, we feel we're in a leading position. But ethically, morally and prioritization, there are certain areas that we don't want to operate in, and we're very clear on that from our ethics policy. So where we operate, we feel we can lead and continue to expand.

So the go-to-market team, so how much are we spending? Well, the good news is when I came into the business, we actually had a very, very good sales force. Most of the processes were good. Most of the people executing were at very high efficiency. And our efficiency numbers are, I think, in some of the backup slides. But we were fragmented because like most companies, when you scale up, you do it from a geographically centric way.

That's the way you do it. It's very hard to have a command and control when you're under, I don't know what the number is, but a few hundred million. But when you get to the scale we are now, there's obviously efficiencies in globalizing the team. Now, what does globalizing mean? It means that I don't need to replicate resources across the world. It means I don't need necessarily as many sales operations people, business development people,

those kind of roles which are critically important. I don't want to diminish them. But they're not quota carriers. I was guided by very wise people.

And the only thing that really makes a difference to a sales organization is how many reps you've got and how long they've been in territory. That's it. And you know that if you're looking at a company that says I've got to replace 100% of my reps, I'm going to double my team and get full productivity in a year. I'm not sure your models stick. So what I'm pleased about is our attrition of individual contributors in sales is incredibly low. I mean almost unmeasurably low. So we're keeping the core of the people here and adding to the DNA, not replacing the DNA.

Now within this, the high investment areas is to continue to increase quota carriers. And I'll talk about the areas. We're going to do that in a minute. But the balance here, I feel is pretty good. But there are further efficiencies. There's certainly money that I will continue to move around in order to make sure that the high investment areas are taken care of. And another high investment area is incredibly important is the advanced services and training, training, certification for our business is the lifeblood. Making sure seeding their technology is great. Of course it is, but making sure the operators can get full use, full value and get to time to charge down is incredibly important.

So not only is it important, it's also a revenue opportunity for us and a profit center for us. Us training in this industry will never ever go away. We have to continue to do that. And we're looking at more and more efficient ways, more dynamic ways, more proactive ways to deliver on this training mechanism that I want to do. The balance here between the other areas I think is pretty good. When I model and look at where we want to head as a SaaS company, obviously the magic number you want to get to is 50% of your spend is on quota carrying reps.

And I think that we have the management capacity and the pre sales coverage to allow me to do that over the next two to three year period. So customer centric, I love it when customers say they're customer centric, because if you're not, I don't know what you are. You kind of turn around and say we don't like customers. So the alternative to not being customer centric is probably going out of business. So it's a bit of a cliché, but I want to explain what we mean by it. The model that we have to go to a delivery company on a SaaS world and via cloud, and get more of our solutions to more people in an easier way to consume means that we wish to have renewals to be very, very efficient.

So a lot of AI work, a lot of proactive work here, a lot of ML to understand how we can actually proactively get in front of our customers, understand issues that they face. A lot of investments about moving our renewal base as much as we possibly can into like a classic SaaS company would into the CX team, and then freeing up those resources on more net new acv. Because net new acv is the golden standard of what we want to do. And I'll also talk about how I've aligned compliance towards net new acv and actually driving expansion of the base. And actually I should say incremental acv because net new gives you the fact that we're going to sell a new use case to a new customer. But of course, if you were spending, anything you spend in a period secondary to the period you're in is incremental. And our TAM allows us to do that with our upgrade path. And as I said, Inseyets has been an incredibly powerful driver to not only add value to customers, but allow us to actually have some pricing leverage as well.

So you've seen this slide, I'm just going to put a different slide on it to see how I would actually approach this in the market. And so just remember, the Inseyets are guiding the Pathfinder so Inseyets is an upgrade, an upsell, and an exposure. So I have all three motions available to me in that area. It's an upsell because it's from the base we offer increased productivity. It's an upgrade because it actually does more than the product before.

So there's a Tam expansion there, and there's an expanding use case. There are use cases that you'll see now that I know you're all committed to the demo, that you will see, which means that the customers not necessarily



need that product before will see it. So it's opening up new tabs. Guardian is an upsell and a cross sell. The ability to share and review is incredibly important.

And one of the buying centers that we need to think about, and I want you guys to think about, is we think about law enforcement agencies, central government. There's two sides of a charging mechanism in most democratic countries, okay? There is the people that actually gather the evidence, and then there's the people to decide whether the burden of evidence is enough to take the time and the effort to go through the judicial system, which, again, is a huge expense. Days in the US central prosecuting services around the rest of the world, think about how they could use this.

Think about the Tam of the DA. This is often misunderstood. There's two sides to this story. So the vision that we have, and I have is that DA's being used to Cellebrite as the process tool to understand. So there's no longer having to get the evidence in a format that the DA wants. It's the same format. It's extracted in exactly the same way. It's use Pathfinder to find the information or guardian to share. So the DA is looking in real time at the same information as opposed to collecting thumb drives or some of the antiquated ways that are going on.

And actually, in New York, we're having a lot of success with this borough, actually, in the DA's office here being very, very forward thinking about the use of using our technology to match up to what the NYPD are doing. That's a whole new tam, guys, worldwide. That's a TAM that I think we're going to be very successful in as we go forward. Oh, I'm sorry, I missed a slide. And then Pathfinder, upsell and cross sell. Pathfinder is into a. People call it a new buying center. It actually isn't. It's an adjacent buying center. Investigators know exactly what we do. It's not as if a detective doesn't know who Cellebrite is. As we say internally, Cellebrite's a noun. You celebrate a phone. That's how pervasive our technology is. But the investigators then need to do more with it, and that's why we have an entree into this client base. So how do we attack them? Well, we need to attack them with specialist sellers. That's an important part. We don't want to miss our capacity in the collect and review the DFU business. We have a specialist motion, and we've increased the number of specialist sellers within this business dramatically this year.

