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

FORM 20-F

(Mark One)
☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2022

OR

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

OR

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

Commission File Number: 001-40772

Cellebrite DI Ltd.

(Exact name of Registrant as specified in its charter)

Not applicable	Israel
(Translation of Registrant's name into English)	**(Jurisdiction of incorporation or organization)**

94 Shlomo Shmelzer Road Petah Tikva 4970602, Israel
(Address of principal executive offices)

Copy to:
Ayala Berler Shapira
94 Shlomo Shmelzer Road Petah Tikva 4970602, Israel
+972 (73) 394-8000
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, par value NIS 0.00001	CLBT	Nasdaq Global Market
Warrants to purchase ordinary shares	CLBTW	Nasdaq Global Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

On April 14, 2023, the issuer had 194,689,938 ordinary shares, par value NIS 0.00001, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	☒	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐	Ot

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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INTRODUCTORY NOTE

Unless otherwise stated or unless the context otherwise requires, the terms "Company," "the registrant," "our company," "the company," "we," "us," "our," "ours," and "Cellebrite" as used in this annual report on Form 20-F (this "Form 20-F" or "Annual Report") refer to Cellebrite DI Ltd., a company organized under the laws of the State of Israel.

Cellebrite is a global leader providing Digital Intelligence ("DI") suite of solutions, comprising of software and services, for legally sanctioned investigations. Cellebrite currently has two classes of securities listed on the Nasdaq Global Market ("Nasdaq"): our ordinary shares, NIS 0.00001 par value ("Ordinary Shares" or "ordinary shares"), and warrants to purchase Ordinary Shares ("Warrants").

On April 8, 2021, Cellebrite entered into a Business Combination Agreement and Plan of Merger (the "Merger Agreement") with TWC Tech Holdings II Corp. ("TWC"), which closed on August 30, 2021 (the "Closing"), pursuant to which TWC became a wholly-owned subsidiary of Cellebrite (the "Merger"), the security holders of TWC became security holders of Cellebrite and Cellebrite became a publicly traded company with its securities listed on the Nasdaq.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP" or "U.S. GAAP"). We present our combined financial statements in U.S. dollars ("U.S. dollars" "USD," "US$" or "$"). All references in this Annual Report to "Israeli currency" and "NIS" refer to New Israeli Shekels and the terms "€" or "euro" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

Our fiscal year ends on December 31 of each year. References to fiscal 2020 and 2020 are references to the fiscal year ended December 31, 2020, references to fiscal 2021 and 2021 are references to the fiscal year ended December 31, 2021, and references to fiscal 2022 and 2022 are references to the fiscal year ended December 31, 2022.

All percentages have been calculated using unrounded amounts.

TRADEMARKS

We have proprietary rights to trademarks used in this Annual Report that are important to our business, many of which are registered under applicable intellectual property laws. Solely for convenience, trademarks and trade names referred to in this Annual Report may appear without the "®" or "™" symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trademarks, trade names or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name or service mark of any other company appearing in this Annual Report is the property of its respective holder.

MARKET INFORMATION

This Annual Report contains industry and market data, including market sizing estimates, growth and other projections and information regarding our competitive position, prepared by our management on the basis of industry sources and our management's knowledge of and experience in the industry and markets in which we operate (including management's estimates and assumptions relating to such industry and markets based on that knowledge). Our management has developed its knowledge of such industry and markets through its experience and participation in these markets.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY

Certain statements in this Annual Report may constitute "forward-looking statements" for purposes of the federal securities laws. Forward-looking statements include, but are not limited to, statements regarding Cellebrite, or its management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "will," "appear," "approximate," "believe," "continue," "could," "estimate," "expect," "foresee," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "would" and similar expressions (or the negative version of such words or expressions) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Annual Report may include, for example, statements about Cellebrite's strategic and business plans, relationships or outlook, the impact of trends on and interest in its business, intellectual property or product, and its future results. The statements we make regarding the following matters are forward-looking by their nature.

The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, performance or achievements expressed or implied by the forward-looking statements. These important factors include, among others, the items in the following list, which also summarizes some of our most principal risks:

- risks associated with our ability to keep pace with technological advances and challenges and evolving industry standards, to adapt to changing market potential within our markets and to successfully launch new solutions and add-ons that meet or exceed customer needs;
- risks associated with our material dependence on the acceptance of our solutions by domestic and international law enforcement and government agencies;
- risks associated with real or perceived errors, failures, defects or bugs in our DI solutions;
- risks associated with our failure to maintain the productivity of sales and marketing personnel, including relating to hiring, integrating and retaining personnel;
- risks due to intense competition in all of our markets, including risks associated with pricing pressures from and loss of market share to competitors with greater resources than we have and increasing competition as a result of consolidation in the industry;
- risks associated with the inadvertent or deliberate misuse of our solutions;
- risks relating to our ability to properly manage our growth as a business, and execute new offerings, developments and strategic opportunities, including joint ventures, partnerships and acquisitions;
- risks associated with the use of artificial intelligence in our solutions;
- risks that financing sources may be unavailable to us on reasonable terms or at all;
- risks associated with our reliance on third-party suppliers for certain components, products, or services, including risks related to the availability of raw materials or components;

- challenges associated with large transactions, including with respect to longer sales cycles, as well as with developing, offering, implementing, and maintaining new solutions;
- risks related to our dependence on our customers to renew their subscriptions and purchase additional subscriptions or services from us;
- risks associated with our ability to retain, recruit, and train qualified personnel, particularly research and development and sales and marketing personnel in regions in which we operate, including in new markets and growth areas we may enter;
- risks associated with political and reputational factors related to our business or operations, such as negative publicity, including with respect to the nature of our solutions;
- risks that our customers may delay or terminate contracts, or are unable to honor contractual commitments or payment obligations due to liquidity issues or other challenges in their budgets and business;
- risks related to the difficulty in discerning revenue declines from our operating results due to the way in which we recognize revenue;
- risks associated with a significant amount of our business coming from government customers around the world and associated procurement processes, and potential audits, investigations, civil and criminal penalties and administrative sanctions;
- risks associated with the weakening of general economic conditions, including on our private sector customers;
- risks that our intellectual property rights may not be adequate to protect our business or assets or that others may make claims on our intellectual property, claim infringement on their intellectual property rights, or claim a violation of their license rights, including relative to free or open-source-software components we may use;
- risk of security vulnerabilities or defects, including cyber-attacks, information technology system breaches, failures or disruptions;
- risks associated with the mishandling or perceived mishandling of sensitive or confidential information, including personally identifiable information;
- risks associated with complex and changing regulatory environments relating to our operations, the products and services we offer, and/or the use of our solutions by our customers, including with respect to applicable classification and confidentiality restrictions, and data privacy and protection;
- risks relating to the regulatory constraints to which we are subject, including encryption laws, trade and export controls from the governments of Israel and other countries where we operate;
- risks associated with different corporate governance requirements applicable to Israeli companies and risks associated with being a foreign private issuer and an emerging growth company;
- risks associated with market volatility in the price of our shares based on our performance or factors and risks associated with general economic and market conditions;
- risks associated with changing tax laws and regulations, tax rates, and the continuing availability of expected tax benefits in the countries in which we operate;
- risks associated with potential joint ventures, partnerships and strategic initiatives, including the diversion of management's attention as a result of such initiatives;
- risks associated with our significant international operations, including due to our Israeli operations, fluctuations in foreign exchange rates, rising global inflation, and exposure to regions subject to political or economic instability, including the State of Israel;
- uncertainties regarding the impact of changes in macroeconomic and/or global conditions, including as a result of slowdowns, recessions, economic instability, political unrest, or outbreaks

of disease, as well as the resulting impact on information technology spending and government budgets, on our business;

- risks associated with recent turmoil in the banking industry;
- risks associated with our failure to comply with anti-corruption, trade compliance, anti-money-laundering and economic sanctions laws and regulations; and
- risks relating to the adequacy of our existing systems, processes, policies, procedures, internal controls, and personnel for our current and future operations and reporting needs.

Some of these factors are discussed in more detail in this Annual Report, including under "Part I, Item 3. Key Information—D. Risk Factors," "Part I, Item 4. Information on the Company" and "Part I, Item 5. Operating and Financial Review and Prospects."

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. All forward-looking statements in this Annual Report speak as of the date of those statements. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report, to conform these statements to actual results or to changes in our expectations.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not known to us or that we consider immaterial as of the date of this Annual Report. The trading price of our securities could decline due to any of these risks, and, as a result, you may lose all or part of your investment.

Risks Related to Cellebrite's Business and Industry

If we do not continue to develop technologically advanced solutions, our future revenue, financial and operating results would be negatively affected.

Cellebrite offers a comprehensive digital intelligence, or DI suite of solutions that includes a variety of solutions designed to help our customers collect, review, analyze and manage investigative data with respect to legally sanctioned investigations. We specialize in the creation of software based solutions that enable collection, decoding, decryption, analysis, reporting and management of data derived from digital devices and sources manufactured or produced by a variety of original equipment manufacturers ("OEMs") as well as the applications installed on such sources. Because OEMs and other software manufacturers are continuously changing their products, our success depends on our ability to design and develop new solutions and upgrades to our existing software solutions that keep up with these changes. However, there can be no assurance that we are able to design and develop adequate solutions and upgrades that will be compatible with products from OEMs and other software manufacturers. If we are unable to update our software to keep up with the evolving security and encryption strategies in the industry, the utilization of our solutions may decrease over time if it becomes unable to collect, decode or encrypt data from certain digital devices. Further, as a result, our software may be vulnerable to malicious attacks. As a result, our reputation might be harmed and our financial and operating results will be negatively affected. Further, if we are unable to successfully deliver access capabilities via our Collect & Review solutions, we may not be able to provide our customers with the ability to lawfully access certain investigative or forensic data and as such our customers' ability to carry out their mission will degrade and this may harm their perception of the value of our solutions and negatively impact our reputation and financial and operational results.

Further, if we experience high turnover of our research and development personnel, a lack of managerial resources to guide our research and development, or a lack of other research and development resources, we may miss or fail to execute on new solutions development and strategic opportunities and consequently lose potential and actual market share. The success of our business is dependent on our product and research and development teams developing and executing on a roadmap that allows us to retain and increase the spending of our existing customers and attract new customers. Failure to continue offering the same caliber of solutions as we have been able to offer in the past will adversely affect our financial and operating results.

If law enforcement and other government agencies do not continue to purchase, accept and use our solutions, our revenue will be adversely affected.

Sales to law enforcement and government agencies accounted for approximately 90% of our revenue in 2020, 2021 and 2022. At any point, due to external factors and opinions, whether or not related to our products' performance, law enforcement and governments agencies may elect to no longer purchase our solutions. The key trends affecting the digital investigations and intelligence market include: among other things, the explosive growth in the volume of data production and availability, the growing frequency and risk of insider threats and employee misconduct in private enterprises, the increases in data complexity, sophistication and business impact of cybercrime in the private sector and the need for digital evidence management and analysis systems, a lack of sufficient digital forensic professionals and constraints in resources in the public sector, and the substantial volume of remote workforce. If we are unable to meet these evolving needs, law enforcement and other government agencies may not continue to purchase, accept and use our solutions, and our revenue and financial condition will be adversely affected**.**

Our revenue, financial and operating results may also be impacted by changes in organizational structure within the public sector leading to complex decision-making processes or by a slowdown in the pace of adoption of investigation and justice acceleration related technologies in the public sector.

Real or perceived errors, failures, defects or bugs in our DI solutions could adversely affect our results of operations, financial results, growth prospects and reputation.

Because we offer a complex DI suite of solutions, undetected errors, defects, failures or bugs may occur, especially when solutions or capabilities are first introduced or when new versions or other product or infrastructure updates are released. Despite frequent testing by us and regular software updates, errors, failures, or bugs may not be found in new software or releases until after they are implemented, and this could adversely affect our reputation and our customers' willingness to buy solutions from us, and adversely affect market acceptance or perception of our solutions.

Many of our customers, especially those in law enforcement, use our solutions in applications that are of public interest or critical to their businesses or missions and may thus have a lower risk tolerance to defects in our solutions than to defects in other, less critical, software solutions. Errors or delays in releasing software updates or allegations of unsatisfactory performance or errors, defects or failures in released software could cause us, in the long run, to lose sales opportunities, increase our service costs, incur substantial software redesigning costs, lose customers or subject us to liability for damages and divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations and financial condition.

An error, failure or bug in any of our solutions used by our law enforcement customers could lead to interference with the administration of justice, for example by corrupting digital evidence rendering them inadmissible Real or perceived errors, failures, or bugs in our solutions, or dissatisfaction with our solutions and outcomes, could result in customer terminations or non-renewals. In such an event, we may be required, or we may choose, for customer relations or other reasons, to expend additional resources in order to help correct any such errors, failures, or bugs.

A failure to maintain sales and marketing personnel productivity or hire, integrate and retain additional sales and marketing personnel has in the past and could in the future adversely affect our results of operations and growth prospects.

Our business requires intensive sales and marketing activities on a constant basis. Part of our strategy is to attract a larger number of law enforcement customers to use more of our solutions. Our sales and marketing personnel are essential to this effort and to attracting new customers and for the renewal and expansion of sales to existing customers generally. We require personnel with expertise in government contracting at federal, state and local levels in a variety of countries, and expertise in the private market, and with sufficient technological literacy to discuss our solutions' features. There is a limited number of individuals with this experience and competition for them is intense. Furthermore, once hired it takes at least three months before a new sales force member is fully trained and operating at a level that meets our expectations, and training may take even longer when working remotely. While we invest significant time and resources in training new members of our sales force, we may not be able to achieve our target performance levels with new sales personnel, whether due to larger number of new hires, or lack of experience training sales personnel to operate in new jurisdictions or because of remote hiring and training process, among other reasons. Our failure to hire a sufficient number of qualified individuals, to successfully integrate new sales force members within the time periods we expect, and to contain sales force attrition rates may materially impact our financial and operational results as well as the growth of our business.

We face intense competition, including as a result of consolidation in our industry, which could increase the pricing pressure we face and cause us to lose market share, which would adversely affect our business, financial condition, and results of operations

The markets for our solutions are highly competitive and are subject to rapid technological change and other pressures created by changes in our industry. We face varying levels of competition across our solution offerings. For more information, see "Part I, Item 5. Operating and Financial Review and Prospects—A. Operating Results—Competition."

Many of our current and potential competitors are larger and/or may have substantially greater resources than we have and expect to have in the future. They may also be able to devote greater resources to the development of their current and future technologies or the promotion of their offerings or offer lower prices. Our current and potential competitors may also establish cooperative or strategic relationships among themselves or with third parties that may further enhance their brand and reputation, resources and offerings. Recently, there has been consolidation within our industry, which may increase competition, lead to pricing pressures and loss of market share and result in competitors with greater resources than us and harm our competitive position. Further, it is possible that domestic or foreign companies or governments, some with substantial experience in the DI industry or greater financial resources than we possess, will seek to provide solutions that compete directly or indirectly with ours in the future. Any such foreign competitor, for example, could benefit from subsidies from, or other protective measures by, its home country.

Competition may increase and intensify in the future as the pace of technological change and adaptation quickens and as additional companies enter our markets, including those competitors who offer solutions similar to ours, but offer it through a different form of delivery. Numerous releases of competitive products have occurred in recent history and are expected to continue in the future. We may not be able to compete effectively with current competitors and potential entrants into our marketplace. We could lose market share if our current or prospective competitors: (i) develop technologies that are perceived to be substantially equivalent or superior to our technologies, (ii) introduce new competitive products or services, (iii) add new functionality to existing products and services, (iv) acquire competitive products and services, (v) reduce prices, or (vi) form strategic alliances or cooperative relationships with other companies. If other businesses were to engage in aggressive pricing policies with respect to competing products, as done in the past, or if the dynamics in our marketplace resulted in increasing bargaining power by the consumers of our solutions, we might need to lower the prices we charge for the solutions we offer, as we were forced in the past. This could result in lower revenue or reduced profit margins, either of which may materially adversely affect our business and operating results.

Finally, as we expand our offerings, we will face additional competition. For example, in the DI market, there are numerous brands and solutions that compete for sales, with competition based upon brand recognition and loyalty, product packaging, quality and innovation, licensing models, price and convenience. Hence, changes in our image, packaging and licensing models that may be done for marketing and branding purposes could have a negative impact on our customers' preference for us, which could adversely affect our ability to attract or retain customers. Overall, we believe our ability to compete successfully in delivering DI at a competitive cost to customers does and will depend on a number of factors, which may change in the future due to increased competition, our ability to meet our customers' needs and the frequency and availability of our offerings. If we are unable to compete successfully, our business, financial condition and results of operations could be adversely affected.

If our solutions are inadvertently or deliberately misused by customers, such customers may achieve sub-optimal results, which could lead to the perception that our solutions are low-quality.

Once purchased, our solutions are used by our customers, and if our customers do not use the solutions correctly or as intended, inadequate performance or outcomes may result. Our solutions are sometimes used by customers with smaller or less sophisticated IT departments, and professional practitioners, potentially resulting in such suite of solutions performing at a lower level than anticipated by the customer. Our customers rely on our solutions to assist them address important goals and challenges, and so the incorrect or improper use or configuration of our solutions may result in customer dissatisfaction, contract terminations or non-renewals, reduced customer payments, negative publicity, or legal claims against us.

Furthermore, if customer personnel are not well trained in the use of our solutions, customers may open more support tickets, turn to our technical support more often, demand the attention of our customer satisfaction teams, or may defer the deployment of our solutions and solutions, may deploy them in a more limited manner than originally anticipated, or may not deploy them at all. If there is substantial turnover of customer personnel responsible for procurement and/or use of our solutions, our solutions may go unused or be adopted less broadly, and our ability to make additional sales may be substantially limited, which could negatively impact our business, results of operations, and growth prospects.

If we fail to manage future growth effectively, our business could be harmed.

For the last several years, we have experienced rapid growth. For example, our revenue has grown from $172 million in 2019 to $271 million in 2022, and our headcount has increased from 683 employees as of December 31, 2019 to 1,005 employees as of December 31, 2022. We operate in a growing market and have experienced, and may continue to experience, significant expansion of our operations. This growth has placed, and may continue to place, a strain on our employees, management systems, operational, financial, and other resources. As we have grown, we have increasingly managed larger and more complex deployments of our solutions with a broader base of government and private sector customers. As we continue to grow, we face challenges of integrating, developing, retaining, and motivating a rapidly growing employee base in various countries around the world. In the event of continued growth of our operations, our operational resources, including our information technology systems, our employee base, or our internal controls and procedures may not be adequate to support our operations. Managing our growth may require significant expenditures and allocation of valuable management resources, improving our operational, financial, and management processes and systems, and effectively expanding, training, and managing our employee base. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, financial condition, and results of operations would be harmed. As our organization continues to grow, we may find it increasingly difficult to maintain the benefits of our traditional company culture, including our ability to quickly respond to customers, and avoid a formal corporate structure. This could negatively affect our business performance or ability to hire or retain personnel in the near or long-term.

In addition, our rapid growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We may encounter risks and uncertainties frequently experienced by growing companies with global operations in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth and plan for it, our business, financial condition, and results of operations would be harmed.

Our future growth depends in part on our ability to introduce new solutions and add-ons and our failure to do so may harm business and operating results.

To remain competitive, we must continue to develop new offerings, as well as features and enhancements to our existing solutions. Maintaining adequate research and development personnel and resources to meet the demands of the market is essential. If we experience high turnover of our product and development personnel, a lack of management ability to guide our research and development, or a lack of other research and development resources, we may miss or fail to execute on new offerings as well as existing solutions developments and strategic opportunities and consequently lose potential and actual market share. The success of our business is dependent on our product and development teams developing and executing on a roadmap that allows us to retain and increase our position in the market, the spending of our existing customers and attract new customers. Our failure to do so could materially adversely affect our business.

Our business depends on our customers renewing their subscriptions and purchasing additional subscriptions or services from us. Any material decline in our dollar-based net retention rate would harm our future results of operations.

To continue to grow our business, it is important that our customers renew their subscriptions when existing contract terms expire and that we expand our commercial relationships with our existing customers. We offer our software solutions primarily through annual and multi-year subscription agreements. In order for us to improve our operating results, it is important that our customers will renew their existing subscription agreements, as well as purchase additional software solutions from us. Our customers have no obligation to renew their subscriptions, and may decide not to renew their subscriptions with a similar contract period, at the same prices and terms or with the same or a greater number of users. We have experienced growth by selling additional solutions to our existing customer base, but there can be no assurances that we will achieve similar growth rates in the future. In the past, some of our customers have elected not to renew their agreements with us, and it is difficult to accurately predict long-term customer retention and expansion rates. Our customer retention and expansion may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our products, our product support, our prices and pricing plans, global economic conditions, the inflation and interest rate environment and increased costs, the prices of competing software products, reductions in our customers' spending levels, user adoption of our solutions, utilization rates by our customers, new product releases and changes to the packaging of our product offerings. If our customers do not purchase additional subscriptions or renew their subscriptions, renew on less favorable terms or fail to add more users, our revenue may decline or grow less quickly than anticipated, which would harm our future results of operations. Furthermore, if our contractual subscription terms were to shorten, it could lead to increased volatility of, and diminished visibility into, future recurring revenue. If our sales of new or recurring subscriptions and software-related support service contracts decline from current levels, our revenue and revenue growth may decline, and our business will suffer.