And we're now, and we'll be continuing to do that as we push forward. And some of the wins we have there and some of the scale of these deals are very exciting to us. So I want everyone to leave your understanding that we're not trying to drag too much out of the productivity of the existing people. We know when they're at capacity, and we're making decisions to move into net new ATV at the appropriate time. So what have I done since I've been here in the four months I've been here? Well, I've learned that weekends are optional. That's the first thing I've learned. But I don't think Saturday and Sunday exists in Yossi's world. It's just a blur, so I just go with it. But it's a lot of fun.

So I said, work is fun here. I've upgraded some of the leadership, which we do now. Not a ton of replacements, so these were additions. So when I came in, there was an open head wreck for EMEA. We managed to get a great leader for EMEA. A guy called Ed Dolman comes with a strong background of a tableau, VMware longstanding expert system, and SaaS salesperson who's taking it on. I was fortunate enough to inherit Mark. You'll be hearing from later, Teegarden. Somebody had to inherit you, Mark. So it was, luckily, me. But he's done a great job with the president of America's, driving the growth of that business over a number of years. And Mark Fitzsimmons in Asia Pac, an existing person, again, comes from a great background, both PTC. So I want to express to you the quality and the depth of the talent that we're now hiring. We're globalizing customer care. So that is one change that we are making.

We are close to finding a new leader for our CX or CS business and doing that in a global way in order to not only reduce the cost, but also birds of a feather, consistent learning and giving the customer experience the same in

every country would be a goal for myself. We've also added and changed a con plan to align to the strategic goals. I mean, that sounds obvious, but it's amazing how many companies you go into where the CEO wants something, the CFO wants something, the CRO wants something else. And at the end of the day, none of the con plans align.

And here we were, very thoughtful and I got in in time to actually create and simplify the compensation plan, which is skewed dramatically towards incremental ACV. If you just want to renew your base at the same value as somebody in my team, you're not going to have a very good time, okay? You're not going to be able to afford a beer after work. You're going to struggle. If you sell new stuff, you can have champagne every day. So that's kind of the philosophy of the goal. Not every day, but, you know, when they can afford it on the other side, an expansion of quota carry out. So I actually within my own OpEx budget, with support from an excellent finance team in HR, being able to create 13% more credit carrying reps. And again, it's just a motion of low hanging fruit, collaborating together and working on what we want to do.

And I'll explain after this slide where we're going to invest those target investment. Inside sales. Inside sales is critical in this business. Small sub, 200 officers, we call it long tail prime, as you'll see, is an inside sales motion and they are delighted to hear from us. My office in DC, when I sit, I actually sit with the inside sales team because it makes me feel good about life. When you see people, all that energy and young and vibrant. I've never seen a team where the calls are so responsive. You phone.

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## Yossi Carmil

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Oh, thanks.

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## Marcus Jewell

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

We needed to speak to you normally, like, get off the phone, you know, trying to sell a firewall or a router, like, go away. You're the 50th call today here. It's like, thank God. And it's like, amazing. It's amazing. And on our enterprise business, it's all inbound. Think about that. We have 69 of the Fortune 100 and it's all come from inbound. So imagine what we can do if we start taking these outbound motions, which is a part of what we're going to do.

The IU specialists have talked about an opposition for FedRAMP. FedRAMP will open up a big new town for us. There's no doubt our steen colleague from the DEA will talk about it, hopefully. But FedRAMP will open agencies and expand that tam for us to go after and formalize what we've been wanting to do for a number of years. And we're well on the path to that process. So fueling the growth. So how do I set up my team? Pretty straightforward.

At the top level, dedicated resources for the Fed and the top 250. And don't think of it just as fed. You can think about this is central government on a worldwide basis, because what we create for Fed can be replicated in western Europe and parts, and the more modernized parts of Asia. So think about this as a central government function which has a nominal couture of Fed dedicated account execs with dedicated technical account taking all of those motions forward.

Discrete investments based on opportunities that we see and a relatively long sales cycle there, but a very, very welcomed revenue stream that when you win a use case, you are winning a franchise for a number of years. Mid higher accounts is the area in the US which I feel we have a lot of potential. We have a new leader under mark in that Dwight, who's come in from Red Hat, a very experienced seller, and adding significant amount of resources

in that area to make sure that we cover geographically. We could do, we have opportunities in the Midwest, the West Coast, to match our density of coverage that we already have in the northeast and the southeast.

So I would turn your attention to thinking that there is an opportunity there for not only use case expansion, but also net new names in that area and then the long tail accounts. This is an area where I think we can do well and we're going to globalize this team. It's a very, very quick, very fast turnaround, very receptive audience and against discrete investments of increased quota carriers mapping to where we want to take the business.

What I want to talk about now really is why – it's not clicking through for some reason. Is it stuck?

It's going on the comfort screen, guys. Okay, it was my final slide anyway, so maybe my final slide is just a placeholder anyway, so what I was going to talk about is the opportunity as I see it, starting now, I'm going to ignore that because it's flashing in my eye line. I was excited to start. Look, sales leadership, any sea level positions are privileged. We should never forget that.

But this is a true privilege. And a lot of people ask, why do you start? I've run bigger companies, I've had smaller teams, and I was looking for something this size. I wanted something where I could have a real input, not only on the growth strategy of the company. And I think we have a great growth strategy, but also helping to get the culture to a scale up culture, because sometimes you need to change the culture a little bit to scale up. And my colleagues have been completely receptive to it. They put up with a kind of a loud English guy as much as possible.

They're kind of loud as well. So it's okay. We kind of make it work. And I'm more excited than ever. And I'll tell you why I'm excited. The first thing is my wife insisted to me, you can only go and work at a company where people understand what you do. She goes, I'm fed up with the dinner parties where you go, I'm in network. And they go, my wifi router's not working. Can you help me? Not really. Also, my day job is cool. Cops are cool. Agencies are cool. And just think about this. I get to sell to people with guns. How cool is that? Okay?

And I still can't get over that. When you go into a meeting and everyone puts a gun on the table, it's like being a Brit. It just freaks me out. But it's kind of super exciting. And I didn't join the company just because of the mission. That was important to me. But by golly, that mission creeps up on you. And it's just such a fulfilling thing to do that you're selling something which meets a need and delivers, and you can see the output, because selling a data set, people who buy data centers aren't cool. Okay, they're nice people, but they're not cool. Cops are cool. That finishes me off. Like, to get Andy back on. Thank you for your attention. Appreciate it, guys. Thank you.

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## Andrew M. Kramer

*Vice President-Investor Relations, Cellebrite DI Ltd.*

Thank you very much. So let's see. All right, so we're going to pause the webcast now. I'd ask and remind people who are listening online. We'll probably resume in about 30 minutes or so. So we're going to get some chairs assembled.

[Break] (02:07:50-02:41:22)

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## Andrew M. Kramer

*Vice President-Investor Relations, Cellebrite DI Ltd.*

Okay. Great. So I think at this time, we'll have Dana Gerner, our Chief Financial Officer, join us, and she'll walk through her presentation. We'll have time for questions after that. So, Dana, over to you.

## Dana Gerner

*Chief Financial Officer, Cellebrite DI Ltd.*

Hi. Great to see all of you here. I'm Dana. I'm with Cellebrite for almost 10 years now, and it's a great opportunity to be in our first investor day. And it's even the greatest opportunity to speak with a crowd that actually cares about numbers and financials. It's a really rare occasion in a – in the life of a CFO. So I try to take the opportunity and take it all the way out. Okay?

So let's start a little bit with what we've done. And, Yossi took you through the journey of Cellebrite history. I'll try to put it in numbers. Right? So, 2019 point product leadership. We've been the number one vendor in the digital forensics unit, expanding slightly into investigative unit at that time. And we have generated \$92 million in ARR. We have only started our transition to a subscription business. Right? Most of our solutions are on-prem. Most of our solutions were perpetual license. And at that time, we've been a privately held company.

But we are a company that thinks through and things forward, and we strategize our growth. It doesn't happen just because it fell from the sky. And we decided that we want to be the number one vendor to the digital investigation units and to the digital forensics unit in law enforcement, providing a subscription license, solutions on that platform and through that way also go through the growth that is coming. We've been a publicly traded company, and voila. Right? 2023, we've executed. It's there. Right?

We have went public in August 2021. We have actually more than triple our ARR by just moving ourselves from a perpetual license to a subscription license. And it was a journey. It was a journey to transition the entire install base from perpetual to subscription. It was a journey to educate the customer that it worthwhile for them to go through this transition with us. And we've done it. So this is exciting. And the most exciting thing about it also is that we have delivered very much, as Tom said, great financial results. Not only that, we grew our ARR, and we do it constantly, year-over-year, but we also grow our EBITDA. We've been an 11% EBITDA company. We are now touching the 20%. So Rule of 45. Here we come. Here we are.

And so I speak in this session, it will be split to two. One, I'll speak for journey until 2023, then we'll pause, and then I'll present our five years model, 2024 to 2028, share with you the fundamentals of the growth and where we aim to go. Okay?

So where we've been, execution drives financial performance. Right? We plan, we strategize, we execute. First and foremost, as all of you heard before, from Marcus, from Yossi, from Ronnen, we try to understand the customer's pain, the challenges about lawful access of a phone, the fact that it's not enough to extract the phone. We need to help them find the insights, the golden evidence, the hidden evidence to make a prosecution, to actually find the guilty party and then help our customers go through the transition to the cloud.

And Guardian is a great solution. We started the transition to cloud both on the garden, but also if you look at our Inseyets and our offering of the Inseyets. We have already integrated to make things efficiency, to bring efficiency to the market. In the Inseyets, we are using the power of the cloud to do things faster, easier, provide flexible pricing capabilities to our customer from the smallest to the largest. So all of them will be able to actually be using those most advanced services.

And we are leveraging our long term relationship with the customers to be able to introduce more and more capabilities, more and more technological advancements and innovation and help them adapt to them. So 2023, very much as we presented before, was a great year. We finished the year beating all our guidance to the market. But not only that, we've actually positioned 2023 as a great start point for our growth in the future. And if you look at the main KPI's of 2024, there are photo suits our success in 2023. Growth of ARR 20% to 27%, very much as

we shared with the market in February when we did our earning release and EBITDA margins at an average point of 20%. So again, we are planning to meet a Rule of 45 also in 2024.

I would put here a very small note, because we are speaking about financial models. Since still very large part of our offering is on-prem. We do have some seasonality in our revenue baseline. So most of our customers year end budget is Q3, federal government in the US and Q4, most of our law enforcement and a large portion of our enterprise customer. We see around 45% to 47% of our revenue coming in half one and 53% to 55% of the revenue coming in half two. Follow suit also is the EBITDA. Because if you are generating most of your revenue in the second half and you are growing your OpEx marginally quarter-over-quarter. Look at our 2023 financials, you will see that 30% of the EBITDA was generating in half, 70% in half two, but still very healthy, very positive throughout the entire year. So that's like in a nutshell, in a very high level of how our financial numbers look like.

We've seen a version of this slide in Marcus' presentation. Our growth is balanced. It's balanced globally. We started our business in America. America is 53% of our business year today. EMEA for instance, with 30%. But both of them are growth engines of the company and they are not growth engines only because of one sector. Marcus discussed the great opportunities we have in the state and local in the US. We are investing now in increasing our go-to-market efforts and making sure that we are covering the entire state and local agency, Northeast, Southeast, West and Midwest.

Federal is a great opportunity and when we are going to introduce our cloud offering under fan wrap, we are actually going to unleash new term, as Marcus mentioned, that will help us grow the business with the federal government and make us being able to serve them the way that they deserve to be serviced. We are doing with the state and local around the globe. And of course the Americas is also our biggest market for the private sector. Around 70% plus of the private sector revenue is actually coming from North America. So this is why we have 53% of the business there.