We conduct a fairly low volume of our business via e-commerce, which may result in the purchase process being more difficult for customers compared to other businesses.

We do not sell our solutions to new customers using e-commerce methods. While customers can initiate contact with us using our website, the ultimate purchase in most cases is not made through our website and is made only after an interactive discussion with the customer. For example, our sales process may involve “know your customer” vetting and screening procedures which must take place prior to customer being approved. As a result, the purchase process can be lengthy compared to e-commerce transactions, and it is possible that the length of the process may discourage some customers from completing the transaction with us rather than a competitor which offers more seamless online sales.

Issues in the use of artificial intelligence (“AI”) (including machine learning) in our DI Suite of solutions may result in reputational harm, liability or impact our financial results.

AI is enabled by or integrated into our DI suite of solutions. For example, our Cellebrite Pathfinder solution, our principal investigative analytics tool, uses AI to allow customers to create unique search categories for reviewing text, video and image evidence. The evolution of AI, including the recent introduction of OpenAI and ChatGPT as well as competing AI engines, present opportunities for further efficiencies in DI. Failing to adopt such capabilities effectively with the DI suite of solutions may harm our ability to effectively compete in the market place. At the same time, as with many developing technologies, AI presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. AI algorithms may be flawed and may present risks due to a lack of back-testing. Datasets in AI training, development, or operations may be insufficient, of poor quality, or reflect unwanted forms of bias. Inappropriate or controversial data practices by, or practices reflecting inherent biases of, data scientists, engineers, and end-users of our systems could impair the acceptance of AI solutions. If the recommendations, forecasts, or analyses that AI applications assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. Some AI scenarios present ethical issues, for example, due to unintentional biases that may stem from the predictive nature of AI algorithms and we may enable or offer solutions that draw controversy due to their perceived or actual impact on society. Though our business practices are responsibly designed to meet our customers’ needs for products and services that use AI and to mitigate many of these risks, we could suffer reputational or competitive damage as a result of any inconsistencies in the application of the technology or ethical concerns both of which may generate negative publicity, as well as regulatory or legal scrutiny.

Existing or future legislation and regulations pertaining to AI, and AI-enabled products may apply to us or to our customers, and may make it more challenging, costly, or in some cases prohibitive for certain products or services to be offered or modified and subject us to regulatory and litigation risks and potential liabilities, which could adversely affect our business and results of operations.

We could also suffer reputational or competitive damage from negative publicity related to products and services that utilize AI or other regulated analytics, which could also adversely affect our business and results of operations.

Current or future privacy-related legislation and governmental regulations pertaining to AI, AI-enabled products and the use of video analytics may influence our current and prospective customers’ activities, as well as their expectations and needs in relation to our products and services and affect how our business is conducted or expose us to unfavorable developments resulting from changes in the regulatory landscape.

Compliance with these laws and regulations may be onerous and expensive, and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and the risk of liability. Any such increase in costs or increased risk of liability as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make our products and services that use AI technologies less attractive to our customers, cause us to change or limit our business practices or affect our financial condition and operating results.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

As of December 31, 2022, we had cash and cash equivalents of $87.6 million, short-term deposits of $51.3 million and short term and long term marketable securities of $67 million. We could receive approximately up to an aggregate of $341 million from the exercise of outstanding Warrants, assuming the exercise in full of all our outstanding Warrants for cash. However, there is no assurance that the holders of the Warrants will elect to exercise any or all of the Warrants. We expect to meet our ongoing liquidity needs for at least the current year. However, we might require substantial additional financing in order to execute our inorganic growth strategy. Such financing might not be available on commercially reasonable terms, if at all. In particular, our ability to obtain financing for growth may depend in part on our ability to first enter into customer agreements sufficient to demonstrate such growth. If we are unable to obtain such financing, or secure sufficient customer agreements, on commercially reasonable terms, or at all, we will not be able to execute our growth strategy.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our current security holders will be diluted, and the terms of those securities may include liquidation or other preferences that adversely affect the rights of our current holders of Ordinary Shares or Warrants. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. Debt financing could also have significant negative consequences for our business, results of operations and financial condition, including, among others, increasing our vulnerability to adverse economic and industry conditions, limiting our ability to obtain additional financing, requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes, limiting our flexibility in planning for, or reacting to, changes in our business, and placing us at a possible competitive disadvantage compared to less leveraged competitors or competitors that may have better access to capital resources.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or solutions, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our commercialization, research and development efforts or grant rights to third parties to market and/or develop solutions that we would otherwise prefer to market and develop ourselves.

Higher costs or unavailability of materials used to create our hardware product components could adversely affect our financial results.

We depend on certain suppliers for the delivery of components used in the assembly of our hardware product components. In particular, we use specialized adapters which connect to phones and computers being examined. If we become unable to obtain any components necessary for our hardware products, we may struggle to fulfill contracts and acquire new customers. We generally keep up to eighteen months of inventory on hand for long lead-time components to mitigate this risk, which we believe would give us enough time to resolve shortage due to an issue with a particular supplier, but it might not be enough time to resolve a shortage that stems from resource scarcity. Any interruption of supply for any material components of our products could significantly delay the shipment of our products and have a material adverse effect on our revenue, profitability and financial condition. International or domestic geopolitical or other events, including the imposition of new or increased tariffs and/or quotas by the U.S. federal government on any of these raw materials or components, could adversely impact the supply and cost of these raw materials or components, and could adversely impact the profitability of our operations. Additionally, if we experience an unpredicted increase in customer demand, we might not be able to acquire enough materials to meet that demand in a timely manner and/or incur higher costs than expected due to increased demand.

Fluctuations in foreign currency exchange rates could materially affect our financial results.

Our financial statements are presented in U.S. dollars. Because some of our revenue, operating expenses, assets and liabilities are denominated in foreign currencies, we are subject to foreign exchange risks that could adversely affect our operations and reported results. To the extent that we incur expenses in one currency but earn revenue in another, any change in the values of those foreign currencies relative to the USD could cause our profits to decrease or our products to be less competitive against those of our competitors. To the extent that our foreign currency holdings and other assets denominated in a foreign currency are greater or less than our liabilities denominated in a foreign currency, we have foreign exchange exposure. More specifically, for current and potential international customers whose contracts are denominated in U.S. dollars, the relative change in local currency values creates relative fluctuations in our product pricing. These changes in international end-user costs may result in lost orders and reduce the competitiveness of our solutions in certain foreign markets. Additionally, intercompany sales to our non-U.S. dollar functional currency international subsidiaries are transacted in U.S. dollars which could increase our foreign exchange rate risk caused by foreign currency transaction gains and losses.

For non-U.S. dollar denominated sales, weakening of foreign currencies relative to the U.S. dollar generally leads us to raise international pricing, potentially reducing demand for our solutions. Should we decide not to raise local prices to fully offset the U.S. dollar's strengthening, the U.S. dollar value of our foreign currency denominated sales and earnings would be adversely affected. Fluctuations in foreign currency could result in a change in the U.S. dollar value of our foreign denominated assets and liabilities including accounts receivable. Therefore, the U.S. dollar equivalent collected on a given sale could be less than the amount invoiced causing the sale to be less profitable than contemplated.

We also import selected components which are used in the manufacturing of some of our hardware products. Although our purchase orders are generally in U.S. dollars, weakness in the U.S. dollar could lead to price increases for the components.

Approximately 40% of our expenses, primarily payroll and rent, are paid in Israeli new shekels (ILS). The U.S. dollar compared to the ILS experienced a lot of fluctuation over the last several years, which, if continues to present same behavior, could have an adverse impact on our expenses and profitability. Although we take steps to hedge our foreign currency exposures related to our ILS expenses, such measures may not adequately protect us from material adverse effects due to the impact of global inflation or from fluctuations in the relative values of the U.S. dollar and other foreign currencies in which we transact business, and may result in a financial loss.

The sales cycle for some of our solutions can be lengthy.

Most of our sales transactions involve a short sales cycle; however, larger transactions often involve a longer sales cycle and may require, for example, discussions about budget and which potential solution is most suitable to the customer. The larger the sale, the longer these consultations tend to last. If our sales efforts to a potential customer do not result in sufficient revenue to justify our time and investments, our business, financial condition and results of operations could be adversely affected. We are currently expanding our sales of the DI suite of solutions to customers, and the impact of these longer sales cycles could become more significant over time. Because of the long approval process that typically accompanies strategic initiatives or capital expenditures by our customers, our sales process may be prolonged, revenues delayed, with little or no control over any delays encountered by us.

Because most of our revenue is derived from subscriptions, which is recognized over the life of the subscription, near term declines in new or renewed agreements may not be reflected immediately in our operating results and may be difficult to discern.

Most of our revenue in each quarter is derived from subscription agreements entered into with our customers during previous quarters. Consequently, a decline in new or renewed agreements in any one quarter may not be fully reflected in our revenue for that quarter. Such declines, however, would negatively affect our revenue in future periods and the effect of significant downturns in sales of and market demand for our offerings, and potential changes in our rate of renewals or renewal terms, may not be fully reflected in our results of operations until future periods. Annual Recurring Revenue, or ARR, is a key performance metric we use that is based on contractual terms in existence as of the end of a reporting period and is subject to change resulting from a number of factors including, but not limited to, addition of new customers, changes in user counts, terminations or non-renewals, renewal terms as well as upsells and cross-sells. For all of these reasons, the amount of subscription revenue we actually recognize may be different from ARR at the end of a period in which it was recorded. In addition, we may be unable to adjust our cost structure rapidly, or at all, to take account of reduced revenue. Our subscription model also makes it difficult for us to rapidly increase our total revenue through additional sales in any period, as revenue from new subscriptions, which has historically comprised the majority of our revenue, is recognized over the applicable term of the agreement.

If we are unable to retain qualified personnel and senior management, including Yossi Carmil, our Chief Executive Officer, and hire and retain additional qualified personnel, our business could suffer.

Our ability to compete in the highly competitive technology industry depends upon our ability to attract, motivate, and retain qualified personnel. We are highly dependent on the continued contributions and customer relationships of our management and particularly on the skills of Yossi Carmil, our Chief Executive Officer. Mr. Carmil has served as our Chief Executive Officer for eighteen years, and has been instrumental to our growth over this period. We believe that Mr. Carmil’s industry experience would be difficult to replace. All of our executive officers and key personnel are at-will employees and may terminate their employment relationship with us at any time. The loss of the services of our key personnel and any of our other executive officers, and our inability to find suitable replacements, could result in a decline in sales, delays in product research and development, and harm to our business and operations.

Our success also depends on our ability to effectively source and staff people with the right mix of skills and experience to perform services for our customers, including our ability to transition personnel to new assignments on a timely basis. If we are unable to effectively utilize our personnel on a timely basis to fulfill the needs of our customers, our business could suffer.

Despite current employment market trends, we continue to face intense competition for qualified personnel, specifically personnel in sales, research and development. Moreover, the COVID-19 pandemic caused a shift to virtual recruiting, which has increased the difficulty in timely attracting new employees, integrating and introducing them into our corporate culture and retaining them for the longer term. Larger companies with whom we compete will likely continue to invest more resources than we do on employee recruitment and are often able to offer more favorable compensation and incentive packages than we can. Further, many of the companies with which we compete for qualified personnel have greater resources than we have. We seek to retain and motivate existing personnel through our compensation practices, company culture, and career development opportunities. If we fail to attract new personnel or to retain our current personnel, our business and operations could be harmed.

Furthermore, retention is an industry-wide issue given the competitive technology labor market and as the millennial workforce continues to value multiple company experience over long tenure. There is a limited pool of qualified personnel and at present, such personnel are in short supply. For example, over the last ten years we have experienced an increase in competition for recruiting qualified research and development teams and engineers in Israel where we have a substantial presence and need for skilled employees. Furthermore, if we experience high turnover of our research and development personnel, a lack of managerial resources to guide our research and development, or a lack of other research and development resources, we may miss or fail to execute on new product development and strategic opportunities and consequently lose potential and actual market share. The success of our business is dependent on our research and development teams developing and executing on a product roadmap that allows us to retain and increase the spending of our existing customers and attract new customers. A failure to continue offering the same caliber of solutions and to effectively meet our customers' needs due to a loss of key personnel could therefore adversely affect our business and results of operations.

Certain of our key employees participate in a share option plan and receive options to purchase Ordinary Shares. Volatility in the trading price of Ordinary Shares may also affect our ability to attract and retain qualified personnel. Personnel may be more likely to leave us if the Ordinary Shares they own have significantly depreciated in value relative to the original purchase price of these shares or the exercise price of the options, or conversely, if the exercise price of the options that they hold are significantly above the trading price. In addition, some of our personnel may receive significant proceeds from sales of Ordinary Shares in the public markets, which may reduce their motivation to continue to work for us. Any of these factors could harm our business, financial condition, and results of operations.

The security of our operations and the integrity of our software solutions are critical to our operations and to maintaining the trust and confidence of our customers.

We have established practices and procedures intended to protect the security, integrity, availability and confidentiality of our systems and the integrity of our software solutions. However, there can be no assurance that such measures will prevent all malicious activities, including deliberate insertion of exploitative code, malware or cyberattacks, or inadvertent disclosures (including of personal data or confidential business information) or unauthorized access, from impacting our system and information. We monitor new technological developments and new threats, and consistently update our software as needed to enhance its security. We may experience breaches of our security due to human error, malfeasance, system errors or vulnerabilities, or other irregularities. As the techniques used to obtain unauthorized access change frequently, we may be unable to anticipate these techniques or to implement adequate preventative measures. Although to date, malicious activities directed at us have not had a material impact on our business nor, to our knowledge, have they impacted the integrity of the data that our solutions extract from devices, future malicious activities could compromise our solutions and cause us to incur liabilities that may have a material adverse impact on our reputation and business. While we maintain insurance coverage that we believe is adequate for our business, such coverage may not cover all potential costs and expenses associated with incidents that may occur in the future.

We may be materially adversely affected by negative publicity related to our business and use of our products.

Publicly available information regarding Cellebrite has historically been limited, in part due to the sensitivity of our work with customers or contractual requirements limiting or preventing public disclosure of certain aspects of our work or relationships with certain customers. As our business has grown and as interest in Cellebrite and the technology industry overall has increased, we have attracted, and may continue to attract, significant attention from news and other outlets, which in turn can lead to negative political and public sentiment. For example, our main Investigation & Evidence Management solution, Guardian, which utilizes a Cloud/SaaS delivery model might face negative public or political sentiment because of perceived data security concerns. Moreover, adverse press coverage and other negative publicity, whether or not driven by political or public sentiment, may also result in investigations by regulators, legislators and law enforcement officials or ultimately in legal claims .Due to the sensitive nature of our work and our confidentiality obligations and despite our ongoing efforts to provide increased transparency, where possible, into our business, operations, and product capabilities, we may be unable to or limited in our ability to respond to such harmful coverage, which could have a negative impact on our business. Responding to such coverage, claims, investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of senior management from the management of our businesses. Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can have a negative impact on our reputation, the morale and performance of our employees and our relationships with regulators. It may also have an adverse impact on our ability to take timely advantage of various business and market opportunities.

Additionally, activist criticism of our relationships with customers could potentially engender dissatisfaction among potential and existing customers, investors, and employees with how we address political and social concerns in our business activities, such as ceasing to do business in certain jurisdictions. See "—Some of our solutions may be used by customers in a way that is, or that is perceived to be, incompatible with human rights. Any such perception could adversely affect our reputation, revenue and results of operations.". Conversely, being perceived as yielding to activism targeted at certain customers could damage our relationships with other customers, including governments and government agencies with which we do business, whose views may or may not be aligned with those of political and social activists. Actions we take in response to the activities of our customers, up to and including terminating our contracts or refusing a particular product use case could harm our brand and reputation. In either case, the resulting harm to our reputation could:

- cause certain customers to cease doing business with us;
- impair our ability to attract new customers, or to expand our relationships with existing customers;
- diminish our ability to recruit, hire, or retain employees;
- undermine our standing in professional communities to which we contribute and from which we receive expert knowledge; or
- prompt us to cease doing business with certain customers.

The direct and indirect effects of such factors, negative publicity, and the demands of responding to and addressing them, may have a material adverse effect on our businesses, financial condition and results of operations.

Risks Related to the Businesses of Cellebrite's Customers

Our sales to government customers expose us to business volatility and risks, including government budgeting cycles and appropriations, early termination, audits, investigations, sanctions and penalties.

We generate revenue from contracts with federal, state, provincial and local governments of several countries, and these government customers may terminate most of these contracts at any time, without cause. There is pressure on some governments and their agencies, both domestically and internationally, to reduce spending. Further, U.S. federal government contracts are subject to the approval of appropriations made by the U.S. Congress to fund the expenditures under these contracts. In particular, budget uncertainty, the risk of future budget cuts, the potential for U.S. Government shutdowns, the use of continuing resolutions, and the federal debt ceiling can adversely affect our industry and the funding for our solutions. If appropriations were delayed or a government shutdown were to occur and were to continue for an extended period of time, we could be at risk of disruptions to our business.

Similarly, our contracts with U.S. state and local governments, Canadian federal, provincial and local governments and other foreign governments and their agencies are generally subject to government funding authorizations. Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

A decline in government budgets, changes in spending or budgetary priorities, or delays in contract awards may significantly and adversely affect our future revenue and limit our growth prospects.

We generated approximately 90% of our revenue in 2020, 2021 and 2022 from contracts with governments and government agencies, and our results of operations could be adversely affected by government spending caps or changes in government budgetary priorities, as well as by delays in the government budget process, program starts, or the award of contracts or orders under existing contract vehicles. Further, these government clients may terminate most of these contracts at any time, without cause and face increased pressure to reduce spending, see "— Risks Related to Our Business and Industry —." We are materially dependent on acceptance of our solutions by law enforcement markets and government agencies, both domestic and international. If law enforcement and other government agencies do not continue to purchase, accept and use our solutions, our revenue will be adversely affected. Future spending and program authorizations may not increase or may decrease or shift to programs in areas in which we do not provide services or are less likely to be awarded contracts. Budgetary constraints due to the efforts taken to combat COVID-19 pandemic or other public health outbreaks could also cause our governmental customers to divert budget and as a result forgo using our solutions. We face these risks in every country in which we operate.

Revenues from the U.S. federal government customers comprised of 21% of our total revenue in 2022. Those contracts are conditioned upon the continuing availability of U.S. Congressional appropriations. The U.S. Congress usually appropriates funds on a fiscal year (FY) basis even though contract performance may extend over many years. Consequently, contracts are often partially funded initially and additional funds are committed only as Congress makes further appropriations over time. If we incur costs in excess of funds obligated on a contract or in advance of a contract award, we may be at risk of not being reimbursed for those costs unless and until additional funds are obligated under the contract or the contract is awarded and funded. Additionally, when the U.S. Congress does not complete a budget before the end of the fiscal year, government operations typically are funded through one or more continuing resolutions that authorize agencies of the U.S. federal government to continue to operate consistent with funding levels from the prior year's appropriated amounts, but do not authorize new spending initiatives. When the U.S. federal government operates under a continuing resolution, contract awards may be delayed, canceled, or funded at lower levels, which could adversely impact our business, financial condition, and results of operations. If appropriations or continuing resolutions for the U.S. federal government departments and agencies with which we work or have prospective business are not made by September 30 (the last day of the federal fiscal year) of any given year, the lapse in appropriations may also have negative impacts on our ability to continue work and to recognize revenue from those customers, for so long as the lapse continues. In particular, when the U.S. Government operates under a continuing resolution, new contract and program starts are restricted and funding for our solutions may be unavailable, reduced or delayed. Shifting funding priorities or federal budget compromises, could also result in reductions in overall defense spending on an absolute or inflation-adjusted basis, which could adversely impact our business.

The U.S. federal government may also shift spending away from one or more of the federal agencies from which we derive much of our revenue, such as Immigration and Customs Enforcement, for budgetary or political reasons. A significant decline in overall U.S. federal government spending, a significant shift in spending priorities, the substantial reduction or elimination of particular law enforcement-related programs, or significant budget-related delays in contract or task order awards for large programs could adversely affect our future revenue and limit our growth prospects.

Evolving government procurement policies and increased emphasis on cost over performance could adversely affect our business.

A significant majority of our customers are in the public sector. The procurement process for government agencies can be more challenging than contracting in the private sector and can impose additional costs and complicate sales efforts. Further, changes in the political landscape or required procurement procedures that affect our target customers could be introduced prior to the completion of our sales cycle, making it more difficult or costly to finalize a contract with a new customer or expand or renew an existing customer relationship. For example, customers may require a competitive bidding process with extended response deadlines, review or appeal periods, or customer attention may be diverted to other government matters, postponing the consideration of the purchase of our solutions. Such delays could harm our ability to provide our solutions efficiently and to grow or maintain our customer base. In addition, the majority of our government contracts include the right for government agencies to delay, curtail, renegotiate or terminate contracts and subcontracts at their convenience any time prior to their completion. Any decision by a government customer to exercise any of these rights in our contracts may result in a decline in our profits and revenue.