We strongly believe in the potential in EMEA. We have a new leader there, Ed, as Marcus said, very experienced. We have a great go-to-market team there. We have experienced salespeople covering many western Europe. They have delivered an amazing success in the last three years. They are continuing growing the business. This is a market where we see also multi-year deals, which means a lot of trust by our customers that we can continue deliver the high quality of solution also to the future years. So that's a great market for us for the future growth.

And of course APAC 26% CAGR. APAC is a region where we decide consciously where we are going to invest and grow and where we are not because of ethical reasons and business reasons. We have our main offices in Singapore. We have a large business in A&Z, Australia and New Zealand, in Japan, in India. We are serving some customers also in other regions, but this is our focus. These are the leading countries there, both from financial perspective, but also from ethical perspective. And this is where we decided cautiously, as I said, to do business. We do when we look forward into the coming years, we expect to see more or less the same spread of revenue across those regions and a very evenly growth from an ARR year-over-year perspective.

So, Marcus referenced that we are serving the largest law enforcement agency in globally. Not only did we serve them, they are loyal customers. We are fortunate by being able to serve them properly, not to lose even one large agency since we started working with them. And we are in this market for 15 years. So this is a remarkable achievement, not losing those customers. We are serving of course also the mid high state and local agencies around the globe. The smallest one, the long term is where we usually see some churn, mainly on budgetary reasons, task forces open and close and so forth. But all in all that level of connection with our customers allow us to maintain a very healthy growth retention rate. 90% class is the representation of the last three years.

If we think about it and what I said before in Asia Pacific, we also cautiously decided which customer we stop doing business with and in what countries we decide to stop doing business with. So if we take out around 20% of the churn, which is actually associated with Cellebrite decision to retire from doing business with customers, we actually have a natural churn of around 8%. So when I will present later on the long term model of Cellebrite, we baked into that more than a 92% gross retention rate, because we believe that we should be 92% plus. We really trust the platform we brought to the market, the solutions that we are going to bring, and the customer loyalty with us that will allow us to do so.

And when we look on the left side of the slide, we can actually look at what Jonathan, you asked before, where is the expansion is coming from. And this is actually how we see the expansion within our existing customer. Not new logos, right? But a lot of new accounts within those logos. Yossi mentioned that. It is not that we are buying into a logo and we have only one, I would say one customer within this logo. And the one logos, especially the mid high in the state and local, the federal, the large state police, we have a lot of inside customers. And when we look at them and when we measure our results, we look at it as expansion, as growth within the same logo, even if there are some sub accounts there. And this is why usually when you look at our ARR bridge, the new logo number is very small and the expansion is the large number.

And where is the expansion is coming from? First and foremost, to deal with capacity, right? We spoke before. We've heard from so many people here. Crime is on the rise. Digital investigation is becoming more dominant and more important. So they need to derive capacity, they need more insights, they need to collect more. It is what it is. This is the life, right? And then you look at expansion. So those customers already have our Inseyets offering. They need to get the more advanced solution to be able to collect from the most advanced phones, to overcome analogs. So the expansion is really about advanced acquisition of data. And with those customers that already have our initial, I would say, Pathfinder Analytics Solutions. Yossi said, we introduced the first one in 2016. So those customers that started with the very early generation expand their business with us to the newest generation. And then the last thing is the crossing and the upsell. These are the customers that are adopting for the first time the solutions beyond the Inseyets.

The customer who decides to subscribe to Guardian, the customer who decides to subscribe to the Pathfinder, these are the upsells and cross sell. And you can see that it is very consistent from a percentage. When you look about it year-over-year, more and more customers decide to expand their business with us by adopting new solutions or by increasing the usage of those new solutions within their day to day work.

So moving from a point solution that we've been before to a platform is a great opportunity for us as a company. It's an opportunity to ease the customer's process in expanding their business with us. They're just adding more modules. They're increasing their volume and capacity with us on the same platform. They don't need to buy more seats, they don't need to buy additional licenses. They expand the licenses they have refused on the very easy manner of procurement. Right. It also means that it's more natural for them to stay with us.

And we just heard from Jeff. Right, Jeff, what you said, it's better when you start a journey, when you deal with such complex data, to take the journey from one end to the end with one vendor that really understand how to capture the data and how to deal with the data then after. So we see that as a great opportunity for the future. We'll speak about it in five years, more than later on. Next. Look, as a company, we are committed to deliver constant financial performance at the highest level. And to do so, we need to be very conscious in how we are spending our money. When we look at our gross profits, it's a reflection of how we manage our cost of goods sold. We've grew from 82.9% to 84.92% in the last three years.

And we've done that by looking at what are the drivers of our revenue, how much goes to subscription, how much goes to services, what type of services. And we align our cost of goods sold with what is driving best growth of the company. By that we can actually deliver an improved gross profit year-over-year. And we are committed to do so. More and more, Marcus discussed the fact that he is building or he is reallocating resources in his entire go-to-market market that lines 100% with that. And when we look on our operating expenses, we see again we improve our efficiencies in our operating expenses. We've been 74.5 in 2022, we finished the year of 2023 when our OpEx was 67.2. We grow our investment in R&D. We grow investment in go-to-market, but we've done it in an efficient manner. We will do so also in the future. Jose said that we are a people's base business. You can see it from the investment dollar perspective. Around 70% of the business is actually people, right? And if you want to do and continue to be a great company, you need to make sure that you hire the best people, you retain them and you create great collaboration between the teams of the organization. And that is exactly what we've been doing.

We didn't grow our head count between 2022 to 2023. Still, we succeeded to deliver a very high level of performance from a revenue perspective. But to go to the next level and to be on the path for the \$1 billion company, we will continue investing in people. In 2024, we will invest in the go-to-market organization. Marcus spoke about adding 13% to the quota carriers. We reinvest in innovation because what the amazing thing that Ronnen just presented. Don't just come here in the thin air. You need to invest in people. We will invest marginally on G&A because we already build the install base we've built in the last two years. Whatever. A very solid public company need the compliance, the IT security, the financial reporting, the SOKS, everything which we didn't have to do or not at the same level as a private company. But we are doing now. We have it, we settled it now. And now we are in the base of growth. But it's not only that.

When you are growing and you want to grow more your people, with your people, you need to make sure that you retain the culture of the company. And yes, we might not have weekends, Marcos, but we enjoy working on our weekends, right? We love it, right? So we need to secure that our culture and our way of doing things will still thrive when we add more people. And we are fortunate that we have a low retention of people and adding the people help them absorb the culture of the company. The culture of success, execution, excellence. This is what we want to do. People can speak with Zoro a little bit in the break afterwards if you want to get a little bit more insight on what we are doing to retain people and to secure our success in the future. And then I will not really elaborate about it much more. We have had a successful 2023.

We grew our EBITDA to \$62 million and 19% from 10% year before that. Made us very, very fortunate to step into 2024. From a very solid background of financial results. I think 23 is an example year for future modeling. Because it's the first year when we've been 1100% subscription company. 2022 was a year of transition. 2023 is a year of how can cerebral look like. When you are a successful subscription company, you grow your ARR by 27%, you deliver 20% EBITDA. That is what we are, that is what we want to do and where we want to be. And as a successful company. And when you're doing good, it doesn't only present itself in the p and I, you get to have a very strong balance sheet. And having a very strong balance sheet. We have a very strong cash, we have a very strong and growing deferred revenue.

Actually, our short term deferred revenue is growing at the same rate of the ARR. Which means that our customer, our committed to stay with us and to work with us. We are growing marginally our long term deferred revenue, because we are working with government agencies and their natural way of doing business is to contract us annually. Not only us, but in general. But that's okay, because we know how to take this revenue stream and we know how to diligently manage our OpEx and to create a great cash generating business. And we'll continue doing so.

\$330 million of cash and equivalent at the end of 2023 allow us to take strategic decisions about growing the business. And it allows us to go and look at M&A very much as Yossi shared with you before. So that gives us freedom of decision making and we will do our utmost make sure that we are utilizing this cash to increase investors and shareholders value in the future. Now, I'll go shortly to discuss the long term model. Now, many companies may take the CAGR of performance of previous years of CAGR of growth that is being described in market research. Research we've done that. We know how it looks, right. But we've decided to take a little bit of a different approach and look at the market drivers and how they impact our growth.

And the first and number one driver is the caseload, right? We've heard from everyone, criminals don't stop. Crime is on the rise. Digital investigation become more dominant in investigation. So more and more cases are actually being processed from a digital evidence and not from a physical evidence. When we look at our market research, we see motions of around 30% plus increase of investigation annually that involve digital evidence. Not because crime increased by 30%, but because more crimes and more cases are being investigated using digital sources. We took a very conservative number when we build a model and we took a 15% growth. But all in all, this is how we looked at the growth model. And when we look at the fundamentals of this growth model based on our analysis, and we looked at how many cases have been investigated using Cellebrite Inseyets Solution, and we found out that there have been around one and a half million cases.

Take our ARR from the public sector. Around 90% plus of the ARR is coming from public sector divided by one and a half million cases. You will see that the agency spends with Cellebrite \$190, not thousands of dollars, not millions of dollars, \$190 per case. It is maybe pocket money or coffee of an investigator per one month spent. High crime investigation cost tens of thousands of dollars. Up to hundreds of thousands of dollars. \$190 on digital investigation. When we say that it is really nuisance and there is a way to grow there, this is why. Okay, so this is number one.

Second, we spoke about the increase in cases 15%. We baked it into our growth model. Third, we've heard again, data becomes more complex. It's more difficult to acquire the data, and you need more sophisticated tools to manage the data and to analyze it, all of that. This is our upsell and cross sell opportunity. We have baked around nine to 10% increase in our model on an annual basis, which aligns itself for acquiring the most advanced solutions. And on top of that, a very, I would say, modest price increase of mid one digit percentage.

So take all of that together. Take into consideration the loyalty of our customer and their need to us. Take the 15% increase in cases and get to 3 million cases by the end of 2028. You'll get to around \$300 per case spent with us. Again, so small, maybe we're too cheap, right? But that's not a very aggressive model, I think we can all agree. So how does it look? We finished 2023 and we finished it with \$360 million ALR, \$190 per case. 1.5 million cases processed through Cellebrite. Then we took those 15% increase in capacity, baked it into the model. We added the need to penetrate through the entire Case-to-Closure platform by adding all the new capabilities and the new technologies and the new hurdles in acquiring the data processing and analyzing it.

Add a very reasonable growth in the private sector expansion around 20% plus year-over-year and a very modest growth in price increase. And this is our path for \$1 billion company by in five years from now. Not aggressive, very achievable. And it is all on us. We need to deliver. We need to deliver the technology on, then we need to deliver the go-to-market by Marcus. We have the best in class here in our midst to do that. And we will get there and we will get there in a very solid professional manner. And we will follow the follow KPI's ARR growth. We believe that in the next five years it will average itself on 24% higher in the first year at the growth in 2027, 2028 revenue will follow suit. Still not touching the CAGR of the ARR because we have the professional services which are very important but are not growing at the same rate as our subscription license business.



And we do plan and bake into the revenue recognition, the transition to cloud. We finished 2023 with low teens percentage of our AOR as cloud intend based on our analysis, to triple it in the coming three years. It will have some impact on the pace of revenue recognition. That's 20% CAGR gross profit, proper allocation of cost to revenue stream, proper OpEx management. We will retain the 82 82% to 84% ratio in our perspective. And this will result Rule of 45. Here it comes. You can see it. It's obvious. We know how to manage our OpEx, we know how to grow it diligently. We know how to allocate resources to the right places that will bring the right return on investment and we will continue doing so. Yeah. So our future is bright, right? I hope you all concur to this analysis. You know, just is accelerated is not just two words attached together. It's a mission statement for us and it's something that we wake up in the morning and go to sleep with every day because we believe in it. I really, really thank you for your attention. I really thank you for allowing me to share with you our vision of the company from another perspective.