Changes in civil forfeiture laws may affect our customers' ability to purchase our solutions.

Many of our law enforcement customers in the United States use funds seized through civil forfeiture proceedings to fund the purchase of our solutions. State civil forfeiture statutes permit state governments to seize property with limited judicial oversight, often based on a preponderance of the evidence that the property was connected to criminal activity even if the owner of the property is not subject to criminal charges. A one-justice U.S. Supreme Court opinion in March 2017 sharply criticized civil forfeiture as possibly violating the due process clause of the U.S. Constitution, although the U.S. Supreme Court in that instance declined to hear the case on procedural grounds. An adverse U.S. Supreme Court decision or changes in state legislation could impact our customers' ability to seize funds or use seized funds to fund purchases. Changes in civil forfeiture statutes or regulations are outside of our control and could limit the amount of funds available to our customers, which could adversely affect the sale of our solutions.

Our revenue from private sector customers, and our operations in general, could be adversely affected by any weakening of economic conditions.

Our private sector customers may be more susceptible to weakening economic conditions than our public sector customers. Certain economies have experienced periods of downturn as a result of a multitude of factors, including, but not limited to, turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, declines in gross domestic product, increases in unemployment, volatility in commodity prices and worldwide stock markets, higher interest rates, potential governmental shutdowns, natural catastrophes, warfare, the geopolitical turmoil between Russia and Ukraine, inflation, excessive government debt and disruptions to global trade or tariffs. The severity and length of time that a downturn in economic and financial market conditions may persist, as well as the timing, strength and sustainability of any recovery, are unknown and are beyond our control.

Any instability in the global economy affects countries in different ways, at different times and with varying severity, which makes the impact to our business complex and unpredictable. During such downturns, many customers may delay or reduce technology purchases. Contract negotiations may become more protracted or conditions could result in reductions in the sales of our software, hardware and solutions, longer sales cycles, pressure on our margins, difficulties in collection of accounts receivable or delayed payments, increased default risks associated with our accounts receivables, slower adoption of new technologies and increased price competition. COVID-19 has raised additional concerns regarding economic uncertainties. The pandemic has resulted in, and may continue to or at a later time result in, a global slowdown of economic activity, including travel restrictions, prohibitions of non-essential activities in some cases, disruption and shutdown of businesses, a slowdown in our supply chains, including the hardware component, and greater uncertainty in global financial markets. While in 2022 the COVID-19 pandemic has not had noticeable impact on our contract renewal rate, subsequent outbreaks of COVID-19 or new variants thereof could do so in the future. The COVID-19 pandemic has caused and may continue to cause delays in onboarding new customers. While none of these delays has been significant, they may become significant in the future or transition from delays to outright cancellation. Additionally, a significant portion of our training activities are usually in person with on-premises training, and our on-the-ground on-premises deployment staff travel to our customers' workplaces to demonstrate how to use our solutions. Due to travel restriction and personal distance requirements, we have offered our classes either in a remote format or on-premises and conducted training activities remotely. These remote offerings could lead to a decrease in efficacy or value, potentially making our solutions less appealing.

In addition, deterioration of the global credit markets could adversely impact our ability to complete licensing transactions and services transactions, including maintenance and support renewals. Any of these events, as well as a general weakening of, or declining corporate confidence in, the global economy, or a curtailment in corporate spending could delay or decrease our revenue and therefore have a material adverse effect on our business, operating results and financial condition.

Risks Related to Cellebrite's Intellectual Property

Failure to adequately obtain, maintain, protect and enforce our intellectual property and other proprietary rights could adversely affect our business.

Our success and ability to compete depends in part on our ability to maintain, protect, enforce and defend our intellectual property and other proprietary rights. We rely upon a combination of copyright, trademark and trade secret laws, as well as certain contractual provisions, to establish, maintain, protect and enforce our intellectual property and other proprietary rights. Despite our efforts, third parties may attempt to disclose, obtain, copy, or use our intellectual property or other proprietary information or technology without our authorization, and our efforts to protect our intellectual property and other proprietary rights may not prevent such unauthorized disclosure or use, misappropriation, infringement, reverse engineering or other violation of our intellectual property or other proprietary rights. Effective protection of our rights may not be available to us in every country in which our solutions are available. The laws of some countries may not be as protective of intellectual property and other proprietary rights as those in Israel or the United States, and mechanisms for enforcement of intellectual property and other proprietary rights may be inadequate. Also, our involvement in standard setting activity or the need to obtain licenses from others may require us to license our intellectual property. Accordingly, despite our efforts, we may be unable to prevent third parties from using our intellectual property or other proprietary information or technology. The violation of our licensing agreements by transferring or allowing the use of our intellectual property, proprietary information or technology without a license may pose additional risks.

In addition, we may be the subject of intellectual property infringement or misappropriation claims, which could be very time-consuming and expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages if we are found to have infringed patents, copyrights, trademarks, or other intellectual property rights, or breached trademark co-existence agreements or other intellectual property licenses and could require us to cease using or to rebrand all or portions of our solutions.

Any of our intellectual property rights may be challenged, narrowed, invalidated, held unenforceable, or circumvented in litigation or other proceedings, including, where applicable, opposition, re-examination, inter partes review, post-grant review, interference, nullification and derivation proceedings, and equivalent proceedings in foreign jurisdictions, and such intellectual property or other proprietary rights may be lost or no longer provide us meaningful competitive advantages. Such proceedings may result in substantial cost and require significant time from our management, even if the eventual outcome is favorable to us.

While we currently have no outstanding patents, we may in the future determine that we require patents in order to protect our software and processes, and we may be unable to obtain patent protection for the technology covered in our patent applications or such patent protection may not be obtained quickly enough to meet our business needs. Furthermore, the patent prosecution process is expensive, time-consuming, and complex, and we may not be able to prepare, file, prosecute, maintain, and enforce all necessary or desirable patent applications at a reasonable cost or in a timely manner. The scope of patent protection also can be reinterpreted after issuance and issued patents may be invalidated. Even if our patent applications do issue as patents, they may not issue in a form that is sufficiently broad to protect our technology, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage.

Third parties may legitimately and independently develop products, services, and technology similar to or duplicative of our products, services and technology. In addition to protection under intellectual property laws, we rely on confidentiality or license agreements that we generally enter into with our corporate partners, employees, consultants, advisors, vendors, and customers, and generally limit access to and distribution of our intellectual property and proprietary information. However, we cannot be certain that we have entered into such agreements with all parties who may have or have had access to our confidential information or that the agreements we have entered into will not be breached or challenged, or that such breaches will be detected. Furthermore, confidentiality and non-disclosure provisions can be difficult to enforce, and even if successfully enforced, may not be entirely effective. We cannot guarantee that any of the measures we have taken will prevent infringement, misappropriation, or other violation of our technology or other intellectual property or proprietary rights.

Moreover, we spend significant resources to monitor and protect our intellectual property and other proprietary rights from potential infringement, and in the future we may conclude that in at least some instances the benefits of protecting our intellectual property or other proprietary rights may be outweighed by the expense or distraction to our management. We may initiate claims or litigation against third parties for infringement, misappropriation, or other violation of our intellectual property or other proprietary rights or to establish the validity of our intellectual property or other proprietary rights. Any such litigation, whether or not it is resolved in our favor, could be time-consuming, result in significant expense to us and divert the efforts of our technical and management personnel. Furthermore, attempts to enforce our intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part.

We may be subject to information technology system breaches, failures, or disruptions that could harm our operations, financial condition or reputation.

In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, employee malfeasance and human or technological error. Our technology systems may be damaged, disrupted, or compromised by malicious events, such as cyberattacks (including computer viruses, ransomware, and other malicious and destructive code, phishing attacks, and denial of service attacks), physical or electronic security breaches, natural disasters, fire, power loss, telecommunications failures, personnel misconduct, and human error. Cybersecurity threats employ a wide variety of methods and techniques, which may include the use of social engineering techniques or supply-chain attacks, are constantly evolving, and have become increasingly complex and sophisticated; all of which increase the difficulty of detecting and successfully defending against them. Furthermore, because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until after they are launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures.

In particular, high-profile security breaches at other companies and in government agencies have increased in frequency and sophistication in recent years. Although we take steps designed to secure our IT infrastructure and sensitive data and enhance our business continuity and disaster recovery capabilities, we can provide no assurance that our current IT systems or any updates or upgrades thereto, the current or future IT systems of our distributors or re-sellers or the IT systems of online paying agents that we use or may use in the future, are fully protected against third-party intrusions, viruses, hacker attacks, information or data theft or other similar risks. We carry data protection liability insurance against cyber-attacks, with limits we deem adequate for the reimbursement for damage to our computers, equipment and networks and resulting disruption of our operations.

We have experienced and expect to continue to experience actual or attempted cyber-attacks of our information technology systems or networks. Although prior known cyberattacks directed at us have not had a material impact on our financial results, and we are continuing to bolster our threat detection and mitigation processes and procedures, we cannot guarantee that past, future, or ongoing cyberattacks or other security breaches or incidents against us, if successful, will not have a material impact on our business or financial results, whether directly or indirectly. Because we have historically been targeted by cyberattacks and may continue to be an attractive target for cyberattacks, we also may have a heightened risk of unauthorized access to, and misappropriation of, our proprietary and competitively sensitive information. For instance, the risk of cyber-attacks increased in connection with the military actions associated with Russia's invasion of Ukraine and the resulting geopolitical conflict. In light of those and other geopolitical events, nation-state actors or their supporters may launch retaliatory cyber-attacks, or take other geopolitically motivated retaliatory actions that increase the likelihood of cyber-attacks and security breaches generally, which could disrupt our business operations, result in data compromise, or both. While we have security measures in place to protect our information and our customers' information and to prevent data loss and other security breaches and incidents, we have not always been able to do so, although none he currently had a material effect on our business, operations or reputation. There can be no assurance that in the future we will be able to anticipate or prevent security breaches or incidents, or unauthorized access of our information technology systems.

As a result of the COVID-19 pandemic, a greater number of our employees are working remotely and accessing our IT systems and networks remotely, which may further increase our vulnerability to cybercrimes and cyberattacks and increase the stress on our technology infrastructure and systems. Although we maintain data protection liability insurance (Media, Intellectual Property & Products Liability, Cyber Liability, Commercial General Liability and Non-Owned and Hired Auto Liability Insurance), this insurance may not be sufficient to cover all of our losses from any future breaches or failures of our IT systems, networks and services.

Any or all of these issues, or the perception that any of them have occurred, could negatively affect our ability to attract new customers, cause existing customers to terminate or not renew their agreements, hinder our ability to obtain and maintain required or desirable cybersecurity certifications, and result in reputational damage, any of which could materially adversely affect our results of operations, financial condition, and future prospects. Furthermore, there can be no assurance that any limitations of liability provisions in our license arrangements with customers or in our agreements with vendors, partners, or others would be enforceable, applicable, or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim.

Some of our software and systems contain open source software, which may pose particular risks to our proprietary software and information technology systems.

We utilize open source software in the development and application of our software solutions, and we will use open source software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses and is typically freely accessible, usable, and modifiable. Pursuant to such open source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, utilizing open source software, and that we license such modifications or derivative works under the terms of the particular open source license, or other license granting third-parties certain rights of further use. If we combine our proprietary software with open source software in a certain manner, we could, under certain provisions of the open source licenses, be required to release the source code of our proprietary software. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide updates, warranties, support, indemnities, assurances of title, or controls on origin of the software, and are provided on an “as-is” basis. Likewise, some open source projects have known security and other vulnerabilities and architectural instabilities, or are otherwise subject to security attacks due to their wide availability, and are provided on an “as-is” basis.

In addition, open source license terms may be ambiguous and many of the risks associated with usage of open source software cannot be eliminated, and could, if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to re-engineer our products, or to take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, results of operations, financial condition, and growth prospects. We may face claims from third parties claiming ownership of, or demanding the release or license of, the open source software or derivative works that we developed from such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, or cease offering the implicated software unless and until we can re-engineer it to avoid infringement. In addition, if the open source software we use is no longer maintained by the relevant open source community, then it may be more difficult to make the necessary revisions to our software, including modifications to address security vulnerabilities, which could impact our ability to mitigate cybersecurity risks or fulfill our contractual obligations to our customers.

We also may be required to re-engineer solutions if the license terms for incorporated open source software change. The re-engineering process of some or all of our software could require significant additional research and development resources, and we may not be able to complete it successfully. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. These risks could be difficult to eliminate or manage and, if not addressed, could adversely affect our business, results of operations, and financial conditions.

Other companies may claim that we infringe their intellectual property, which could materially increase costs and materially harm our ability to generate future revenue and profits.

Claims of infringement (including misappropriation and/or other intellectual property violation) are common in the software industry and increasing as related legal protections, including copyrights and patents, are applied to software solutions. Although most of our technology is proprietary in nature, we do include certain third party and open source software in our software solutions. In the case of third party software, we believe this software licensed from the entity holding the intellectual property rights. While we believe that we have secured proper licenses for all material third-party intellectual property that is integrated into our solutions in a manner that requires a license, third parties have and may continue to assert infringement claims against us in the future, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenue from operating companies such as us. Any such assertion, regardless of merit, may result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on commercially reasonable terms. In addition, as we continue to develop software solutions and expand our portfolio using new technology and innovation, our exposure to threats of infringement may increase. Any infringement claims and related litigation could be time-consuming, expensive to settle or litigate, disruptive to our ability to generate revenue or enter into new market opportunities, could divert our management’s attention and other resources, and may result in significant liability for damages if we are found to have infringed third party rights, and/or significantly increased costs as a result of our defense against those claims or our attempt to license the intellectual property rights or rework or rebrand our solutions to avoid infringement of third party rights. Typically, our agreements with our partners and customers contain provisions which require us to indemnify them for damages sustained by them as a result of any infringement claims involving our solutions. Any of the foregoing infringement claims and related litigation could have a significant adverse impact on our business and operating results as well as our ability to generate future revenue and profits.

Risks Related to Data Privacy and Human Rights

The use of certain of our solutions may be perceived as, or determined by the courts to be, in violation of privacy rights and related laws. Any such perception or determination could adversely affect our financial results and results of operations.

Because of the nature of certain of our DI solutions, including those used for digital investigations, the general public could perceive that the use of our solutions may result in violations of individual privacy rights. In addition, certain courts or regulatory authorities could determine that the use of our software solutions is done in violation of privacy laws. Any such determination or perception by potential customers, the general public, government entities or the judicial system could harm our reputation, may result in reduced usage or adoption rates of our DI solutions by our customers and adversely affect our reputation, revenue, financial condition and results of operations. We have dedicated substantial resources to mitigate these risks by complying with applicable laws and requiring all licensees to comply with applicable laws including privacy laws, but we have been advised that even if we have no access to the data stored on or extracted from devices, we may still be held responsible and even liable for the manner in which our customer uses such data, including if the customer uses the data in a way that is a violation of privacy related laws or our license agreement.

Some of our solutions may be used by customers in a way that is, or that is perceived to be, incompatible with human rights. Any such perception could adversely affect our reputation, revenue and results of operations.

We strive to sell our solutions to customers who will use them in a lawful and ethical manner. See "— We may not enter into relationships with potential customers if we consider their activities to be inconsistent with our organizational mission or values." For example, all users are required to confirm, before activation, that they will only use the system for lawful uses, but Cellebrite cannot verify that this undertaking is accurate. Further, some of our government customers may use our solutions in a manner that is incompatible with, or perceived to be incompatible with, generally acceptable human rights standards, without our knowledge or permission. For example, in August 2020, a group of 61 petitioners, including a number of human rights activists, filed a petition before the District Court in Tel Aviv against various Israeli government entities and Cellebrite. The petition asked the District Court to exercise its power under the Defense Export Control Law to stop the exportation of our UFED solution to police forces in Hong Kong. Activists alleged that UFED was being used against pro-democracy protestors in Hong Kong and that this was resulting in human rights abuses. We have since adopted policies and procedures intended to prevent sales to customers in China and Hong Kong and have proactively stopped selling to Russia, Belarus and several other countries, but this petition as well as adverse media coverage and petitions relating to Russia, Bangladesh and Uganda may have negatively impacted our reputation. Our license agreements prohibit customers from using our solutions in a manner that violates applicable laws (including laws with respect to human rights and the rights of individuals) or in support of any illegal activity or to violate the rights of any third party, and generally require our customers to indemnify us for losses that we suffer due to their actions; however, we cannot provide any assurance that customers or others will not manage to circumvent our restrictions or that we will not be subject to claims from third parties alleging that their rights were violated as a result of our customers' use of our products. In the future, other allegations of misuse by our customers may damage our reputation, even if we took no part in the misuse or take immediate action to sever ties with such customers.

We may not enter into relationships with potential customers if we consider their activities to be inconsistent with our organizational mission or values.

We generally do not knowingly enter into business with customers whose positions or actions we consider inconsistent with our mission to support law enforcement acting in a legal manner. We developed and continue to evolve an ethical risk management framework, intended to assist us in managing the risk of human rights abuses by our customers. We use the ethical framework to determine in which countries we will pursue new business by applying a set of standards and indicators, including regulatory restrictions such as sanctions and export controls and a number of widely acceptable human rights related indexes such as the Corruption Perception Index, Democracy Index and Freedom House Index. The ethical framework will continue and evolve over time and applies quantitative as well as qualitative measures to aid in our decision making. Based on this ethical framework, we may decide not to engage with new customers or extend or renew licenses and services to existing customers operating in those countries that we do not consider to meet our ethical standards and corporate values. For example, we have adopted policies and procedures intended to prevent sales to customers in Bangladesh, Belarus, China, Hong Kong, Macau, Russia, Venezuela, Oman, Uganda and several other countries, partially due to concerns regarding human rights abuses, data privacy and security, partially due to regulatory requirements, and partially due to other business considerations, and we may in the future decide not to do business in other countries or with other potential customers for similar reasons.

Most of our customers require the hosting of their proprietary data within their own organization, and therefore most of our products, whether deployed on-premise or otherwise, are operated by our customers without our involvement other than with respect to troubleshooting and support from time to time. As a result, we rely on a range of information sources, and largely depend on media and other reports, to learn if there is a claim made that our products are being used inconsistent with our organizational mission and values. Third party reports may be incomplete, unreliable or unavailable. In addition, a determination as to whether our products are being misused may involve subjective determinations or be the subject of differing opinions. We have in place certain safeguards that are intended to identify or prevent misuse of our products. For example, the Company has an Ethics and Integrity Committee, which serves as an advisory body to the board. The committee is comprised of approximately eight industry experts, which include ethics experts, legal experts, former members of the police force, former members of ministries of defense, technology experts, academic experts and community leaders. The role of the Ethics and Integrity Committee is to advise the board on matters pertaining to evolving international law, ethical considerations related to responsible business practices and requirements under law and regulations applied to the sale and use of our technologies.

Additionally, the license to use our products prohibits customers from using our solutions in violation of applicable laws (including laws with respect to human rights and the rights of individuals) or in support of any illegal activity or to violate the rights of any third party. We may terminate any license, among other things, in the event of a material breach that is not cured after 30 days' notice. In addition, we may disable the use of the software, among other things, if it is used in violation of the license. A determination regarding whether a breach of our license will result in termination or other corrective action involves judgment and depends on the facts and circumstances of each case.

We cannot be sure that the foregoing safeguards will be sufficient to prevent circumvention of our restrictions or to identify misuse of our products or prevent any such misuse. Our decisions not to do business with these countries may alter our expectations surrounding our long-term financial benefits and results, which may harm our growth prospects, business, and results of operations. Although we endeavor to do business with customers and governments that are aligned with our mission and values, we cannot predict how the activities and values of our government and private sector customers will evolve over time, and they may evolve in a manner inconsistent with our mission.

We occasionally have limited access to third party data, and if our security measures are breached and unauthorized access to this data is obtained, our systems, data centers and our solutions may be perceived as not being secure, customers may curtail or stop using our solutions or service and we may incur significant legal and financial exposure and liabilities.

We do not generally have access to or store customer data nor have access to the data processed by customers using our solutions. Nevertheless, our personnel occasionally have brief and limited access to data, including personally identifiable information ("PII"), when they receive calls for technical support or when they maintain or operate the relevant solution. One instance where we may have brief access to data is when a customer calls for technical support, they sometimes grant our service operators remote access to their device, which may result in the brief sharing of data with the service operator. In rare cases the customer may share the data with the technical support for further bug fixing research and analysis. We have internal processes for deleting such data shortly after the completion of the customer support and ensuring bug fix is sustainable and consistent, but the data is still shared for these limited periods and could potentially be, or be perceived as, more vulnerable as a result. In addition, customers may use our investigative management solution to store, share and review sensitive data, including PII, when they decide to store such data in our investigative management SaaS solution. In addition, we may have access to customer data, including PII, in connection with the provision of our Advanced Services in which we serve as an outsourced lab for the extraction of data from devices that are sent to us by our customers. The Company has implemented a number of internal processes and measures for deleting data shortly after completion of related services (in the case of Advanced Services), and that are designed to ensure managed, limited, brief and secure access to customers data, done strictly on a need-to-service basis. The Company uses internationally recognized information security measures and complies with industry standards. Our Advanced Services are provided from a strictly dedicated platform that combines authentication, authorization, networking, and observability into a single point, as well as internal processes intended to control access, usage, storage and retention of data. However, any actual or perceived unauthorized access, use, disclosure or modification to this data, could result in our solutions and services being viewed as less secure, which could lead to liability and a significant adverse effect on our reputation and financial and operating results.