And I ask Andy to take us with the rest.

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## QUESTION AND ANSWER SECTION

**Mike Cikos**

*Analyst, Needham & Co. LLC*

Q

Hey guys, you have Mike Cikos from Needham here again. Just two questions. The first is if I look at the Rule of 45, and just to be clear here, right? So fiscal 2024, we currently have ARR guidance for growth of 20% to 27% and then EBITDA margin guide of 19% to 21%, you're saying you can do Rule of 45. Isn't this effectively raising your guidance for the year to 25% plus on the ARR?

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

Rule of 45 is our mission statement for the coming five years. There might be we'll do 2023, there might be a, we'll do 2027, 43 or 47. We are not saying that we'll do exactly 45 one year in a year out. We are investing very much this year in the go-to-market organization. We are going to grow our head count by 100 and 6165 between those two guys who are sitting here mainly. we don't change our guidance. What we've shared with the market on February 15, we are standing behind, I think, the Rule of 45 allude, alluding to the fact that we believe that with a lot of strife and effort we might get there, but we still stand with what we said to the market.

**Mike Cikos**

*Analyst, Needham & Co. LLC*

Q

Thanks. Just one more on the ARR per public sector case. If I just run the numbers on what you were showing, I think the largest year-on-year increase is actually in 2024. You're looking at 18% growth on that ARR per case. Why is the growth so strong in 2024 versus call it mid-single digits over the rest of the time horizon?

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

2024 is the year of the launch of the Inseyets. So the upgrade of the install base does come with different pricing that actually incorporate the values that we are bringing in the new offering.

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

I think we owe an answer to the question here.

**Mike Cikos**

*Analyst, Needham & Co. LLC*

Q

Thank you, Yossi. The question was just on how quantum is going to impact actually both the solutions and the challenges for Cellebrite.

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

I think Ronnen will be the one to take that.

**Ronnen Armon**

*Chief Products & Technologies Officer, Cellebrite DI Ltd.*

A

Thank you. You know, when I think of, and I'm an avid engineer, so I'm spending the last year going a lot into what quantum computing is about. I must say, as it relates to us, it's two degrees of separation from what we do. So what you'll see us, for example, when I discussed AI engine, AI, et cetera, we're looking where technology is available in a kind of like a commodity to be deployed in our solution at scale. Quantum computing, when I think about it honestly, probably will take two, three years before it become mainstream. And our customers will wait for this advent, you know, for the short run.

**Mike Cikos**

*Analyst, Needham & Co. LLC*

Q

Thanks, Ronnen. While we got you, can I squeeze in one more? What does the upgrade look like? The learning curve going from earlier versions of PA into Inseyets so people who were using UFED previously.

**Ronnen Armon**

*Chief Products & Technologies Officer, Cellebrite DI Ltd.*

A

Good. So look, Inseyets actually brings a degree of simplicity to our customers. As I mentioned, we already had the solution deployed within 20% of our installed base by the end of 2023. Eventually, we are amalgamating two solutions. The basic offering, the advanced offering, which means that all the customer can enjoy simplified user experience, more digital weaknesses, more data, more streamlining and operations. So on the whole, it should be much easier to adopt to the new solution, less manual work between stages and so forth, okay?

**Louie DiPalma**

*Analyst, William Blair & Co. LLC*

Q

Hi, Yossi and Dana. In terms of the scaling of Pathfinder from 2023 through 2028, you described how the ARR per case can grow from 109 to 300. But what does that assume in terms of the penetration of Pathfinder? I think you discussed how there's over 5,000 customers that are using your solutions and predominantly that's collect and review. But what's the opportunity for that cross sell and what's the assumption there in terms of how Pathfinder penetration contributes to that ARR increasing?

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

I'll start with the perception maybe which is related to the expansion, and then we can add maybe a little bit numbers into that. As we embarked with a pathfinder in the beginning, or investigative analytics in general, we – I think we tried mostly to sell that into our familiar customer base, which are the labs environment. And in a police

world, just like in many other worlds, you need to sell the right solution that serves an upgrade of the right KPI's. Okay? And actually the Pathfinder was made in order to solve the major KPI's which are on the investigative side. Quickness of golden time to evidence dealing with unstructured and unstructured data.

And that means that, and that's, I'm glad to say, although we have done a shift in the goal to market and in the focus, we are turning into investigative units who are dealing exactly with that. And over there we currently have a single digit penetration with an expected growth of 35% to 50% based on a survey that we have done last year.

And this is something that creates a big and amazing opportunity. I spoke about all those thousands of high crime units which are probably the most relevant for those sophisticated crime cases. When you need link between different people and you are dealing with large amount of data and they are dealing with drugs, they are dealing with human trafficking and they are dealing with gangs. All those complex cases. And over there, that is where the investigative analytics will come into power. Translated into a growth model in ARR.

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**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

May I just add to that the cloud will change the landscape there as well. Very much like we have done with premium SSD service that initially premium and premium enterprise were catering only the largest customers. Because of the business model and the pricing. The moment we introduced the premium as a service, we could cater the smallest of the smallest customer with a very structured and easy pricing model. We heard before that the Guardian is a bridge which would deliver the information from the digital forensics unit to the investigative unit. Think now about that. And now add engines around investigative analytics. Capability to that. And in a cloud based SaaS based model, you can democratize also and allow some of that auto to the smallest agencies. And this will further fuel our expansion within investigative analytics and Pathfinder to the smaller customers as well.

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**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

And Louis, maybe last to that, I want us to look not only at the product investigative analytics, I want us to look the way we look at the segment investigative units with investigative analytics, with open source intelligence, with the ability to bridge back end analytics with evidence management connected to the cloud, leveraging on those investigators that we are serving today, with outputs which are coming from the industry, insights, the IU, the investigative units with all those parameters. And this is before talking about inorganic elements is an amazing opportunity.