Risks Related to Legal Compliance and Regulatory Matters

Our business is subject to complex and evolving U.S. and non-U.S. laws and regulations regarding privacy, data protection and security, technology protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or otherwise harm our business.

Our products are mostly used as an on-premise solution and are generally operated by our customers without our involvement. Nevertheless, our service operators occasionally have brief and limited access to customer data, including PII, when they receive calls for technical support, or in operating the Guardian solution. In addition, we may extract files containing customer data, including PII, in connection with the provision of our Advanced Services in which we serve as an outsourced lab for the extraction of data from devices that are sent to us by our customers. In all of those situations, we do not access or view customer data, maintain such data securely with limited access, and delete all such data following the confirmation that the data has been received by the customer (with the exception of Guardian where data is stored or removed by the customers in their sole discretion). As a result, for the purposes of the European General Data Protection Regulation ("GDPR") and the UK equivalent legislation, we believe that we are not considered to be a controller and serve as a processor in a number of circumstances, within the meaning of those terms.

Given the global nature of our operations, we are subject to a variety of local, state, national, and international laws and directives and regulations in the United States and abroad related to privacy and data protection, data security, data storage, retention, transfer and deletion, technology protection, and personal information. International data protection, data security, privacy, and other laws and regulations can impose different obligations or be more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations, which, depending on the regime, may be enforced by private parties or government entities, are constantly evolving and can be subject to significant change, and they are likely to continue to develop and evolve for the foreseeable future. In addition, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving software and technology industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices.

A number of proposals are pending before U.S. federal, state, and foreign legislative and regulatory bodies that could significantly affect our business. For example, despite recent developments including an in-principle agreement between the United States and European Commission and a subsequent Executive Order directing the steps that the United States will take to implement the U.S. commitments under the new European Union - U.S. Data Privacy Framework, new legal challenges to the mechanisms allowing companies to transfer personal data from the European Economic Area to certain other jurisdictions, including the United States, could emerge resulting in further limitations on the ability to transfer data across borders. Moreover, the following laws and regulations have taken, or will take, effect, creating further interpretive uncertainties for Cellebrite:

- GDPR took effect in May 2018 and applies to many of our products and services that provide service in Europe. The GDPR includes operational requirements for companies that receive or process personal data of residents of the EU. We are required to comply with the GDPR and, following the exit of the United Kingdom ("UK") from the European Union ("EU"), the UK equivalent, the implementation of which exposes us to two parallel data protection regimes in Europe, each of which impose several stringent requirements for controllers and processors of personal data and could make it more difficult to and/or more costly for us to collect, store, use, transmit and process personal and sensitive data. In 2016, the EU and the U.S. agreed to an alternative transfer framework for data transferred from the EU to the United States called the Privacy Shield Framework. However, in 2020, the EU's Court of Justice invalidated the use of this framework moving forward. The court ruled that the framework did not ensure an adequate level of protection for data transferred from the EU to the United States. Notably, there are alternative legal mechanisms available that allow the compliant transfer of data from the EU to the United States, however, they may also be challenged by national regulators or private parties. Non-compliance with the GDPR and the UK legislation equivalent may result in administrative fines or monetary penalties of up to 4% of worldwide annual revenue in the preceding financial year or €20 million (whichever is higher) for the most serious infringements, and could result in proceedings against us by governmental entities or other related parties and may otherwise adversely impact our business, financial condition, and results of operations.
- The California Consumer Privacy Act, or the CCPA, went into effect on January 1, 2020 and became enforceable by the California Attorney General on July 1, 2020, along with related regulations that came into force on August 14, 2020. The CCPA gives California residents new rights to access and require deletion of their personal information, opt out of the sale of personal information, and receive detailed information about how their personal information is collected, used, and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation. The effects of the CCPA potentially are significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply. Additionally, in November 2020, California voters passed the California Privacy Rights and Enforcement Act of 2020, or the CPRA. The CPRA will impose additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data and establishes a regulatory agency dedicated to enforcing those requirements. The majority of the provisions will go into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required.

Certain other state laws in the United States impose similar privacy obligations and all 50 states have laws including obligations to provide notification of certain security breaches to affected individuals, state officials and others. For example, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act (“VCDPA”), creating the second truly comprehensive U.S. state privacy law, which will take effect on January 1, 2023 (the same day as CPRA takes effect). Further, there currently are also a number of proposals related to data privacy or security pending before federal, state, and foreign legislative and regulatory bodies, including in a number of states considering consumer protection laws similar to the CCPA and VCDPA. For example, Colorado adopted the Colorado Privacy Act (“CPA”) in June 2021 and it will become effective on July 1, 2023. Utah adopted the Utah Consumer Privacy Act (“UCPA”) in March 2022 and that will become effective December 31, 2023. Additionally, Connecticut enacted the Connecticut Act Concerning Personal Data Privacy and Online Monitoring (“CTDPA”) in May 2022 and most of which will become effective July 1, 2023.

Each of these legislative actions may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. These developments may require us to review and amend the legal mechanisms by which we make and, or, receive personal data transfers from other countries to Israel. As data protection regulators issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

These existing and proposed laws and regulations can be costly to comply with and can make our DI suite of solutions less effective or valuable, delay or impede the development of new solutions, result in negative publicity, increase our operating costs, require us to modify our data handling practices, limit our operations, impose substantial fines and penalties, require significant management time and attention, or put our data or technology at risk. Any failure or perceived failure by us or our suite of solutions to comply with U.S., EU, UK or other foreign laws, regulations, directives, policies, industry standards, or legal obligations relating to privacy, data protection, or information security, or any security incident that results in loss of or the unauthorized access to, or acquisition, use, release, or transfer of, personal information, personal data, or other customer or sensitive data or information may result in governmental investigations, inquiries, enforcement actions and prosecutions, private claims and litigation, indemnification or other contractual obligations, other remedies, including fines or demands that we modify or cease existing business practices, or adverse publicity, and related costs and liabilities, which could significantly and adversely affect our business, reputation and results of operations.

We may in the future become involved in legal, regulatory, or administrative inquiries and proceedings, and unfavorable outcomes in litigation or other of these matters could negatively impact our business, financial conditions, and results of operations.

From time to time, we receive formal and informal inquiries from governmental agencies and regulators regarding our compliance with laws and regulations or otherwise relating to our business or transactions. We may also become subject to claims, lawsuits, proceedings and inquiries which could involve labor and employment disputes, discrimination and harassment allegations, commercial disputes, intellectual property rights (including patent, trademark, copyright, trade secret, and other proprietary rights), class actions, general contract, tort, or defamation, data privacy rights, antitrust concerns, common law fraud, government regulation, compliance, alleged federal and state securities and “blue sky” law violations or other investor related questions. Derivative claims, lawsuits, and proceedings, which may, from time to time, be asserted against our directors by our shareholders, could involve breach of fiduciary duty, breach of duty of loyalty, failure of oversight, corporate waste claims, and other matters. For example, a former consultant has brought a number of claims against the Company and a number of our directors and officers; while we do not believe that such claims have merit or are likely to have any material impact on our results of operations, or material dilution of our shareholders holdings they can lead to reputational harm and diversion of resources and management's attention from our primary business operations. In addition, our business and results may be adversely affected by the outcome of currently pending and any future legal, regulatory, and/or administrative claims or proceedings, including through monetary damages or injunctive relief. In addition, over the last several years, lawsuits have been filed against cyber-related companies by large multinationals that claim that their terms of use have been violated and breached by the activities of the cyber companies. While we are not a cyber company, such a risk could potentially also apply to us and our solutions.

The number and significance of our legal disputes and inquiries may increase as we continue to grow larger, as our business has expanded in customer count and geographic reach, and as our DI suite of solutions become more complex. Additionally, if customers fail to pay us under the terms of our agreements, we may be adversely affected due to the cost of enforcing the terms of our contracts through litigation. Litigation or other proceedings can be expensive and time consuming and can divert our resources and management's attention from our primary business operations. The results of our litigation also cannot be predicted with certainty. If we are unable to prevail in litigation, we could incur payments of substantial monetary damages or fines, or undesirable changes to our DI suite of solutions or business practices, and accordingly, our business, financial condition, or results of operations could be materially and adversely affected. Furthermore, if we accrue a loss contingency for pending litigation and determine that it is probable, any disclosures, estimates, and reserves we reflect in our financial statements with regard to these matters may not reflect the ultimate disposition or financial impact of litigation or other such matters. These proceedings could also result in negative publicity, which could harm customer and public perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable.

Although we have limitation of liability provisions in our standard software licensing and service agreement terms and conditions, these provisions may not be enforceable in some circumstances, may vary in levels of protection across our agreements, or may not fully or effectively protect us from such claims and related liabilities and costs. We generally provide a warranty for our software and hardware solutions in our agreements. In the event that there is a failure of warranties in such agreements, we are generally obligated to correct the product to conform to the warranty provision as set forth in the applicable agreement, or, if we are unable to do so, the customer is entitled to seek a refund of the purchase price of the product and service. The sale and support of our solutions also entail the risk of product liability claims. We maintain errors and omissions insurance to protect against certain claims associated with the use of our solutions, but our insurance coverage may not adequately cover any claim asserted against us. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation and divert management's time and other resources.

We are subject to Israeli encryption laws and governmental trade controls, including export laws and regulations, and any noncompliance with these laws could negatively impact our operating results.

The export of our solutions is subject to Israeli encryption control laws. Our export license under the Israeli encryption control regime prohibits us from exporting some of our products to customers in certain countries and require us to obtain the consent of the Ministry of Defense to export to customers in certain other countries. Our failure to comply with these requirements could subject us to financial and other penalties, which could materially adversely impact our revenue and profits, and harm our reputation.

Although Israel is not a party to the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (the "Wassenaar Arrangement"), it has adopted the Wassenaar Arrangement List of Dual Use Goods and Technologies, and the goods and technologies listed therein are subject to Israeli export control laws and regulations. However, cryptography that is subject to Israeli encryption laws is not regulated under the Israeli export control regime, even if such cryptography capabilities would otherwise be placed within Part 2 of Chapter 5 of the Wassenaar Arrangement Dual Use List which relates to Information Security. In 2016, the Israeli Ministry of Defense published draft regulations proposing to cancel the existing encryption control regime and to bring Part 2 of Chapter 5 of the Wassenaar Arrangement into full force and effect in its place. Over the last several months the Israeli Ministry of Defense has renewed this effort and has stated publicly its intention to push this reform forward imminently. If our solutions do become subject to the Wassenaar Arrangement dual use list as adopted by Israel, then they likely will be controlled under either the Israeli Defense Export Control Law, 5767-2007 or the Import and Export Order (Export Control over Dual Use Goods, Services and Technology), 5766-2006, depending on the nature of the customer. The application of these laws' requirements to us and to our products could subject us to different licensing requirements and may require us to adapt our marketing, sales and export practices to accommodate these changed requirements. This reform could adversely impact our ability to quickly, efficiently and cost effectively market and sell our products, and could materially adversely impact our revenue and profit.

In addition, various other countries regulate the export and import of certain encryption solutions and technology, including import permits and licensing requirements, and have enacted laws that could limit our ability to distribute our solutions or could limit our customers' ability to implement our solutions in those countries. Any new export restrictions, new import restrictions, new legislation, changes in economic sanctions, or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons, or technologies targeted by such regulations, could result in decreased use of our products by existing customers with non-U.S. operations, declining adoption of our products by new customers with non-U.S. operations, limitation of our expansion into new markets, and decreased revenue and potential revenue growth.

Our activities or products could be subject to certain economic sanctions laws including the laws of the Israel and the United States. We have adopted policies and procedures to restrict sales to countries subject to comprehensive U.S. and Israeli sanctions and to designated entities and individuals. Our solutions and technologies could be exported to, or eventually be used by, these sanctioned targets due to circumvention of restrictions by customers , resellers or others, despite the contractual undertakings they are bound by that prohibit them from exporting or reselling to any unauthorized customer, and any such export, or use, could have negative consequences, including government investigations, penalties and reputational harm. Any change in export regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would likely adversely affect our business, financial condition and results of operations.

Differing regulatory and legal requirements and the possible enactment of additional regulations or restrictions on the use, import, export or re-export of our solutions or the provision of services, could delay, restrict, or prevent the sale or use of our solutions in some jurisdictions. If we or our business partners or counterparties, including licensors and licensees, prime contractors, subcontractors, sublicensors, vendors, customers, shipping partners, or contractors, fail to obtain appropriate import, export, or re-export licenses or permits, notwithstanding regulatory requirements or contractual commitments to do so, or if we fail to secure such contractual commitments where necessary, we may also be adversely affected, through reputational harm as well as other negative consequences, including government investigations and penalties.

These laws and regulations are subject to change over time and thus we must continue to monitor and dedicate resources to ensure continued compliance. Although we take precautions to prevent our software from being provided in violation of such laws, the software could be provided inadvertently in violation of such laws, despite the precautions we take. Non-compliance with applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any of the foregoing actions are imposed on us, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and penalties could harm our business, operating results and financial condition.

Our largest shareholder, SUNCORPORATION, is a Japanese public company and currently a holder of 49.53% of Cellebrite's outstanding shares.

As of December 31, 2022, SUNCORPORATION (TSE JASDAQ: 6736), a Japanese public company, beneficially owns 49.53% of our Ordinary Shares. Therefore, SUNCORPORATION has significant influence on the outcome of all decisions at our shareholders' meetings including:

- the election of our board of directors;
- amendments to our articles of association; and
- our ability to enter into a change of control transaction.

SUNCORPORATION's decisions as to how it votes its Ordinary Shares may be contrary to the expectations or preferences of our other shareholders. The influence exerted by SUNCORPORATION may limit the ability of our shareholders to influence corporate matters and could also discourage other companies from pursuing any potential merger, takeover, or other change of control transactions with us. Further, SUNCORPORATION is a controlling shareholder and may in the future control elections to our board of directors and, therefore may have significant influence over our business and policies.

Failure to comply with laws, regulations, or contractual provisions applicable to our business could cause us to lose government customers or our ability to contract with the U.S. and other governments.

Our customers include government agencies, each with their own specific guidelines and compliance requirements for their government contracts. For example, our U.S. government business is subject to specific procurement regulations with numerous compliance requirements. In particular, we must comply with laws, regulations, and contractual provisions relating to the formation, administration, and performance of government contracts and inclusion on government contract vehicles, which affect how we and our partners do business with government agencies. These requirements, although customary in government contracting in the U.S., increase our performance and compliance costs. These costs may increase in the future, thereby reducing our margins, which could have an adverse effect on our financial condition.

Moreover, in the U.S., government contracts are subject to oversight audits by government representatives. Such audits could result in adjustments to our contracts. As an example, for contracts covered by the Cost Accounting Standards, any costs found to be improperly allocated to a specific contract may not be allowed, and such costs already reimbursed may have to be refunded. In addition, as a result of actual or perceived non-compliance with government contracting laws, regulations, or contractual provisions, we may be subject to other audits and internal investigations which may prove costly to our business financially and divert management's attention and time. Among the causes for debarment are violations of various laws or policies, including those related to procurement integrity, export control, U.S. government security regulations, employment practices, protection of criminal justice data, protection of the environment, accuracy of records, proper recording of costs, foreign corruption, Trade Agreements Act, Buy America Act, and the False Claims Act. Contracts with the federal U.S. government may be terminated for convenience by the government at any time. Furthermore, regulatory requirements imposed by governments other than the United States may be more stringent and non-compliance may subject us as well as to investigations, proceedings, sanctions, or other consequences from those governments, as well as, in some cases, allow such governments to terminate contracts for convenience at any time. These consequences remain uncertain because of the dynamic nature of governmental action and responses.

The laws and regulations applicable to each of our contracts may impose other added costs on our business, and failure to comply with these or other applicable regulations and requirements, including non-compliance in the past, could lead to claims for damages from our channel partners, penalties, and termination of contracts and suspension or debarment from government contracting for a period of time with government agencies. Any such damages, penalties, disruption, or limitation in our ability to do business with a government could adversely impact, and could have a material adverse effect on, our business, results of operations, financial condition, public perception, and growth prospects.

New laws and/or law interpretations, as well as changing regulations, create the risk that we may not comply with those laws and regulations and the costs to comply could materially adversely affect our business.

We are subject to a variety of laws and regulations in Israel and abroad that involve matters central to our business, including privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, electronic contracts and other communications, competition, consumer protection, telecommunications, product liability, taxation, labor and employment, economic or other trade prohibitions or sanctions, securities law compliance, and online payment services. The introduction of new solutions, expansion of our business to certain jurisdictions, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny. In addition, foreign data protection, privacy, content, competition, and other laws and regulations can impose different obligations or be more restrictive than those in Israel or the United States. These laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. New laws and regulations (or new interpretations of existing laws and regulations) may require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. The costs of compliance with these laws and regulation are high and are likely to increase in the future. Additionally, these laws and regulations, or any associated inquiries or investigations or other government actions, may delay or impede the development of new solutions, result in negative publicity, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

Risks Relating to Cellebrite's Incorporation and Location in Israel

Our main offices and operations are located in Israel and, therefore, our results may be adversely affected by political, economic and military instability in Israel or external responses to such instability.

Our main offices, and many of our employees, including most of our management members, operate from our offices that are located in Israel. In addition, many of our employees, officers and directors are residents of Israel and we have a small assembly facility in Israel. Accordingly, political, economic, and military conditions in Israel and the surrounding region may directly affect our business and operations, as discussed below.

In recent years, Israel has been engaged in sporadic armed conflicts with terrorist and military groups. In recent years, some of these hostilities were accompanied by missiles being fired from the Gaza Strip against civilian targets in various parts of Israel, including areas in which our assembly facility, some of our employees and some of our consultants are located. Certain countries have also threatened Israel and may be developing nuclear weapons, including Iran. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our financial condition and results of operations.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, there are no assurances that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Political conditions within Israel or relationships between Israel and its allies are also likely to impact our operations. Certain factions within the Israeli government are currently pursuing extensive changes to Israel's judicial system. This has sparked extensive debate, with many individuals, organizations and institutions, both within and outside of Israel, voicing concerns that the proposed changes could affect the quality of Israel's democracy and negatively impact the business environment in Israel (including increased currency fluctuations, downgrades in credit rating and increased interest rates). There also has been more friction between the U.S. presidential administration and the Israeli government, particularly with the recent change in that government. Actual or perceived political instability in Israel or any negative changes in its political environment may lead our customers, many of whom are governmental actors, to determine not to do business with us as an Israeli company, encourage the relocation of talent from Israel or otherwise harm macroeconomic conditions in Israel, thus adversely affecting our business, financial condition, results of operations and prospects.

In the past, the State of Israel and Israeli companies have been subjected to economic boycotts by specific countries and/or organizations. While some of these are eliminating these constraints, others may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability continues or increases. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Such actions, particularly if they become more widespread, may adversely impact our ability to sell our solutions and therefore may have an adverse impact on our operating results, financial condition or the expansion of our business.

Lastly, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict and/or national civil emergencies, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition and results of operations.

It may be difficult to enforce a U.S. judgment against us, our officers and directors or the experts named in this Annual Report in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors or experts.

Most of our directors or officers are not residents of the United States and most of their and our assets are located outside the United States. Most of the experts named in this Annual Report are also not residents of the United States. Service of process upon us or our non-U.S. resident directors and officers, and the experts named in this Annual Report, and enforcement of judgments obtained in the United States against us or our non-U.S. our directors and executive officers or such experts may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, typically through an expert witness, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside of Israel, which may make it difficult to collect on judgments rendered outside of Israel against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought.

The rights and responsibilities of our shareholders are governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Israeli law. The rights and responsibilities of holders of Ordinary Shares are governed by our amended and restated articles of association (the “Amended Articles”) and the Israeli Companies Law (the “Companies Law”). These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law, each shareholder of an Israeli company has to act in good faith and in a customary manner in exercising his, her or its rights and fulfilling his, her or its obligations toward the Company and other shareholders and to refrain from abusing his, her or its power in the Company, including, among other things, in voting at the general meeting of shareholders, on one of the following: (i) amendments to a company’s articles of association, (ii) increases in a company’s authorized share capital, (iii) mergers and (iv) certain transactions requiring shareholders’ approval under the Companies Law. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power according to the Amended Articles to appoint or prevent the appointment of a director or officer in the Company, or has other powers toward the Company according to the Amended Articles, has a duty of fairness toward the Company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

Provisions in the Amended Articles may have the effect of discouraging lawsuits against us and our directors and officers.

Under the Amended Articles, the competent courts of Tel Aviv, Israel are the exclusive forum for (i) any derivative action or proceeding brought on behalf of Cellebrite, (ii) any action asserting a claim of breach of fiduciary duty or a claim of breach of the duty of loyalty owed by any of Cellebrite's directors, officers or other employees or our shareholders, or (iii) any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law.