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**Louie DiPalma**

*Analyst, William Blair & Co. LLC*

Q

Great. Thanks.

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**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

Thank you.

Q

Hi, Dana. I have a few questions. I'll start from the easy ones. Yeah. You're migrating to – you migrated to recurring revenues. How much of your 2024 revenues are invisibility, meaning when you enter a year, how much visibility do you have into revenues for the next year?

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

Okay. So if you look at the \$360 million ARR we have, right? And assume that around 30% of that is associated with long term contracts, which is more than one year. Then we're talking in principle about the fact that we have around \$90 million that are secured because they are multi-year deals and the rest is actually up to be renewed. Think about our gross retention rate. You get to the numbers in principle. Right? So this is what we see when we step into a year.

Of course, we have on top of it already the opportunities being managed by the sales organization for new ACV, for increased ACV. But that is an opportunity. Right? This is now statistical of opportunity management. How it will be transitioned itself to booking and revenue. We have some visibility, but we. I would say that we have around 70% visibility into the year. If I compass everything, when you start there.

Q

And you also mentioned that you decided not to work with certain customers in the past. Right?

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

Correct.

Q

Do you plan on – are you all set now with customers? Meaning, do you plan to continue and do it for 2024, 2025?

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

You want to answer?

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

Yes. I think that currently we are in a very good picture. I think that we've done a very strong, I call it compliance wise, ethical wise, cleansing in the last two to three years, the last three to four years. But we might add here and there due to developments, but not as massive as we did in the last two to three years.

Q

Got it. Okay. So my last question, the complicated one, is about your assumption on revenue per case. Is it the way you charge do you charge on revenue per case or is it an implied number? And the reason why I'm asking it is because I understand the way you do it, the way you present it, but I'm actually interested in the numbers behind it, meaning what drives the growth in revenue per case.

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

So I think what drives the growth in revenue per case, or the main two drivers are the fact that we know that they would need to subscribe more from us to deal with the capacity. And we assume that that will drive an increase of around 15% percent CAGR over the next five years, which is, in our perspective, reasonable, moderate assumption.

And the second is really about the subscription into the more advanced solution, the Guardian, the Analytics. We have done a research. We worked with a research company early in the mid-2023. We've analyzed those two drive vectors, the Guardian and the Investigative Analytics, and the growth within the IU and their assumptions to us was a growth of 35% to 50% year-over-year. So, we have baked it a little bit more moderate into our model, but that's like the expansion that we have on top of the capacity serve and then small price increase and that's all.

Q

Okay. Thanks.

Q

Great. Thanks. Thank you, Cellebrite, for the day. Very, very helpful. Yossi, I've got one for you. I'm just curious, the market perception of Graykey or Grayshift being better than on the iPhone, I imagine you want to address that. We did a lot of field work. I did hear that come up. It feels like it might be a somewhat dated perception, but I'm curious where that came from, how it's evolved, potentially what you're doing to address it?

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

Well, first of all, I would like to say, well, there is no Graykey, its part of Magnet today. Okay? There is a Graykey as a product and there is a Magnet as a company, but there is Cellebrite as an end-to-end platform. All right. And in that respect, you will find and our customer spoke about that. I concur with the perception that there will never be one vendor. It's a multi-vendor environment and over there, the key, the big question is who is the primary tool that the officer will take in order to start and solve the case and deal with an evidence?

And I would say that if you look statistically and if you look at the entire spectrum, even in iOS alone, we are leading by far. This is before I'm talking about Android, where we are smashing by far. All right. So, in the context of operating system, in a context of the complexity of the data and how to solve that pain, this is what I said in the beginning, we solve it in the best way, but this is and this is the way I ask you to look at Cellebrite. One building block of an entire flow of things. And as I said, one need to look at who is delivering the true end-to-end platform across the entire thing. You will always find small vendors that will do something better than we do. But in the context of complex and end-to-end, we are by far the best.

**Marcus Jewell**

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

A

[indiscernible] (03:24:09)

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Absolutely.

A

**Marcus Jewell**

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

[indiscernible] (03:24:11)

A

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

No, no. Here is a mic.

A

**Marcus Jewell**

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

The evidence customers there is, they're using it just to unlock and then they still go to the Cellebrite extraction. So, it's actually kind of not a substitute. We're not really losing that. There is an education piece that we need to do and that's where the training or certification comes in because there is a tit for tat with who's ahead on iOS on these kind of things. And so, we are ramping up our who's ahead on iOS on these kind of things and so, we are ramping up our education. And I think through the summer, you'll see those users change as well.

A

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

And don't get me wrong, it's – the Graykey is a good tool. The police deserve good tools and don't get me wrong, the competitors are good, competitors pretty much depend on us.

A

Q

Thank you. Just curious if you in your 6% revenue or pricing assumptions that you take into account or debate, a lot more debate going on around budgets within your customer base. And then, how often is markets going to maybe as you get bigger penetration, be asked for discounts from your customer base?

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

So, first of all, I would say that as we look, Dana mentioned the survey. We are doing a lot of surveys and we clearly look at least the public sector as an area where budgets are increasing for digital in general. This is one item. Second, there is a relative advantage here. Another one, predictability because the highs are never too high and the lows are never too low in a general perspective.

A

As for the request for discount, I say that, in general, because I can talk about few cases here and there, we were getting requests from discount, mainly when it comes to really large deals. But all in all, I would say that that segment I appreciate the segment and I'm talking about the public also for the fact that they appreciate a value and they pay for value. That's what we see actually, and we see the responses when we launch right now, the Cellebrite Inseyets. Good response as customers appreciate the value.

**Marcus Jewell**

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

A

The budget question, I think the budget is interesting [indiscernible] (03:26:19-03:26:46)

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

In order to help the industry by the way and I'm leaving budget on the technical mechanical element, but more strategically. I'm glad that our activity in other places, for example, on the yield reflects the importance of the states and the federal government here in the USA to support the agencies with that. And I'm saying that we are facing a very positive resonance to that when we do this activity. So, we actually anticipate that more budget will be available on a generic statement for digital and on a state level and on a federal level.