Additionally, unless Cellebrite consents in writing to the selection of an alternative forum, the U.S. federal courts shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act") against us or any of our directors, officers, other employees or agents. Section 22 of the Securities Act, however, creates concurrent jurisdiction for U.S. federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. While Delaware and certain U.S. courts have determined that such exclusive forum provisions are facially valid, a shareholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to these provisions; however, we note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Section 27 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, notwithstanding the foregoing, the Amended Articles provide that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

These exclusive forum provisions may limit a shareholders ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors or other employees which may discourage lawsuits against us, our directors, officers and employees.

Risks Relating to an Investment in our Securities

Future issuances of Ordinary Shares by us or resales of our Ordinary Shares may cause the market price of the Ordinary Shares to drop significantly, even if Cellebrite's business is doing well.

Concurrently with the Closing of the Merger, the Sponsor entered into the Investor Rights Agreement, which provided the Sponsor and the other parties thereto with customary demand registration rights and piggy-back registration rights with respect to registration statements filed by Cellebrite. See the section of this Annual Report titled "Part I, Item 7. Major Shareholders and Related Party Transactions — Related Party Transactions." In accordance with this and certain obligations relating to the PIPE Investment, we filed a registration statement for the resale of 171,729,210 Ordinary Shares, 9,666,667 Warrants and 29,666,667 Ordinary Shares underlying Warrants, which went effective on October 6, 2021.

We have also historically used, and continue to use, our Ordinary Shares as a means of both rewarding our employees, non-employee directors, and consultants and aligning their interests with those of our shareholders. As of December 31, 2022, 26,849,012 Ordinary Shares were subject to outstanding awards (consisting of outstanding options to purchase 20,457,660 Ordinary Shares and 6,391,352 Ordinary Shares underlying unvested restricted share units (“RSUs”)) granted to our affiliates’ respective employees, non-employee directors, consultants and former employees under our equity incentive plans. additionally, 22,789,113 Ordinary Shares were available for future grant under the 2021 Plan and 1,581,634 Ordinary Shares were available for grant under our equity incentive plans or for future purchase under our 2021 Employee Share Purchase Plan (“ESPP”), subject to increase under the evergreens terms of certain of those plans. All of the underlying Ordinary Shares are registered on Form S-8 for immediate sale or resale. Thus, Ordinary Shares granted or issued under our equity incentive plans will, subject to vesting provisions, lock-up restrictions, and applicable Rule 144 volume limitations, be available for sale in the open market immediately upon registration.

In a registered offering of securities pursuant to the Securities Act (including via the registration statement on Form S-8) or otherwise in accordance with Rule 144 under the Securities Act, the Cellebrite employees and other shareholders may sell large amounts of Ordinary Shares in the open market or in privately negotiated transactions, which could have the effect of increasing the volatility in the trading price of the Ordinary Shares or putting significant downward pressure on the price of the Ordinary Shares. Further, sales of Ordinary Shares upon expiration of the applicable lockup period could encourage short sales by market participants. Generally, short selling means selling a security, contract or commodity not owned by the seller. The seller is committed to eventually purchase the financial instrument previously sold. Short sales are used to capitalize on an expected decline in the security’s price. As such, short sales of Ordinary Shares could have a tendency to depress the price of the Ordinary Shares, which could increase the potential for short sales.

We cannot predict the size of future issuances by us or resales by others of Ordinary Shares or the effect, if any, that such future issuances and sales of Ordinary Shares will have on the market price of the Ordinary Shares. Sales of substantial amounts of Ordinary Shares (including those shares issued in connection with the Merger), or the perception that such sales could occur, may materially and adversely affect prevailing market prices of Ordinary Shares.

As a “foreign private issuer” under applicable securities laws and regulations, Cellebrite is permitted to, and may, file less or different information with the U.S. Securities and Exchange Commission (the “SEC”) than a company incorporated in the United States, and will follow certain home country governance practices in lieu of certain Nasdaq requirements applicable to U.S. issuers.

Cellebrite is considered a “foreign private issuer” under the Exchange Act and is therefore exempt from certain rules under the Exchange Act. Moreover, Cellebrite is not required to file periodic reports and financial statements with the SEC as frequently or within the same time frames as U.S. issuers with securities registered under the Exchange Act, and is not subject to the rules prescribing the furnishing and content of proxy statements (including the requirement applicable to emerging growth companies to disclose the compensation of its Chief Executive Officer and the other two most highly compensated executive officers on an individual, rather than an aggregate, basis). Cellebrite is not required to comply with Regulation FD, which imposes restrictions on the selective disclosure of material information to shareholders. In addition, Cellebrite’s officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the related rules under the Exchange Act with respect to their purchases and sales of Cellebrite’s equity securities. Accordingly, if you own Cellebrite’s securities, you may receive less or different information about Cellebrite than that you would receive about a U.S. issuer.

In addition, as a “foreign private issuer” whose securities are listed on Nasdaq, Cellebrite is permitted to follow certain home country corporate governance practices in lieu of certain Nasdaq requirements. A “foreign private issuer” must disclose in its annual reports filed with the SEC each

Nasdaq requirement with which it does not comply, followed by a description of its applicable home country practice. Cellebrite currently intends to follow the corporate governance requirements of Nasdaq. However, Cellebrite cannot make any assurances that it will continue to follow such corporate governance requirements in the future, and may therefore in the future, rely on available Nasdaq exemptions that would allow Cellebrite to follow its home country practice. Unlike the requirements of Nasdaq, there are currently no mandatory corporate governance requirements in Israel that would require Cellebrite to (i) have a majority of its board of directors be independent, (ii) establish a nominating/governance committee, or (iii) hold regular executive sessions where only independent directors may be present. Such Israeli home country practices may afford less protection to holders of Cellebrite securities.

Cellebrite currently relies on this "foreign private issuer exemption" only with respect to the quorum requirement for shareholder meetings and the requirement regarding distribution of annual and interim reports. For more information, see "Part II, Item 16G. Corporate Governance." Cellebrite otherwise complies with and intends to continue to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. In addition, with respect to SEC rules, Cellebrite expects to issue interim quarterly financial information publicly and to furnish them to the SEC under cover of Form 6-K. Cellebrite may, however, in the future decide to rely upon the "foreign private issuer exemption" for purposes of opting out of some or all of the other Nasdaq corporate governance rules.

Cellebrite could lose its status as a "foreign private issuer" under applicable securities laws and regulations if more than 50% of Cellebrite's outstanding voting securities become directly or indirectly held of record by U.S. holders and any one of the following is true: (i) the majority of Cellebrite's directors or executive officers are U.S. citizens or residents; (ii) more than 50% of Cellebrite's assets are located in the United States; or (iii) Cellebrite's business is administered principally in the United States. If Cellebrite loses its status as a "foreign private issuer" in the future, it will no longer be exempt from the rules described above and, among other things, will be required to file periodic reports and annual and quarterly financial statements as if it were a company incorporated in the United States. If this were to happen, Cellebrite would likely incur substantial costs in fulfilling these additional regulatory requirements and members of Cellebrite's management would likely have to divert time and resources from other responsibilities to ensuring these additional regulatory requirements are fulfilled.

Cellebrite is an "emerging growth company" and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our securities may be less attractive to investors.

Cellebrite is an "emerging growth company," as defined in the JOBS Act, and it intends to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. Cellebrite cannot predict if investors will find its securities less attractive because it will rely on these exemptions, including delaying adoption of new or revised accounting standards until such time as those standards apply to private companies and, to the extent that Cellebrite ceases to be a foreign private issuer, reduced disclosure obligations regarding executive compensation. If some investors find Ordinary Shares or Warrants less attractive as a result, there may be a less active trading market and the trading prices of such securities may be more volatile. Cellebrite may take advantage of these reporting exemptions until it is no longer an "emerging growth company." Cellebrite will remain an "emerging growth company" until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of the IPO, (b) in which it has total annual gross revenue of at least $1.07 billion, or (c) in which it is deemed to be a large accelerated filer, which means the market value of Ordinary Shares that is held by non-affiliates exceeds $700 million as of the last day of the second fiscal quarter of such fiscal year, and (2) the date on which it has issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Risks Related to Ownership of the Ordinary Shares

Our share price has been and will likely continue to be volatile, and shareholders may lose all or part of their investment.

Cellebrite shareholders have sold and may continue to sell their shares in the public market. The sales of significant amounts of our shares, or the perception in the market that this will occur, may decrease the market price of our shares. For more information, see "Risks Relating to an Investment in our Securities— Future resales of the Ordinary Shares issued in connection with the Business Combination may cause the market price of the Ordinary Shares to drop significantly, even if Cellebrite's business is doing well."

Our share price may also be volatile for other reasons, including:

- announcements by us or our competitors regarding, among other things, strategic changes, new products, product enhancements or technological advances, acquisitions, major transactions, significant litigation or regulatory matters, stock repurchases, or management changes;
- press or analyst publications, including with respect to changes in recommendations or earnings estimates or growth rates by financial analysts, changes in investors' or analysts' valuation measures for our securities, our credit ratings, our security solutions and customers, speculation regarding strategy or mergers and acquisitions ("M&A"), or market trends unrelated to our performance;
- stock sales by us or our directors, officers, or other significant holders, or stock repurchases by us; and
- hedging or arbitrage trading activity by third parties.
- actual or anticipated fluctuations in our results of operations;
- market conditions in our industry and changes in the estimation of the future growth and size of our markets;
- real or perceived future dilution risk;
- the trading volume of our ordinary shares; and
- general economic, regulatory, political and market conditions.

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. Such lawsuits could result in substantial costs and divert management’s attention and resources, which could adversely affect our business.

The U.S. Internal Revenue Service (“IRS”) may not agree that Cellebrite should be treated as a non-U.S. corporation for U.S. federal income tax purposes.

Although Cellebrite is incorporated and tax resident in Israel, the IRS may assert that it should be treated as a U.S. corporation (and therefore a U.S. tax resident) for U.S. federal income tax purposes pursuant to Section 7874 (“Section 7874”) of the Internal Revenue Code of 1986, as amended (the “Code”). For U.S. federal income tax purposes, a corporation is generally considered a U.S. ”domestic” corporation (or U.S. tax resident) if it is organized in the United States, and a corporation is generally considered a “foreign” corporation (or non-U.S. tax resident) if it is not a U.S. corporation. Because Cellebrite is an entity incorporated and tax resident in Israel, it would generally be classified as a foreign corporation (or non-U.S. tax resident) under these rules. Section 7874 provides an exception under which a foreign incorporated and foreign tax resident entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes.

As more fully described in the section titled “Material U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Treatment of Cellebrite — Tax Residence of Cellebrite for U.S. Federal Income Tax Purposes”, based on the terms of the Merger and the rules for determining share ownership under Section 7874 and the Section 7874 Regulations, Cellebrite is not intended to be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 after the Merger. However, the application of Section 7874 is complex, is subject to detailed regulations (the application of which is uncertain in various respects, could be impacted by changes in such U.S. Treasury regulations with possible retroactive effect), and is subject to certain factual uncertainties. Accordingly, potential application of Section 7874 is inherently uncertain and there can be no assurance that the IRS will not challenge the status of Cellebrite as a foreign corporation under Section 7874 or that such challenge would not be sustained by a court.

If the IRS were to successfully challenge Cellebrite’s status as a foreign corporation for U.S. federal income tax purposes under Section 7874, Cellebrite and certain Cellebrite shareholders would be subject to significant adverse tax consequences, including a higher effective corporate income tax rate on Cellebrite and future withholding taxes on certain Cellebrite shareholders, depending on the application of any income tax treaty that might apply to reduce such withholding taxes. In particular, holders of Ordinary Shares and Warrants would be treated as holders of stock and warrants of a U.S. corporation.

See “Part I, Item 10. Additional Information—E. Material Taxation— Material U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Treatment of Cellebrite —Tax Residence of Cellebrite for U.S. Federal Income Tax Purposes” for a more detailed discussion of the application of Section 7874 to the Merger. Investors in Cellebrite should consult their own advisors regarding the application of Section 7874 to the Merger.

Section 7874 may limit the ability of TWC to use certain tax attributes, increase Cellebrite’s U.S. affiliates’ U.S. taxable income or have other adverse consequences to Cellebrite and Cellebrite’s shareholders.

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions, as well as result in certain other adverse tax consequences, even if the acquiring foreign corporation is respected as a foreign corporation for purposes of Section 7874. In general, if a foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S.

corporation and after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 60% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation, subject to other requirements, certain adverse tax consequences under Section 7874 may apply.

If these rules apply to the Merger, Cellebrite and certain of Cellebrite's shareholders may be subject to adverse tax consequences including, but not limited to, restrictions on the use of tax attributes with respect to "inversion gain" recognized over a 10-year period following the transaction, disqualification of dividends paid from preferential "qualified dividend income" rates and the requirement that any U.S. corporation owned by Cellebrite include as "base erosion payments" that may be subject to a minimum U.S. federal income tax any amounts treated as reductions in gross income paid to certain related foreign persons. Furthermore, certain "disqualified individuals" (including officers and directors of a U.S. corporation) may be subject to an excise tax on certain stock-based compensation held thereby at a rate of 20%.

As more fully described in the section titled "Material U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Treatment of Cellebrite — Utilization of TWC's Tax Attributes and Certain Other Adverse Tax Consequences to Cellebrite and Cellebrite's Shareholders," based on the terms of the Merger and the rules for determining share ownership under Section 7874 and the Section 7874 Regulations, Cellebrite is not intended to be subject to these rules under Section 7874 after the Merger. The above determination, however, is subject to detailed regulations (the application of which is uncertain in various respects and could be impacted by future changes in such U.S. Treasury regulations, with possible retroactive effect) and is subject to certain factual uncertainties. Accordingly, there can be no assurance that the IRS will not challenge whether Cellebrite is subject to the above rules or that such a challenge would not be sustained by a court.

However, even if Cellebrite is not subject to the above adverse consequences under Section 7874, Cellebrite may be limited in using its equity to engage in future acquisitions of U.S. corporations over a 36-month period following the Merger. If Cellebrite were to be treated as acquiring substantially all of the assets of a U.S. corporation within a 36-month period after the Merger, the Section 7874 Regulations (as defined in "Material U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Treatment of Cellebrite — Tax Residence of Cellebrite for U.S. Federal Income Tax Purposes") would exclude certain shares of Cellebrite attributable to the Merger for purposes of determining the Section 7874 Percentage of that subsequent acquisition, making it more likely that Section 7874 will apply to such subsequent acquisition.

See "Part I, Item 10. Additional Information—E. Material Taxation — Material U.S. Federal Income Tax Considerations — Material U.S. Federal Income Tax Treatment of Cellebrite —Utilization of TWC's Tax Attributes and Certain Other Adverse Tax Consequences to Cellebrite and Cellebrite's Shareholders" for a more detailed discussion of the application of Section 7874 to the Merger. Investors in Cellebrite should consult their own advisors regarding the application of Section 7874 to the Merger.

Risks Related to the Israeli Tax Treatment of Cellebrite and the Merger

If we do not qualify for Israeli tax benefits, our effective tax rate on our business income and the Israeli withholding tax on distributions of dividends by us to our shareholders may be higher than expected.

Cellebrite believes that it is currently entitled to claim certain tax benefits in Israel, including reduced corporate tax rates, reduced withholding tax rates with respect to dividend distributions and higher depreciation rates. These tax benefits require us to satisfy each tax year certain conditions that included in the provisions of Israeli tax laws. There can be no assurances that we will qualify for such tax benefits in any given year. If we do not qualify for such tax benefits, the effective Israeli tax rate on our business income and the withholding tax rate with respect to dividend that we will distribute to our shareholders may be higher than we expect.

We may be required to pay Israeli taxes, including by way of withholding from our shareholders, as a result of the transactions contemplated by the Merger Agreement, and if we do not receive the Transaction Tax Ruling exempting the Indemnified TWC Parties from certain taxes we may be required to indemnify the Indemnified TWC Parties for such Israeli withholding tax liability.

Pursuant to the Merger Agreement we have filed an application to receive the Transaction Tax Ruling (which was bifurcated to three separate applications) from the Israel Tax Authority, which seeks to determine (i) that none of the Indemnified TWC Parties (as defined in the Merger Agreement) are subject to Israeli tax with respect to receipt of Ordinary Shares and/or Warrants, (ii) the tax treatment of the issuance of the Price Adjustment Shares and the Additional Dividend (as defined in the Merger Agreement) for Israeli Tax purposes and (iii) that the Capital Restructuring (as defined in the Merger Agreement) is not subject to Israeli withholding Tax. We received a signed ruling regarding the Capital Restructuring and the distribution of funds from the trust account to the Company, as well as a signed ruling regarding the Additional Dividend. We withdrew the ruling applications with regards to the tax treatment of the issuance of the Price Adjustment Shares and the exemption of the Indemnified TWC Parties from Israeli tax with respect to receipt of Ordinary Shares and/or Warrants.

We made an irrevocable written undertaking to fully indemnify and hold harmless (on a grossed up basis, to account for their related tax liability and for their Cellebrite holdings) the Indemnified TWC Parties from any Israeli tax actually incurred by such Indemnified TWC Parties which should have been exempted by the Transaction Tax Ruling (including from all costs and expenses, including reasonable attorney costs, associated with such tax, including in defending such matters). If an indemnification event will occur, our business results may be adversely affected.

General Risk Factors

Joint ventures, partnerships, and strategic alliances may have a material adverse effect on our business, results of operations and prospects.

We intend to continue to enter into joint ventures, partnerships, and strategic alliances as part of our long-term business strategy. Joint ventures, partnerships, strategic alliances, and other similar arrangements involve significant investments of both time and resources, and there can be no assurances that they will be successful. They may present significant challenges and risks, including that they may not advance our business strategy, we may get an unsatisfactory return on our investment or lose some or all of our investment, they may distract management and divert resources from our core business, they may expose us to unexpected liabilities, or we may choose a partner that does not cooperate as we expect them to and that fails to meet its obligations or that has economic, business, or legal interests or goals that are inconsistent with ours. For example, we partner with various resellers who coordinate the provision of our solutions to the end customers. Also, for example, there is risk for termination of strategic or technology partnerships that complement or compose part of our DI offering; such terminations may impact our ability to successfully compete in the market. We believe these arrangements can offer strategic advantages, but they increase our dependence on third parties to achieve our objectives.

Entry into certain joint ventures, partnerships, or strategic alliances now or in the future may be subject to government regulation, including review by U.S. or foreign government entities related to foreign direct investment. If a joint venture or similar arrangement were subject to regulatory review, such regulatory review might limit our ability to enter into the desired strategic alliance and thus our ability to carry out our long-term business strategy.

As our joint ventures, partnerships, and strategic alliances come to an end or terminate, we have been, in some cases, unable to renew or replace them on comparable terms, or at all. Each of our agreements with resellers have terms of just one year, and so these agreements are frequently up for renewal or termination. When we enter into joint ventures, partnerships, and strategic alliances, our partners may be required to undertake some portion of sales, marketing, implementation solutions, engineering solutions, or software configuration that we would otherwise provide. In such cases, our partner may be less successful than we would have otherwise been absent the arrangement. In the event we enter into an arrangement with a particular partner, we may be less likely (or unable) to work with one or more direct competitors of our partner with which we would have worked absent the arrangement. We may have interests that are different from our joint venture partners and/or which may affect our ability to successfully collaborate with a given partner. Similarly, one or more of our partners in a joint venture, platform partnership, or strategic alliance may independently suffer a bankruptcy or other economic hardship that negatively affects its ability to continue as a going concern or successfully perform on its obligation under the arrangement. In addition, customer satisfaction with our solutions provided in connection with these arrangements may be less favorable than anticipated, negatively impacting anticipated revenue growth and results of operations of arrangements in question. Further, some of our strategic partners offer competing solutions or work with our competitors and some strategic partners have in the past and others may in the future be acquired by our competitors, resulting in the termination of the partnership. As a result of these and other factors, many of the companies with which we have joint ventures, partnerships, or strategic alliances may choose to pursue alternative technologies and develop alternative solutions in addition to or in lieu of our solutions, either on their own or in collaboration with others, including our competitors. If we are unsuccessful in establishing or maintaining our relationships with these partners, our ability to compete in a given marketplace or to grow our revenue would be impaired, and our results of operations may suffer. Even if we are successful in establishing and maintaining these relationships with our partners, we cannot assure you that these relationships will result in increased customer usage of our DI suite of solutions or increased revenue.

Further, winding down joint ventures, partnerships, or other strategic alliances can result in additional costs, litigation, and negative publicity. Any of these events could adversely affect our business, financial condition, results of operations, and growth prospects.

We may acquire or invest in companies and technologies, which may divert our management's attention, and result in additional dilution to our shareholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions or investments.

As part of our business strategy, we have engaged in strategic transactions in the past and expect to evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, products, services and other assets in the future. While acquisitions made by us to date have thus far gone smoothly, these acquisitions or any future acquisition, investment or business relationship may result in unforeseen risks, operating difficulties and expenditures, including but not limited to the following:

- An acquisition may negatively affect our financial results because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- Potential goodwill impairment charges related to acquisitions;
- Costs and potential difficulties associated with the requirement to test and assimilate the internal control processes of the acquired business;
- We may encounter difficulties or unforeseen expenditures assimilating or integrating the businesses, technologies, infrastructure, solutions, personnel, or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us or if we are unable to retain key personnel, if their technology is not easily adapted to work with ours, or if we have difficulty retaining the customers of any acquired business due to changes in ownership, management, or otherwise;
- We may not realize the expected benefits of the acquisition;
- An acquisition may disrupt our ongoing business, divert resources, increase our expenses, and distract our management;
- An acquisition may result in a delay or reduction of customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company;
- The potential impact on relationships with existing customers, vendors, and distributors as business partners as a result of acquiring another company or business that competes with or otherwise is incompatible with those existing relationships;
- The potential that our due diligence of the acquired company or business does not identify significant problems or liabilities, or that we underestimate the costs and effects of identified liabilities;
- Exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition, including but not limited to claims from former employees, customers, or other third parties, which may differ from or be more significant than the risks our business faces;
- We may encounter difficulties in, or may be unable to, successfully sell any acquired solutions;
- An acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- An acquisition may require us to comply with additional laws and regulations, or to engage in substantial remediation efforts to cause the acquired company to comply with applicable laws or regulations, or result in liabilities resulting from the acquired company’s failure to comply with applicable laws or regulations;
- Our use of cash to pay for an acquisition would limit other potential uses for our cash;
- If we incur debt to fund such acquisition, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants; and
- To the extent that we issue a significant amount of equity securities in connection with future acquisitions, existing shareholders may be diluted and earnings per share may decrease.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, and financial condition. Moreover, we cannot assure you that we would not be exposed to unknown liabilities.

Our international operations expose us to business, political and economic risks that could cause our operating results to suffer.

We intend to continue to make efforts to increase our international operations and anticipate that international sales will continue to account for a significant portion of our revenue. These international operations are subject to certain risks and costs, including the difficulty and expense of administering business and compliance abroad, differences in business practices, compliance with domestic and foreign laws (including without limitation domestic and international import and export laws and regulations and the U.S. Foreign Corrupt Practices Act ("FCPA"), including potential violations by acts of agents or other intermediaries), costs related to localizing solutions for foreign markets, costs related to translating and distributing software solutions in a timely manner, costs related to increased financial accounting and reporting burdens and complexities, longer sales and collection cycles for accounts receivables, failure of laws or courts to protect our intellectual property rights adequately, local competition, and economic or political instability and uncertainties, including inflation, recession, interest rate fluctuations and actual or anticipated military or geopolitical conflicts. In addition, regulatory limitations regarding the repatriation of earnings may adversely affect the transfer of cash earned from foreign operations.

Significant international sales may also expose us to greater risk from political and economic instability, unexpected changes in Israeli, U.S. or other governmental policies concerning import and export of goods and technology, regulatory requirements, tariffs and other trade barriers. Economic downturns and geopolitical challenges in the Americas, EMEA or certain other parts of the world critical to our operations could cause our customers in those locations to reevaluate decisions to purchase our solutions or to delay or reduce their technology purchasing decisions, which could adversely impact our results of operations. For instance, Russia's invasion of Ukraine, and measures taken in response thereto have created global security concerns that could have a lasting adverse impact on regional and global economies, and in turn, on our customers' decision to purchase our products. Further, due to geopolitical reasons and regulatory regimes, we stopped selling into Russia and Belarus in 2021, before the Ukraine invasion.

Additionally, international earnings may be subject to taxation by more than one jurisdiction, which may materially adversely affect our effective tax rate. Finally, international expansion may be difficult, time consuming, and costly. These risks and their potential impacts may be exacerbated by to prolonged economic uncertainties of downturns. As a result, if revenue from international operations do not offset the expenses of establishing and maintaining foreign operations, our business, operating results and financial condition will suffer.

Recent turmoil in the banking industry may negatively impact our business, results of operations and financial condition.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, the March 2023 failures of Silicon Valley Bank ("SBV") and Signature Bank ("SNY"), liquidity issues at Credit Suisse, government responses and resulting investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, making it more difficult for us to acquire financing on acceptable terms or at all. Although Cellebrite did not have deposits at risk at any of the failed institutions, any material decline in available funding or our ability to access our cash and cash equivalents could adversely impact our ability to meet our operating expenses, have a material adverse effect on our financial condition, as well as our ability to continue to grow our operations.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We have acquired and may acquire other companies and intangible assets, and we may not realize all the economic benefit from those acquisitions, which could cause an impairment of goodwill or intangibles. We review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill for impairment at least annually. If such goodwill is deemed to be impaired, an impairment loss equal to the amount by which the carrying amount exceeds the fair value of the assets would be recognized. Events which might indicate impairment include, but are not limited to, declines in stock price market capitalization or cash flows, adverse cost factors, deteriorating financial performance, strategic decisions made in response to economic, market and competitive conditions, the impact of the economic environment on us and our customer base, and/or relevant events such as changes in management, key personnel, litigation or customers.

We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, which would negatively affect our results of operations.

Our provision for income taxes and effective income tax rate may vary significantly and may adversely affect our results of operations and cash resources.

Significant judgment is required in determining our provision for income taxes. Various internal and external factors may have favorable or unfavorable effects on our future provision for income taxes, income taxes receivable, and our effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, results of audits by tax authorities, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, the impact of transactions we complete, future levels of research and development spending, changes in the valuation of our deferred tax assets and liabilities, transfer pricing adjustments, changes in the overall mix of income among the different jurisdictions in which we operate, and changes in overall levels of income before taxes. Furthermore, new accounting pronouncements or new interpretations of existing accounting pronouncements, and/or any internal restructuring initiatives we may implement from time to time to streamline our operations, can have a material impact on our effective income tax rate.

Tax examinations are often complex as tax authorities may disagree with the treatment of items reported by us and our transfer pricing methodology based upon our limited risk distributor model, the result of which could have a material adverse effect on our financial condition and results of operations. Although we believe our estimates are reasonable, the ultimate outcome with respect to the taxes we owe may differ from the amounts recorded in our financial statements, and this difference may materially affect our financial position and financial results in the period or periods for which such determination is made.

We are subject to anti-corruption, anti-bribery, and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines, harm our reputation, and significantly adversely affect our business, financial condition, results of operations, and growth prospects.

We are or will be subject to anti-corruption, anti-bribery, anti-money laundering and financial and economic sanctions laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the FCPA, the U.K. Bribery Act 2010, and other domestic or foreign anti-corruption laws and regulations. The FCPA and the U.K. Bribery Act 2010 prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents and intermediaries, from corruptly offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. The U.K. Bribery Act also prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. A violation of these laws or regulations could materially adversely affect our business, results of operations, financial condition and reputation.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and an investment in our securities.

Our pricing structures for our solutions may change from time to time.

In some cases we offer our solutions at a higher price point than many of our competitors, and this may change in the future. We expect that we may change our pricing model from time to time, including as a result of competition, global economic conditions, general reductions in our customers' spending levels, pricing studies, or changes in how our solutions are broadly consumed. Similarly, as we introduce new solutions, or as a result of the evolution of our existing solutions, we may have difficulty determining the appropriate price structure for our solutions. In addition, as new and existing competitors introduce new solutions that compete with ours, or revise their pricing structures, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, as we continue to target selling our solutions to larger organizations, these larger organizations may demand substantial price concessions. In addition, we may need to change pricing policies to accommodate government pricing guidelines for our contracts with federal, state, local, and foreign governments and government agencies. If we are unable to modify or develop pricing models and strategies that are attractive to existing and prospective customers, while enabling us to significantly grow our sales and revenue relative to our associated costs and expenses in a reasonable period of time, our business, financial condition, and results of operations may be adversely impacted.

If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the listing standards of Nasdaq. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We may also need to improve our internal control over financial reporting. Some members of our management team have limited or no experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies, and we have limited accounting and financial reporting personnel and other resources with which to address our internal controls and related procedures, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act that we will eventually be required to include in our annual reports filed with the SEC. We may need to hire and successfully integrate additional accounting and financial staff with appropriate company experience and technical accounting knowledge. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, we may identify in the future deficiencies in our controls. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our securities. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on The Nasdaq Stock Market LLC.

Our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and results of operations and could cause a decline in the price of our securities.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes appearing elsewhere in this Annual Report. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed in "Part II, Item 5. Operating and Financial Review and Prospects—E. Critical Accounting Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses. Significant estimates and judgments involve: revenue recognition; contract acquisition costs; valuation of our ordinary shares, Price Adjustment Shares and share-based compensation; fair values of assets acquired and liabilities assumed in connection with the Merger; and income taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our securities.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were incorporated on April 13, 1999 as a private limited liability company under the laws of the State of Israel. We are registered under the Israeli Companies Law as Cellebrite DI Ltd., and our registration number with the Israeli Registrar of Companies is 51-276657-7.

We are domiciled in Israel and our registered office is currently located at 94 Shlomo Shmelzer Road, Petah Tikva 4970602, Israel, which also currently serves as our principal executive offices, and our telephone number is +972-(73) 394-8000.

On April 8, 2021, we entered into the Merger with TWC, a publicly listed special purpose acquisition company and Merger Sub in the USA. On August 30, 2021, the Merger was consummated and Merger Sub merged with and into TWC, the separate corporate existence of Merger Sub ceased and TWC became the surviving corporation and a wholly-owned subsidiary of Cellebrite. The security holders of TWC became security holders of Cellebrite (the transactions consummated are referred to herein as the "Merger").

Our capital expenditures amounted to $6.9 million, $5.1 million and $6.2 million during the fiscal years ended December 31, 2022, 2021 and 2020, respectively, primarily consisting of expenditures related to property and equipment. For information on the Company's current capital expenditures, see "Part I, Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources."

We are subject to certain of the informational filing requirements of the Exchange Act. Our SEC filings are available to you on the SEC's website at www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (including, in our case, our annual reports on Form 20-F, our reports of foreign private issuer on Form 6-K, any amendments to these reports, as well as certain other SEC filings). We also make available on our website, free of charge, all such SEC filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is https://www.cellebrite.com. The references to the SEC's and our website are inactive textual references only, and information contained therein or connected thereto is not incorporated into this Annual Report. Since we are a "foreign private issuer," we and our officers, directors and principal shareholders are exempt from certain rules and regulations under the Exchange Act. For more information, see "Part I, Item 10. Additional Information—H. Documents on Display."

B. BUSINESS OVERVIEW

Our Mission

Our mission is to support our customers in their efforts to protect and save lives, accelerate justice and preserve privacy in global communities.

Overview

Cellebrite is a leading provider of DI suite of solutions, comprising of software and services that we deliver to our customers for use in legally sanctioned investigations. Our approximately 7,000 customers are federal, state and local agencies as well as enterprise companies and service providers.

Our DI suite of solutions allows our customers to collect, review, analyze, and manage digital data across the investigative lifecycle. Our DI suite of solutions extracts digital data, delivers the data as digital evidence, and makes the evidence actionable. Our solutions are utilized in millions of investigations globally. Our solutions are used in a variety of cases including child exploitation, homicide, anti-terror, border control, sexual crimes, human trafficking, corporate security, intellectual property theft, and civil litigation. The cornerstones of our DI suite of solutions span across the entire investigation lifecycle. Our Collect & Review solutions enable first responders, examiners and investigators to accelerate the time required to develop actionable evidence by capturing and processing data from most types of digital sources with respect to legally sanctioned investigations. Our investigative analytics solutions help investigative teams obtain AI-based insights on fused data, delivered in a digestible manner. Our Investigation & Evidence Management solutions provide a centralized suite of solutions to manage the investigation workflow and data across investigative functions more efficiently, breaking down silos and enabling effective collaboration.

We modernize the entire investigation lifecycle for police departments, public defenders, armed services, legal and corporate security which leads to accelerated investigation speeds and increased crime clearance rates, which helps earn higher community confidence, and enables preservation of data privacy and protection of intellectual property and corporate assets. We offer customers tools that are designed to support efforts to comply with applicable data privacy rules, including limiting data extraction to the time of an investigation and enabling them to implement access management protocols so that data is only visible to users authorized by our customers. Because so much evidence originates from digital sources, digital evidence can be extremely important in bringing justice. For example, in a case investigated in late 2022, 50 Gigabytes of Child Sexual Abuse Material (CSAM) stored on Cloud Storage was obtained (backed by an appropriate search warrant) and reviewed by a customer through the use of Cellebrite solutions. The use of Cellebrite technology assisted the customer, a police department, in making an arrest. In another case, a violent felon was sentenced to a U.S federal prison for drug trafficking and gun crimes through the assistance of data retrieved by the government agency customer using the Cellebrite Collect & Review solutions. Searching for this digital evidence manually would have been much more time consuming and difficult in terms of locating the appropriate information. Without the digital intelligence tools of our solution suite, evidence of this criminal activity may never have been identified.

Digital data has changed the way cases are managed and prosecuted. Investigations may be slower and may not identify relevant materials without the right tools to collect, review, analyze and manage digital data sources. Without the right tools, collection and review of digital evidence is manual and lacks scalability. Investigative analytics of disparate data without use of artificial intelligence (“AI”) to fuse, enrich and classify evidence are unable to generate insights. This lack of insights results in investigation teams wasting time trying to dissect tangible insights from deep pools of data. Investigative management is restricted by compliance, governance, and regulation which force investigators into one-on-one communications and printing of files or utilization of thumb drives that are physically delivered by police. The resulting investigation process is ineffective and may introduce data privacy, security and other risks. Due to these inefficiencies, the average investigation backlog is three months and crime clearance rates remain low[1], resulting in significant amounts of criminals remaining on the streets.

We deliver a world class leading DI suite of software solutions to manage DI in legally sanctioned investigations. Our technology enables faster data collection, review, fusion and enrichment for smarter analysis. It provides the ability to manage and collaborate efficiently across different investigative functions.

Our Suite Of Solutions:

Collect & Review. Our Collect & Review solutions enable full or selective extraction of data from major types of digital sources, preservation, analysis and reporting of evidence which include but are not limited to smartphones, feature phones, tablets, computers, the cloud, open source information, GPS devices, memory sticks, drones, and call detail records ("CDRs") as well as from other sources like the web, deep web and dark web with respect to legally sanctioned investigations. We decode and normalize the data enabling relevant stakeholders to review and validate relevant findings.

Investigative Analytics. Our Cellebrite Pathfinder enables intelligent analysis of data, supporting different crime types, different use cases and different personas, which helps lab practitioners, analysts, investigators, prosecutors and agency management gain insights in a digestible manner and solve the respective case. We fuse and enrich data from disparate sources related to a crime or incident and connect multiple types of evidence from multiple sources that cover the major dimensions of crime. For example, for a crime committed on a city street, our Pathfinder allows the relevant agency to bring together smartphone data, vehicle infotainment data, GPS devices data, license plate data from license plate recognition systems, CDRs from the cellular network and closed-circuit television footage from a nearby building, to provide more comprehensive investigation data on a "single pane of glass."

Investigative Management Solutions. Our Cellebrite Guardian SaaS solution is a centralized management tool that allows our customers to store data securely in the cloud, optimize communications across teams, enable collaboration and save valuable time and resources. Our technology digitizes and optimizes the investigation process for investigative teams globally.

Our approximately 7,000 customers include approximately 5,300 federal, state and local agencies as well as approximately 1,700 corporations and service providers. Our go-to-market strategy is targeted and customized to fit each of our addressable markets, using a mix of direct sales force and resellers. We are focused on new customer acquisition as well as on expanding relationships with our existing customers, by focusing on introducing our full suite of solutions, expanding sales volumes, and cultivating new buying centers. We further seek to acquire new buying centers within our public sector accounts by targeting investigation departments' decision makers who are accountable for more strategic, transformational implementations of modernized investigative workflows.

Industry Background

Public sector investigations substantially rely on traditional, manual processes and workflows, which are slow and typically conducted in silos. Law enforcement agencies often are challenged with the amount of cases involving digital evidence, the variety of digital sources as well as data types resulting with backlogs and low crime clearance rates.

The main challenges that public sector investigations and law enforcement agencies often face are further described below.

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[1] According to Statista's database (https://www.statista.com/statistics/194200/crime-clearance-rate-in-cities-in-the-us/).

Evidence collection is inefficient. Collection of evidence is conducted at the individual level and lacks uniformity; it relies on independent and unaudited solutions which often times requires the printing of thousands of pages of hard copy documents and interacting with disparate, disjointed systems.

Data analysis is ineffective. Data and physical evidence are processed and analyzed by investigative teams through the physical review of printed and digital evidence, and managed on standard, unspecialized productivity tools that lack investigation mission-specific features. Data is stored on local hard drives, which have limited useful life and are complex to search. This results in slow and cumbersome first responses and a process which tends to be manual as well as error-prone and lacks integration.

No consistent solution for investigative management. Limited technology and resources contribute to frequent disconnection between teams and departments. The overload of information and lack of collaboration makes it difficult to bring effective justice to communities. Further, the lack of permissions and access control mean that the wrong team members may have access to private data.

Based on our 2022 Global Industry Trends Survey results, we believe that in the past decade, digital data has become an important source of evidence used to solve crimes. Cellebrite's 2022 Global Industry Trends survey found that 63% of criminal cases include digital evidence as part of the investigation and that 66% of respondents agree that digital evidence has overtaken physical evidence in its significance to solving cases. Additionally, our customers responded that 81% of agency managers believe the likelihood of case closure grows when digital evidence is available. We also found that 74% of agency managers agree or strongly agree that prosecutors feel more confident when digital evidence is available. Of the investigators surveyed, 95% of them agree or strongly agree that digital evidence significantly increases case solvability. Our survey data consisted of results from approximately 2,000 respondents from 119 countries with respondents accessed via customer emails, online promotions and social media. Survey data included information from investigators, forensic examiners, prosecutors and agency management. Smartphones contain emails, communications, apps, and geographic data, as well as pictures and video content. Laptops and desktops contain files, emails and web browsing history. GPS devices, drones, and secure digital ("SD") cards capture unique, actionable data. Vehicle infotainment systems contain driving routes, location and communication data. Social media, web storage and web mail contain media, files, and communication data.

Cellebrite believes that these investigation problems are also prevalent in the private sector. Based on our experience, pain points exist across many use cases including eDiscovery and internal investigations in enterprise corporations, and service providers that provide critical solutions for litigation support, corporate investigations, security, and compliance. Intellectual property protection remains a concern for companies of all sizes. Moreover, eDiscovery plays an important role in litigation. Separately, behavior of employees on corporate networks and digital devices remains a top focus for enterprise security and compliance teams. Cellebrite's 2023 Global Enterprise Solutions Industry Trends survey found 70% of eDiscovery professionals say accessing data from offsite mobile devices is a major endpoint collection problem, 63% of eDiscovery professional say accessing data from WhatsApp, WeChat and Telegram is a major endpoint collection problem and 56% of eDiscovery professionals say collecting data from employees working remotely is a major endpoint collection problem The data was gathered from 550 eDiscovery professionals and corporate investigators in 45 countries,

Over time, we have observed the following three trends in private sector DI:

Remote collection. Remote collection is a growing customer pain point, mainly for mid-to-large size enterprises. Due to COVID-19, beginning in March 2020, enterprises experienced a massive shift of people towards working from home. Historically, collections were carried out on site and involved travel of expert teams. COVID-19 safety and health measures changed this reality and created a need for remote collection capabilities.

Advanced processing and analytics. Traditional digital data review is labor intensive and expensive for investigative units. It is being replaced by advanced processing and investigative analytics. In addition, judges want to get the relevant data quicker. Early case assessment has become more necessary to provide more focused, relevant and narrow results in the review phase.

In-house investigations. Large corporations are more likely to handle investigations in house rather than hiring third party investigators and need to be equipped with tools to collect, review, analyze and manage data with respect to legally sanctioned investigations.

The Cellebrite DI Suite of Solutions

Our solutions help organizations collect, review, analyze, and manage digital data and processes across the entire investigation lifecycle with an end-to-end DI suite of solutions transforming investigative workflows and helps our customers create a safer world with respect to legally sanctioned investigations.

Collect & Review

Digital evidence can be the most important source of information in modern investigations. However, access to data is a significant barrier. Cellebrite's Universal Forensic Extraction Device ("UFED") has become a market leader in investigations based on its level of customer penetration. Cellebrite UFED is used by approximately 5,300 public sector and 1,700 private sector customers representing the largest installed base of Collect & Review tools in the DI space. UFED enables collecting, decoding and preserving data with respect to legally sanctioned investigations from over 31,000 different digital device profiles. UFED addresses problems in accessing digital information including complicated device locks, encryption barriers, deleted and unknown content and other obstacles that can prevent critical evidence from coming to light. It is the tool of choice for approximately 40,000 individuals. Key features of UFED include:

- Unlocking devices with pattern, password or PIN locks and overcoming encryption challenges quickly on Android and iOS devices.
- Providing access to data by performing logical, file system and physical extractions.
- Unsurpassed recovery methods through exclusive bootloaders, automatic EDL (Emergency Download) capabilities, smart ADB (Android Debugging Bridge) and more.
- Supports the broadest range of devices including mobile phones, tablets, drones, SIM cards, SD cards, GPS devices and others.