Q

Hello. I have a follow-up on this discussion on Graykey. In that, from the customer panel, it seems evident that there will always be a multi-solution approach. But taking this one step further, you put out the competitive slide that listed MSAB, Oxygen and several other smaller vendors. Do you think that maybe if agencies today are using five different solutions that can be consolidated down to two different solutions?

And that right now, like budgets are great, property taxes are increasing, sales taxes are increasing, but budgets may not be great going forward in the future. And in tighter budgets, do you think that there's room for consolidation? And have you observed, like any vendors leaving the market and that you're increasing the value that you provide and so you're providing some value that previously other vendors may have provided?

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

In this industry, as you can understand, for 15 years by now and I can say that you can hear me. I don't know if it sounds exciting, but the same names that were on the chart 15 years ago are the same names on the chart as we speak right now. By the way, it shows few things. It shows a very tough barrier entry for new guys. This is one which is a relative advantage. The thing is, what has changed is the size. Clearly, Cellebrite and Magnet for example, and Exterro on the private, but always Exterro via acquisitions [ph] took anticipate (03:29:10) that the vendors are there to stay, but the gap between the first and the second to the rest will be bigger. Let's park that aside.

We see a trend which is good for the industry of large players which are entering into this space. And I'm not talking only about DFU, DFU and IU, digital investigation in total. So, you see the Motorolas of the world are entering in. You see the NICE of the world entering in, the OpenText which are entering. And there is a race for some kind of consolidation, but not on that level of the expert tools. The expert tools will be there, and I anticipate that they will stay. I hope I give you on a 10,000 feet.

**Marcus Jewell**

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

A

[indiscernible] (03:29:51-03:29:56) Guys, we're a fraction of 1% of the budget of this. So, it's like it's not as if it's like an Amazon versus Google on the hosting thing. It's not like that we have massive expansion opportunity by moving up the value chain. So, I'm less worried about budget constraints because I think more and more budget

goes towards this. And the more we do in the analytical side, the more budget becomes available. So, I think there's more opportunity than price pressure on...

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Good point.

A

**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

Yeah.

A

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

We have time for maybe two more questions. So, we'll go to Mike here.

A

**Mike Cikos**

*Analyst, Needham & Co. LLC*

My question is actually going to be for Marcus on the go-to-market. And I just wanted to see because I imagine their view of the 2028 long-term is rolling up from you. So, can you help us think about like I think about that slide that showed like the large top strategic accounts, the mid to high and then the low touch rate. How much ARR is expected to be tapped into from each of those segments of the pyramid as you drive towards this longer term model?

Q

**Marcus Jewell**

*Global Chief Revenue Officer, Cellebrite DI Ltd.*

Wow, that's a great question. I'm going to give you a bit of a varied answer, it's going to vary year-by-year. So, what you're going to see, you're going to see an acceleration as FedRAMP kicks in. So, you'll see a bit of a knee in the curve because I think you get quite a lot of adoption when you normally get FedRAMP. I've done FedRAMP twice before and I know the kick you get.

A

I then think you'll see sustainability will be more consistent through state and local. I think state and local feels like a generic consistent growth rate. And I think you'll see actually a bit of an acceleration at the lower end of those two. So, I would be thinking about the middle tier being roughly straight lines and then the other two maybe having a bit more of a knee in the curve as we go through.

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

We have a question over here.

A

Great. Thanks for taking my question. Just wondering, when you think about the growth in ARR into 2028, how much of that comes from solutions you guys offer today versus future innovations in adjacent areas? And how does M&A play into that? Is there tuck-ins embedded into those numbers or is that going to be additive to the model?

Q



**Dana Gerner**

*Chief Financial Officer, Cellebrite DI Ltd.*

A

So, I would say that this is an organic growth model with some tuck-in inside, right, because these are very small supplementary, complementary solutions. We are looking at our C2C platform as what it needs to serve from a solution perspective. So, what problems do the customer have and how we serve them through the C2C. So, it's not that we have each and every module or advancement already defined now for five years from now.

But the pain is the pain, and we assume that what we are presenting here is solving the pain that we are seeing now and what we expect of it to evolve in the coming years. It will come with some innovation, of course. It might come with some new solutions that will either cater the needs of the digital forensics unit or the investigative unit, but we don't expect it to step out of this. I would say [indiscernible] (03:32:53) from opening a case to a closure of a case.

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

A

As a generally closing statement, I would say, mid-2023, we finished a strategic project and we looked very carefully, and deep into what we need to do in the coming three years and then beyond. I would say for the next three years to four years, there is enough meat in order us to focus on what we do right now and expand over there. There is a huge growth opportunity and practical growth within what we do today and we need to focus on that in business. You need to know sometimes where to focus, not to do. We have reached people's problem. We have enough to do in what we know that we intend to do.

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

So, in terms of timing, we've come up toward the end of our formal session. So, I'd like to thank everybody who joined us via the webcast. I'd like to definitely express our appreciation for those of you who took the time to attend in person. So, as we adjourn from here, we do have lunch available. Marcus is a salesperson. He's done a great job of selling our demo. I would encourage you to spend the 15 to 20 minutes to visit with us in an adjacent room, where we'll do a product demo and we'll take you. Scott, we won't take your phone, okay, but we'll use an example of somebody else's phone and we'll walk.

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Can't. We do it only lawfully.

**Andrew M. Kramer**

*Vice President-Investor Relations, Cellebrite DI Ltd.*

Lawfully, from Case-to-Closure. So, we'll showcase all three flagship solutions. It's a – maybe it's not necessarily a day, but it's a week or a couple of weeks in the life of an investigation and how our solutions come together. So, if you can stay, I think you'll get a lot out of it. Thank you all very much.

**Yossi Carmil**

*Chief Executive Officer & Executive Director, Cellebrite DI Ltd.*

Thank you. Thank you very much.

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