Our Collect & Review includes a multitude of solutions, other than the UFED, such as:

- Premium is an industry leading advanced access solution, providing unlock and extract capabilities for most iOS and the leading Android devices. Premium has become a prominent solution among public safety customers, providing lawful access to locked and encrypted devices. The solution provides deep access to devices and data that are not available in alternative solutions.
- Premium Enterprise is our Premium product tailored for extended use by multiple teams and individuals in large and geographically distributed public safety customers, by enabling end units to consume advanced access capabilities remotely.
- Physical Analyzer helps decrypt, decode, review, analyze and validate digital data quickly from mobile devices, computers, GPS devices and more. It also generates court-ready reports.

- Inspector provides comprehensive analysis of Windows and Mac devices, including decoding of computer volumes, advanced search, filtering and reporting.
- Endpoint Inspector is a cloud first remote collection solution for computer and mobile devices, enabling corporations to securely access, review and analyze remote computers whether the employees are on or off the corporate network.
- UFED Cloud extracts, preserves and analyzes cloud-based content from the public and private-domain, such as social media data, instant messaging, file storage, web mail, and web pages.
- Frontliner is a mobile application that empowers field officers to selectively collect digital evidence at the scene, helping solve cases faster by capturing incident written details as well as photos, video and audio.
- Responder is a simplified software solution that provides real time data extraction for investigative field teams on a wide range of digital devices.
- Seeker creates seamless workflow for managing video evidence including extracting various formats and providing visual analysis tools to process and review long recordings.
- Digital Collector is a forensic imaging solution that performs triage, live data acquisition, targeted data collection for Windows and Mac computers.
- Reader is an intuitive DI report viewer targeting investigators and prosecutors as they review and prepare material for court. It allows customization and generation of multiple report formats.

Investigative Analytics

With a growing variety of digital devices and cloud sources producing volumes of highly valuable data, investigative teams need intuitive tools to leverage critical sources of information when resources and time are limited.

The *Cellebrite Pathfinder* helps investigators reach conclusions faster through automated data ingestion, normalization, consolidation, and visualization of a suspects' journey across their complete digital signature. Pathfinder eliminates time-consuming and manual review of digital data. It is a force multiplier that uses AI and machine learning ("ML") algorithms to automatically surface formative leads and actionable insights from every bit and byte of digital data during the early hours of an investigation.

A variety of personnel work together on resolving cases, from the examiner in the lab to the analyst and investigator which can result in faster investigative conclusions. The *Cellebrite Pathfinder* can be used by individuals, teams and the entire investigations organization.

Cellebrite also offers *CryptoCurrency Investigative Solutions* which analyze blockchain transactions together with related data from an extensive list of sources to identify and categorize wallets and transactions.

Additionally, Cellebrite offers the OSINT Investigate solution, used to search, resolve and enrich identifiers in open sources.

Investigative Management

Agencies are expanding extraction capabilities in the lab and in the field in response to the growing volumes, complexity and importance of digital evidence. This requires better ways to oversee how DI solutions are deployed and utilized.

The *Cellebrite Guardian* is a cloud-based digital investigative data and evidence management SaaS solution that allows users to manage, store, share and review investigative data and evidence from intake to creation of a final report. The *Cellebrite Guardian* key features include:

- Secure management of all types of evidence - no matter the source - in one comprehensive system.
- Advanced report generation.
- Instant, auditable evidence & report sharing with user and permission control.
- Customizable cloud-based system.

The *Commander* enables collaboration across investigation functions to reduce manual processes. It centrally manages deployed licenses, permissions and access control. Key features are as follows:

- Enables software version control across users.
- Provides dashboards and end-to-end visibility for investigation stakeholders.
- Provides standard operating procedure ("SOP") enforcement.

Services

Cellebrite Services helps organizations adopt and utilize DI technologies to evolve investigative workflow processes and connects between solution acquisition, deployment and a successful operation.

Our team of experts supports organizations to enable success at every stage of adopting new digital intelligence technology - from integration through implementation and ongoing optimization.

Our main Services Offering:

- Training Academy – Backed with years of hands-on experience, the Cellebrite team of trainers delivers training and certification programs to investigation practitioners, setting the industry standard for ongoing development and education.
- Advanced Services – Cellebrite's expert team serves as an extension to customer digital forensics lab teams, providing advanced services in Cellebrite's Global Lab facilities, as well as outsourcing capabilities to help organizations deal with technological and operational workload.

Private Sector

In the private sector, our solutions are available to corporations, service providers and law firms with respect to legally sanctioned investigations. Our solutions help identify, process and protect data and information for purposes of litigation support, internal investigations, compliance and corporate security in cases like eDiscovery collection, Corporate Investigation and Incident Response.

Our combined mobile, computer and cloud expertise serves as a force multiplier to expand our market presence and acquire new customers in the enterprise environment. Since March 2020, COVID-19 protocols have forced many employees to work remotely, but the need to access data held on employee devices has not changed. As many customers and potential customers did not fully return to office work, we have seen an increase in use cases for remote collection needs, as customers cope with fully or partially remote workforce.

Competitive Strengths

- **Entrenched install base**
  - As of December 31, 2022, we had approximately 7,000 customers in total and according to our estimates, approximately 54% share of the Mobile Forensics Collect & Review public market today, which allows us an opportunity to introduce new solutions, such as our investigative analytics and management software solutions into our solid install base of Collect & Review customers.
  - The value of the install base is supported by the near zero percent gross churn among strategic accounts and our 130% recurring revenue dollar-based net retention rate among our install base, as of December 31, 2022.
  - Our tools have become core to agency workflows, as a result, we have many long term customers who recommend our solutions to other agencies as well as examiners, investigators and analysts who bring our solutions to new agencies when transferring employment.
- **Deep vertical expertise**
  - We have over 10 years of experience developing and refining our DI suite of solutions.
  - Our employees' expertise builds upon their years of experience in working for government agencies. More specifically, approximately 9% of our employees have previously worked for police, military or intelligence agencies.
  - Our extensive industry knowledge and expertise enables us to understand our customers' requirements to solve their most painful challenges. The solutions we provide enable our customers to quickly access and analyze digital data then package and share the data in a manner that can be used effectively as digital evidence in legally sanctioned investigations.
- **Strength of DI Suite of Solutions**
  - We have a combination of technology and suite of solutions that allow customers to successfully manage the investigative workflow in a digital era. Globally, agencies have adopted our DI suite of solutions to strengthen their investigative approach and promote digital transformation within their teams.
  - We provide an end-to-end DI suite of solutions, purpose-built for the entire digital investigation lifecycle. Our proprietary world-class technology overcomes encryption and bypasses locked devices for digital evidence collection with respect to legally sanctioned investigations. Our AI-based investigative analytics solution fuses, categorizes and enriches data to streamline the investigation and help investigators solve crime faster than when using traditional means. Our centralized investigative management tool - the Guardian - enables effective collaboration across investigation teams.
  - We have broad support for over 31,000 physical and virtual device profiles across mobile, laptop, computers, memory containers, applications, CDRs, etc. Today, the velocity of software updates creates a significant barrier for new entrants to the market. Our best-in-class research and development team runs a disciplined software update

protocol which delivers updated Cellebrite software within sometimes as little as days of major operating system update releases.

- **Global investigation standard**
  - Our collect, review, analyze, and manage solutions produce high quality, digestible reports that have become a standard in digital forensic investigations and legal processes with respect to legally sanctioned investigations.
  - Our reports are accepted in court systems globally, as evidenced by their use across hundreds of thousands of trials. By the end of 2022, approximately 52,800 certifications were earned through our training department.

Given these competitive strengths, we believe we are well positioned to provide the end-to-end investigative suite of solutions to public sector agencies.

Expansion within the existing customer base in the public sector

Through our go-to-market, we land customer relationships with Collect & Review solutions like UFED. We have a proven track record of cross-selling additional solutions into our customer base. This is evidenced by our 130% recurring revenue dollar-based net retention rate as of December 31, 2022, in addition to the increase in the proportion of our largest customers using four or more solutions. We believe this reflects the substantial potential for growth within our existing customer base.

Innovative new solutions

We plan to develop future solutions to capture additional revenue opportunities within our customer base and with new customers. With over a decade of investigative analytics experience, we are building a broader family of investigative analytics solutions that apply to new use cases and accelerate the investigation process. In development are the next stages of management solutions built to optimize workflows in investigations.

Subscription and Cloud/SaaS

Subscription licenses comprised 80% and 74% of our revenue for the year ended December 31, 2022 and December 31, 2021, respectively and we plan to continuously increase our subscription business year over year. We see gradually increasing demand from the market for SaaS and in the next five years we anticipate extending our DI suite of solutions with new SaaS offerings, some of which may include AI/ML technology.

Private sector growth and transition of enterprise solutions

We are investing in introducing new enterprise customers, expanding within existing enterprise customers, and growing annual revenue per customer (“ARPC”) among our private sector customers. Historically, the private sector has utilized our solutions for eDiscovery through our Collect & Review solutions like UFED and Inspector. Our research shows there is a need beyond Collect & Review for processing and early case assessment. We will continue to address customer pain points and promote new use cases, which include:

- The growing need for remote collection of Electronically Stored Information (ESI) introducing the first combined remote mobile and computer collection solution.
- Investigation of the possible infringement of patents at large pharmaceutical companies.
- Resolution of corporate security incidents in large corporations.
- Investigation of possible IP theft within retail and manufacturing industries.

Selective strategic acquisitions

We maintain a disciplined approach to strategic tuck-in and bolt-on acquisitions that complement our technology and accelerate time to market. We utilize strategic acquisitions to expand our addressable market, accelerate revenue growth, broaden customer base and deepen existing customer relationships, and allow accelerated growth of our subscription and SaaS business.

Customers

We primarily sell to global government agencies, many of which help protect and save lives, accelerate justice and preserve privacy in global communities. We also sell to corporations in the private sector. Our customers often start with one of our solutions, for example UFED, and increase their expenditures on additional solutions over time as value is realized, which we believe demonstrates customers' loyalty.

Our customers fall into one of three categories: strategic public, prime public and private sector.

Strategic public accounts are government agencies with capacity for larger annual contract values and represent approximately 250 to 300 customers today. These are large federal agencies and large state and city agencies that have the potential to generate over $1,000,000 in revenue over a three-year period.

Prime public accounts are typically small to mid-size agencies such as state or local agencies. Mid-sized prime public accounts have the potential to become strategic public accounts.

Private accounts are typically large corporations, service providers, academic organizations and law firms.

As of December 31, 2022, our total customers were approximately 7,000. No organization accounted for more than 5% of 2022 revenue. Our top 25 customers accounted for 24% of total 2022 revenue.

Go-to-market

We target government agencies, including, in the U.S., federal, state and local agencies as well as enterprise companies and service providers. Over time, we see more public agency budgets being diverted to DI to make digital investigations more effective and efficient, in support of public safety efforts.

We utilize a combination of direct sales force and resellers to reach customers. Strategic account executives and prime account representatives manage materially all of the customer relationships directly. We often sell to decision makers in public safety, which often include the chief of investigations or the head of investigations and intelligence or the head of the lab. In smaller prime accounts we sell to digital forensics labs, experts as well as police chiefs. In the private sector, we mainly sell to internal security or investigation groups or eDiscovery groups within enterprises and to service providers. For our reseller operations, we often utilize resellers for government agency procurement where direct sales opportunities do not exist or where the government requires local vendors due to local restrictions. We calibrate our sales and marketing activities based upon the size of the customer and whether the opportunity is to engage an existing customer or a new customer. Our top strategic accounts have dedicated Cellebrite account executives, while other, prime accounts are managed by a sales manager or inside sales representative. Account executives are focused on expanding relationships with our top customers, and on customers' new buying centers. Sales managers and inside sales representatives are focused on expanding the sales volume with public sector prime accounts while our account representatives in the private sector are focused on new customer acquisition and expanding sales volume within existing accounts.

For existing customers, we highlight the value we bring to them currently while introducing the value and advantages they can derive from using additional or new solutions in our portfolio. We provide educational and awareness vehicles that drive greater understanding of how to maximize existing Cellebrite tools and solutions utilizing relevant channels such as our online customer community and vehicles like our in-person and virtual workshops, our 'Capture the Flag' contests, our 'I Beg to DFIR' webinars and our "Ask the Expert" video and webinar series. We continue to engage our customers in a shared vision of achieving their desired outcomes through our technology and services while introducing ancillary solutions that enhance and expand their current capabilities with our technology utilizing self-selection and assessment tools such as the DI Readiness Navigator and interactive case studies delivered virtually or in-person through our Cellebrite Envisioning Centers. We continue to provide relevant thought leadership content that highlights feedback and input from experts and their peers around "what's now and what's next" in digital transformation that could be used to improve and accelerate their investigative workflow.

For new customers, Cellebrite leverages channel and content mixes to target specific needs and interests through focused methodologies and tactics. Typically, we utilize a layered approach with each channel and the corresponding messaging that build on and complement one another, resulting in a demand offer that is meant to be compelling and relevant to their needs. We also measure the impact and performance of these efforts and make adjustments accordingly, including whether to channel, content, message and/or offer.

Cellebrite conducts a fairly low volume of its business via e-commerce, and our e-commerce system is available only to customers who have a valid license to use Cellebrite's solutions. For more information regarding our e-commerce system, see – "Part I, Item 3. Key Information —D. Risk Factors — Risks Related to Cellebrite's Business and Industry — We conduct a fairly low volume of our business via e-commerce, which may result in the purchase process being more difficult for customers compared to other businesses"

For a breakdown of our revenues by geography, see Note 16 to our consolidated financial statements in "Part III, Item 18. Financial Information."

Competition

We primarily compete with point solutions across functions and markets. Some competitors have a specialty in investigations, while others are primarily analytics tools; however, consolidation in the industry has led to competitors providing a broader range of solutions.

In public safety, we compete with government independent software providers such as: Exterro, Harris (i2), GrayShift, Magnet Forensics, Motorola, MSAB, NICE, Nuix, and OpenText. In the public sector, decision making is a result of a discovered need, the relationship, brand equity, the quality of the solution provided and the perceived level of service. Digital transformation processes are typically driven by senior leaders of an agency and require broader alignment and longer cycles for budget allocation.

Demand for extension of existing solutions may either come from operational level or from agency leaders and is typically a shorter cycle.

In the private sector, we compete with vertical software providers such as: Exterro, Magnet Forensics, Nuix, and OpenText. Private sector service providers are typically return-on-investment driven and will decide to acquire our solutions when there is a financial justification for the investment. The drivers for enterprise customers are: operational readiness, compliance, prevention and mitigation of incidents and improving existing operation by introducing effective solutions.

Our competitors offer products similar to our Collect & Review solutions generally with diversified capabilities and different price points. Some customers have decided to purchase both our solutions and a competitor's products for verification purposes. However, these customers may later decide to terminate their use of a second product, potentially ours, depending on how they perceive our product, its pricing and capabilities, compared to that of our competitors'. Our Investigative Analytics solutions, such as Cellebrite Pathfinder, currently face relatively limited competition, although we believe this could change in the future as the increase in data volumes attract analytics-driven competitors. Our main Investigation & Evidence Management solution, Guardian, addresses a growing trend to manage digital evidence in a SaaS delivery model. Our OSINT Investigate solution is introduced to a business segment with a low barrier of entry and several existing competitors, while each provide some specific expertise. OSINT Investigate's market is shared with several different companies, with no significant company dominating the market.

License Terms

The license to use our products is granted to customers on a non-transferable, subscription basis usually for an authorized number of users. The license contains customary undertakings from customers and additionally requires them not to use the software in violation of applicable laws (including laws with respect to privacy and other human rights and the rights of individuals), any human rights standards and best practices including internationally recognized human rights instruments, such as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Labor Organization Declaration on Fundamental Principles and Rights at work, or in support of any illegal activity or to violate the rights of any third party. We may terminate any license, among other things, in the event of a material breach that is not cured after 30 days' notice. In addition, we may disable the use of our software, among other things, if it is determined that our products were used in violation of the license or applicable laws.

Regulations

We are subject to, and are required to comply with applicable laws and regulations on import and export controls, sanctions, privacy, data protection and employment, among others, in territories the company operates and sells its solutions.

Sanctions and Export Controls

We are subject to Israeli regulations controlling the export of encryption technology. The Wassenaar Arrangement is a multilateral export control regime with 42 participating states. Although Israel is not a party to the Wassenaar Arrangement, it has adopted the Wassenaar Arrangement List of Dual Use Goods and Technologies and the goods and technologies listed therein are subject to Israeli export control laws and regulations. However, cryptography that is subject to Israeli encryption control laws is not regulated under the Israeli export control regime, even where its capabilities would otherwise place such cryptography within Part 2 of Chapter 5 of the Wassenaar Arrangement Dual Use List which relates to Information Security. Israeli law instead subjects such cryptography goods and technologies to its own encryption control regime, which includes export restrictions. Certain of our products are therefore currently subject to the Israeli encryption control regime and not to the Israeli export control laws vis-à-vis the Wassenaar Arrangement. Our export license under the Israeli encryption control regime prohibit us from exporting our controlled products to customers in certain countries and require us to obtain the consent of the Ministry of Defense to export controlled products to customers in certain other countries. We understand that these restrictions are based, among other things, on both considerations of national security and the Israeli government's assessment of the human rights record of the country in question.

In 2016, the Israeli Ministry of Defense published draft regulations proposing to cancel the existing encryption control regime and to bring Part 2 of Chapter 5 of the Wassenaar Arrangement into full force and effect in its place. In recent months, this effort was renewed and the regulator stated publicly its intention to advance this reform imminently. Section 5A(4)(b) of Part 2 of Chapter 5 of the Wassenaar Arrangement Dual Use List includes a new provision which (while not specifically stating) appears to apply to digital forensic technologies. If the reform will take place and the revised laws and regulations will come into effect, our solutions will become subject to the Wassenaar Arrangement dual use list as adopted by the State of Israel, and will likely be controlled under the Israeli Defense Export Control Law, 5767-2007 or the Import and Export Order (Export Control over Dual Use Goods, Services and Technology), 5766-2006, depending on the nature of the customer. For example, under the Defense Export Control Law, an Israeli company may not conduct "defense marketing activity" without a defense marketing license from the Israeli Ministry of Defense and, subject to certain marketing license exceptions, is subject to a licensing requirement from the Israeli Ministry of Defense for any export of controlled defense goods, services and/or know-how. The definition of defense marketing activity is broad and includes any marketing of "defense equipment, services and/or know-how" outside of Israel or to a non-Israeli (including within Israel) regarding controlled dual-use equipment, services and/or know-how. If this occurs and if we determine that this provision applies to some or all of our products, we may need to adapt our licensing, marketing and export practices to accommodate this regulatory change.

Various other countries in which we operate also regulate the import of certain encryption solutions and technology, including import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our solutions or could limit our customers' ability to implement our solutions in those countries.

Currently, some of our solutions are not subject to any export control laws. However, many countries where we operate update their export control laws and lists on a regular basis and, therefore, it is possible that some of these non-controlled solutions will become controlled. Such change in controls could limit our or our resellers' ability to distribute these solutions or limit our customers' ability to use these solutions.

Our activities may be subject to certain economic sanctions laws including the laws of the State of Israel and the United States, and we have adopted policies to ensure we remain compliant with such applicable regimes, laws and regulations. In addition, we have adopted policies and procedures to restrict sales in certain additional countries and to designated entities and individuals.

Even if we operate in full compliance with Israeli, US and other applicable laws, unlawful uses of our products by our clients, despite the risk mitigation mechanisms we have put in place to prevent this, may nevertheless occur and result in the designation of our company under sanctions lists.

Data Privacy

Our products are mostly used as an on-premise solution and are generally operated by our customers without our involvement. Nevertheless, our service operators occasionally have brief and limited access to customer data, including PII, when they receive calls for technical support. In addition, we may extract files containing customer data, including PII, in connection with the provision of our Advanced Services in which we serve as an outsourced lab for the extraction of data from devices that are sent to us by our customers. In both of those situations, we do not access or view customer data, maintain such data securely with limited access, and delete all such data following confirmation that the data has been received by the customer. As a result, for the purposes of the GDPR and the UK equivalent legislation, we are not considered to be a controller and serve as a processor in a number of circumstances, within the meaning of those terms under applicable data privacy laws.

Given the global nature of our operations, we are subject to a variety of local, state, national, and international laws and directives and regulations in the United States and abroad related to privacy and data protection, data security, data storage, retention, transfer and deletion, technology protection, and personal information.

The United States subjects companies to Federal and state laws and regulations regarding privacy and information security. California also recently enacted legislation, the CCPA, and follow-on legislation in the CPRA, which provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation Additionally, Colorado adopted the Colorado Privacy Act (“CPA”) in June 2021 and it will become effective on July 1, 2023. Utah also adopted the Utah Consumer Privacy Act (“UCPA”) in March 2022 and that will become effective December 31, 2023. Likewise, Connecticut enacted the Connecticut Act Concerning Personal Data Privacy and Online Monitoring (“CTDPA”) in May 2022 and most of which will become effective July 1, 2023. We expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States and other jurisdictions.

Outside of the United States, virtually every jurisdiction in which we operate has established its own legal framework relating to privacy, data protection, and information security matters with which we and/or our customers must comply. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, retention, disclosure, security, transfer, and other processing of data that identifies or may be used to identify or locate an individual. Some countries and regions have passed legislation that imposes significant obligations in connection with privacy, data protection, and information security, including the GDPR which became effective on May 25, 2018. We are required to comply with the GDPR and, following the exit of the UK from the EU, the UK equivalent, the implementation of which exposes us to two parallel data protection regimes in Europe, each of which impose several stringent requirements for controllers and processors of personal data and could make it more difficult to and/or more costly for us to collect, store, use, transmit and process personal and sensitive data. Non-compliance with the GDPR and the UK equivalent legislation may result in administrative fines or monetary penalties of up to 4% of worldwide annual revenue in the preceding financial year or €20 million (whichever is higher) for the most serious infringements, and could result in proceedings against us by governmental entities or other related parties and may otherwise adversely impact our business, financial condition, and results of operations.

Our operations also are subject to various laws and regulations governing the occupational health and safety of our employees and wage regulations, in each of the respective jurisdictions that we operate.

Intellectual Property

Our DI suite of solutions is based on proprietary software and related intellectual property rights. We rely on a combination of copyright, trademark and trade secret laws, as well as certain contractual provisions to establish, maintain, protect and enforce our intellectual property and other proprietary rights, including those relating to our technology and solutions. In addition, we license technology from third parties that is integrated into some of our solutions.

We own a number of registered trademarks, including "Cellebrite," "UFED" and other pending applications. Cellebrite also owns a number of domain names, including http://www.cellebrite.com.

Recent Acquisitions

Not applicable.

Legal Proceedings

See "Part I, Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings."

C. ORGANIZATIONAL STRUCTURE

The Company was incorporated on April 13, 1999 under Israeli Law and has subsidiaries in the United States, Germany, Singapore, Australia, Brazil, United Kingdom, France, Canada, Japan and India, which are listed below:

SUBSIDIARIES OF CELLEBRITE DI LTD.

Name of Subsidiary	Jurisdiction of Organization
Cellebrite Inc.	U.S. (Delaware)
Cellebrite GmbH	Germany
Cellebrite Asia Pacific Pte Ltd.	Singapore
Cellebrite Soluções de Inteligência Digital Ltda	Brazil
Cellebrite Digital Intelligence Solutions Private Limited	India
Cellebrite UK Limited	United Kingdom
Cellebrite Canada Mobile Data Solutions Ltd.	Canada
Cellebrite France SAS	France
Cellebrite Japan K.K.	Japan
Cellebrite Australia PTY Limited	Australia
BlackBag Technologies, Inc.	U.S. (Delaware)
Cellebrite digital Intelligence LP	U.S. (Delaware)
Cellebrite Saferworld, Inc.	U.S. (Delaware)

All subsidiaries are 100% owned by Cellebrite DI Ltd., except: Cellebrite Canada Mobile Data Solutions Ltd., which is 100% owned by Cellebrite UK Limited, BlackBag Technologies. Inc. which is 100% owned by Cellebrite Inc. and Cellebrite Digital Intelligence LP which is 99% owned by Cellebrite DI Ltd., and 1% owned by Cellebrite Inc.

D. PROPERTY, PLANTS AND EQUIPMENT

Our main offices are currently located in a 6,386 square meter facility that we lease in Petah-Tikva, Israel, where the premises are used for all aspects of our operations (except for our factory). Our lease for this facility initially expired on December 11, 2007 and was extended until May 15, 2026. We also lease a 1,445 square meters office space in Kiryat Malachi, Israel where the premises are used for our hardware factory. Our lease for this facility initially expired in June 7, 2018 and was extended until February 28, 2031.

In addition, we have offices in the following locations: Vienna, Virginia; Parsippany, New Jersey; Ottawa, Canada; Singapore; India; Canberra, Australia; Tokyo, Japan; Sao Paulo, Brazil; London, UK; Munich, Germany and Tel Aviv, Israel. Our offices support functions across sales and marketing, services, research and development, and operations and administration.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS

This operating and financial review should be read together with the section captioned "Selected Financial Data," "Part I, Item 4, Information on the Company—B. Business Overview" and our consolidated financial statements and the related notes to those statements prepared in accordance with U.S. GAAP and included elsewhere in this Annual Report. Among other things, those financial statements include more detailed information regarding the basis of preparation for the following information. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under "Part I, Item 3.D. Risk Factors" and elsewhere in this Annual Report, our actual results may differ materially from those anticipated in these forward-looking statements. Please see "Special Note About Forward-Looking Statements and Risk Factor Summary" in this Annual Report.

Overview

Cellebrite is a leading provider of DI solutions, delivering a suite of software and services for legally sanctioned investigations. Our mission is to support our customers in their efforts to protect and save lives, accelerate justice and preserve privacy in global communities. Our DI suite of solutions allows our customers to collect, review, analyze, and manage digital data across the investigative lifecycle. Our DI suite of solutions extracts digital data, delivers the data as digital evidence, and makes the evidence actionable. As of the date of this Annual Report, our solutions were utilized in millions of investigations globally. Our solutions are used in a variety of cases including child exploitation, homicide, anti-terror, border control, sexual crimes, human trafficking, corporate security, and civil litigation. For more information, see "Part I, Item 4. Information on the Company — B. Business Overview."

Our revenue was $270.7 million and $246.2 million for the years ended December 31, 2022 and 2021, respectively, representing a year-over-year increase of 10%. The increase in revenue period over period was driven by the following: (i) continued sales to existing customer base; and (ii) continuous adoption of our entire portfolio of offering.

Net income of $120.8 million and $71.4 million was incurred for the years ended December 31, 2022 and 2021, respectively, representing a period-over-period increase of $49.4 million. This growth primarily reflects the impact of the financial income from presenting the Company's Warrants, Restricted Sponsor shares liability and Price adjustment shares liability at their fair value. Our Adjusted EBITDA for the years ended December 31, 2022 and 2021 was $25.9 million and $47.9 million, respectively and reflects the company's investments in its Research and Development and Go To Market activities.

Acquisitions

See "Part I, Item 4. Information on the Company—B. Business Overview—Recent Acquisitions."

Investments

On June 17, 2019, IGP Saferworld Limited Partnership ("IGP"), an investment vehicle of IGP Capital, a venture capital firm based in Israel, invested $110 million in exchange for Cellebrite Preferred Shares, representing 24.4% of Cellebrite's outstanding ordinary and Preferred Shares at the time of the investment. Following the transaction, IGP appointed two directors to our board of directors. The investment agreement also defines certain exit events that IGP can enforce on the shareholders. At the closing of the Merger Agreement in August 2021 as described below, IGP's Cellebrite Preferred Shares were converted into Ordinary Shares. At the closing, IGP also waived its right to receive payment of the accrued preferred dividend and the right to appoint a total of two directors to our board of directors. Following the closing, IGP appointed one director to our board of directors.

Merger

On April 8, 2021, TWC, Cellebrite and Merger Sub entered into the Merger Agreement providing for, upon the terms and subject to the conditions thereof, the Merger between TWC and Cellebrite pursuant to which, among other things, Merger Sub merged with and into TWC at the Effective Time (as defined in the Business Combination Agreement), with TWC continuing as the surviving entity and as a wholly-owned subsidiary of Cellebrite. The Merger closed on August 30, 2021. The Merger was accounted for as a recapitalization, with no goodwill or other intangible assets recorded, in accordance with U.S. GAAP. Under this method of accounting, Cellebrite has been determined to be the accounting acquirer. The combined entity is the successor SEC registrant, meaning that Cellebrite's financial statements for previous periods will be disclosed in the registrant's future periodic reports filed with the SEC.

As a consequence of the Merger, the Ordinary Shares are registered under the Exchange Act and listed on Nasdaq, and we were required to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We have incurred, and expect to incur, additional annual expenses as a public company for, among other things, directors' and officers' liability and board of directors related expenses.

Coronavirus (COVID-19) Impact

In mid-March 2020, as a result of the COVID-19 pandemic, we moved our operations from our offices to a remote model, allowing employees to work from their homes. We were well prepared to implement a remote working schedule and our logistics continued operating with no substantial impact on deliveries to customers. Due to COVID-19, most of the communication with customers has been done remotely since 2020 and most of 2021. Yet, by leveraging our global presence, we have continued our sales activities in our main markets with the local sales teams, subject only to the local restrictions and not to global travel limitations. During that period, marketing activities were shifted from on-site events to virtual activities. The only offering which was substantially negatively impacted was the instructor-led training classes, as customers were slow to adopt to the remote learning offering.

As of May 2021 we saw a gradual return to in-person activities. In 2022 we returned to work from most of our offices in a hybrid model, and our customers returned to work from their offices, either entirely in-person or in a hybrid model. In 2022 our customer facing teams returned to conduct face to face meetings with customers, in-person marketing and sales activities, and other activities such as instructor-led training classes. For more information, see "Part I, Item 3. Key Information — D. Risk Factors."

Key Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, mainly driven by our ability to:

- ***Increase penetration within existing customers***. We plan to continue to increase penetration within our existing customers with our DI suite of solutions and by expanding the breadth of our suite of solutions capabilities to provide for continued up-sell and cross-selling opportunities across the DI suite of solutions and to new buying centers. We have seen increase in Annual Recurring Revenue ("ARR") and dollar-based net retention due to the broad use cases of our DI suite of solutions.
- ***Extend our technology and market leadership position***. We intend to strengthen our position as a market-leading DI suite of solutions through investment in research and development and continued innovation. We expect to focus on expanding the functionality of our DI suite of solutions and investing in capabilities that cater customer needs and mode of operation. Also, we are increasing our investment in SaaS and Cloud to address growing demand to consume DI solutions via these vehicles. Additionally, we plan to promote our offerings to address more private sector use cases. We believe this strategy expands our addressable market, enables new growth opportunities and allows us to continue to deliver differentiated high-value outcomes to our customers.
- ***Grow our customer base***. We intend to drive new customer growth in both the public sector, mainly with smaller accounts, as well as in the private sector by focusing on enterprise accounts and introducing offerings to address customers' needs (for example, our additional remote collection offering).

Key Metrics

In addition to our U.S. GAAP financial information, we monitor the following key metrics and non-GAAP financial measure in order to help us measure and evaluate the effectiveness of our operations:

	Year Ended December 31, 2022	2021
Annual recurring revenue (ARR)	$ 249	$ 187
YoY ARR Growth	33 %	36%
Recurring revenue dollar-based net retention rate	130 %	137 %
Adjusted EBITDA	$ 25.9	$ 47.9

Annual recurring revenue: ARR is defined as the annualized value of active term-based subscription license contracts and maintenance contracts related to perpetual licenses in effect at the end of that period. Subscription license contracts and maintenance contracts for perpetual licenses are annualized by multiplying the revenue of the last month of the period by 12.

Recurring revenue dollar-based net retention rate: Dollar-based net retention rate is calculated by dividing customer recurring revenue by base revenue. We define base revenue as recurring revenue we recognized from all customers with a valid license at the end of the equivalent quarter of the previous year. We define our customer revenue as the recurring revenue we recognized on the date of measurement from the same customer base included in our measure of base revenue, including recurring revenue resulting from additional sales to those customers.

Operating Income: Operating Income is calculated as Revenue less cost of revenue expenses and operating expenses.

non-GAAP Operating Income: Non-GAAP Operating Income is calculate as Operating Income plus issuance expenses, dividend participation compensation, share-based compensation expenses, amortization of intangible assets, and acquisition related costs.

The following table provides a reconciliation of our operating income to Non-GAAP operating income:

	Year Ended December 31,	
	2022	**2021**
	($ in thousands)	
Operating income	$ 1,044	$ 13,822
Issuance expenses	—	11,835
Dividend participation compensation	—	966
Share-based compensation expense	13,708	6,480
Amortization of intangible assets	2,826	1,971
Acquisition related costs	1,960	7,795
Non-GAAP operating income	$ 19,538	$ 42,869

Adjusted EBITDA: Adjusted EBITDA is calculated as net income plus financial income, tax (income) expense,depreciation expenses, amortization of intangible assets, issuance expenses, dividend participation compensation, share-based compensation expense, acquisition related costs.

The following table provides a reconciliation of our net income to Adjusted EBITDA:

	Year Ended December 31,	
	2022	2021
	($ in thousands)	
Net income	$ 120,805	$ 71,396
Financial income	(119,716)	(68,483)
Tax (income) expense	(45)	10,909
Depreciation expenses	6,368	5,036
Amortization of intangible assets	2,826	1,971
Issuance expenses	—	11,835
Dividend participation compensation	—	966
Share-based compensation expense	13,708	6,480
Acquisition related costs	1,960	7,795
Adjusted EBITDA	**25,906**	**47,905**
Adjusted EBITDA margin	10 %	20 %

We believe that the use of non-GAAP operating income and Adjusted EBITDA is helpful to investors. These measures, which the Company refers to as our non-GAAP financial measures, are not prepared in accordance with GAAP.

The Company believes that the non-GAAP financial measures provide a more meaningful comparison of its operational performance from period to period and offers investors and management greater visibility to the underlying performance of its business. Mainly:

- Share-based compensation expenses utilize varying available valuation methodologies, subjective assumptions and a variety of equity instruments that can impact a company's non-cash expenses;
- Acquired intangible assets are valued at the time of acquisition and are amortized over an estimated useful life after the acquisition, and acquisition-related expenses are unrelated to current operations and neither are comparable to the prior period nor predictive of future results;
- To the extent that the above adjustments have an effect on tax (income) expense, such an effect is excluded in the non-GAAP adjustment to net income;
- Tax expense, depreciation and amortization expense vary for many reasons that are often unrelated to our underlying performance and make period-to-period comparisons more challenging; and
- Financial instruments are remeasured according to GAAP and vary for many reasons that are often unrelated to the Company's current operations and affect financial income.

Key Components of Results of Operations

Revenue

Revenue consists of subscription, perpetual license and other, and professional services.

- *Subscription. Subscription* revenue is comprised of subscription services and term-license revenue. The subscription services revenue is the revenue that is recognized over the life of the subscription and the term-license revenue is what is immediately recognized upon the sale of an on-premise license. In connection with our term-based license and perpetual license arrangements, we generate revenue through maintenance and support under renewable subscription, fee-based contracts that include unspecified software updates and upgrades released when and if available as well as software patches and support. Customers with active subscriptions are also entitled to our technical customers' support.

- *Perpetual License and Other*. Perpetual license revenue reflects the revenue recognized from sales of perpetual licenses related to products. Perpetual license fees are recognized upfront assuming all revenue recognition criteria are satisfied. The license is installed on premise, mostly on customers' computers. Other revenue consists of revenue from usage-based fees and sale of hardware related to our offering.
- *Professional Services*. Professional Services consists of revenue related to: (i) certified training classes by Cellebrite Academy; (ii) our advanced services; (iii) implementation of our products in connection with our software licenses and (iv) on premise contracted customer success and technical support. The revenue of professional services is recognized upon the delivery of our services.

Cost of Revenue

Cost of revenue consists of cost of subscription, cost of perpetual license and other, and cost of professional services.

- *Cost of Subscription*. Cost of subscription revenue includes all direct cost to deliver and support subscription services, including salaries and related employees' expenses, allocated overhead such as facilities expenses, third party license fees, fees paid to OEMs, hosting, and IT related expenses . We recognize these costs and expenses upon occurrence.
- *Cost of Perpetual License and Other*. Cost of perpetual license and other revenue includes all direct costs to deliver perpetual license and other products, including HW costs, fees paid for third party products, materials, salaries and related employees' expenses, allocated overhead such as depreciation of equipment and IT related expenses, warehouse, manufacturing and supply chain costs. We recognize these costs and expenses upon occurrence.
- *Cost of Professional Service*. Cost of professional service revenue includes salaries and related employees' expenses, subcontractors and all direct costs related to services such as services materials, allocated overhead for depreciation of equipment, facilities and IT related costs. We recognize these costs and expenses upon occurrence.

Gross Profit and Gross Margin

Gross profit is revenue less cost of revenue, and gross margin is gross profit as a percentage of revenue. Gross profit has been and will continue to be affected by various factors, including our revenue mix, the selling price to our customers, the cost of our manufacturing facility, supply chain, hosting, salaries, other related costs to our employees and subcontractors and overhead. We expect that our gross margin will fluctuate from period to period depending on the interplay of these various factors.

Operating Expenses

Operating expenses consists of research and development, sales and marketing and general and administrative. The most significant components of our operating expenses are personnel costs, which is included in each component of operating expenses and consists of salaries, benefits, bonuses, stock-based compensation and, with regards to sales and marketing expenses, sales commissions.

- *Research and development.* Research and development expenses primarily consist of the cost of salaries and related costs for employees, subcontractors cost and depreciation of equipment. Our costs of research and development also include facility-related expenses, recruitment and training, information system licenses, hosting, support and others that contribute to the research and development operations. We focus our research and development efforts on developing new solutions, core technologies and to further enhance the functionality, reliability, performance and flexibility of existing solutions. We believe that our software development teams and our core technologies represent a significant competitive advantage for us and we expect that our research and development expenses will continue to increase, as we invest in research and development headcount to further strengthen and enhance our solutions
- *Sales and marketing.* Sales and marketing expenses primarily consist of personnel, marketing, sales and business development personnel, travel expenses, and commissions earned by our sales personnel. Our costs of sales and marketing also include facility-related expenses, recruitment and training, information system licenses, hosting, support and others that contribute to the sales and marketing operations. We expect that sales and marketing expenses will continue to increase as we continue to invest in our Go-to-Market activities.
- *General and administrative.* General and administrative expenses primarily consist of personnel, insurance, consultants and facility-related costs for our executive, finance, legal, IT, human resources, administrative personnel, and other corporate expenses, including those associated with the Merger. We anticipate moderate growth in our expenses due to growing our operations. All of the departments are allocated with general and administrative expenses such as rent and related expenses, recruitment and training, information systems licenses, hosting, support and others.

Quarterly Trends in Operating Expenses

Operating expenses have generally increased sequentially as a result of our growth and are primarily related to increases in personnel-related costs, including share-based compensation, to support the expanded operations, continued investment in research and development, and expansion of commercial and marketing investments.

Financial Income, Net

Financial income, net consists primarily of revaluation of derivative warrant liability, restricted sponsor shares and price adjustment shares, interest income on our short-term deposits, fees to banks and foreign currency realized and unrealized income and loss related to the impact of transactions denominated in a foreign currency and financial investment activities.

Tax Expense (Income)

Tax expense (income) (as well as deferred tax assets and liabilities, and liabilities for unrecognized tax benefits) reflect management's best assessment of estimated current and future taxes to be paid. We are subject to income taxes in Israel, the United States, and numerous other foreign jurisdictions.

Significant judgments and estimates are required in determining the consolidated income tax expense (income).

Our income tax rate varies from Israel's statutory income tax rates, mainly due to differing tax rates and regulations in foreign jurisdictions and other differences between expenses and expenses recognized by other tax authorities in relevant jurisdictions. We expect this fluctuation in income tax rates, as well as its potential impact on our results of operations, to continue.

Results of Operations

The following tables and narrative set forth our results of operations for the periods presented. For a comparison of our results of operations for the years ended December 31, 2021 and 2020, see "Part I, Item 5. Operating and Financial Review Prospects—A. Operating Results" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on March 29, 2022, as amended on April 18, 2022, which comparative information is herein incorporated by reference.

	Year ended December 31,	
	2022	2021
	($ in thousands)	
Revenue:		
Subscription services	$ 153,470	$ 120,889
Term-license	62,487	62,428
Total subscription	215,957	183,317
Perpetual license and other	21,373	34,169
Professional services	33,321	28,760
Total Revenue	**270,651**	**246,246**
Cost of revenue:		
Cost of subscription services	16,875	9,369
Cost of term license	425	2,299
Total subscription	17,300	11,668
Cost of perpetual license and other	12,987	9,817
Cost of professional services	20,459	21,072
Total cost of revenue	**50,746**	**42,557**
Gross profit	**$ 219,905**	**$ 203,689**
Operating expenses:		
Research and development	80,620	65,541
Sales and marketing	97,387	76,389
General and administrative	40,854	47,937
Total operating expenses	**218,861**	**189,867**
Operating income	**1,044**	**13,822**
Financial income, net	119,716	68,483
Income before income tax expense	**120,760**	**82,305**
Tax (income) expense	(45)	10,909
Net income	**$ 120,805**	**$ 71,396**
Other comprehensive income		
Unrealized loss on hedging transactions, net of tax	(953)	(944)
Unrealize loss on marketable securities	(502)	—
Foreign currency translation adjustments	414	995
Total other comprehensive (loss) income, net of tax	(1,041)	51
Total comprehensive income	**$ 119,764**	**$ 71,447**

Results of operations includes share-based compensation expenses:

	Year ended December 31, 2022	2021
	($ in thousands)	
Cost of revenue	$ 1,283	$ 290
Research and development	2,974	1,076
Sales and marketing	5,041	2,332
General and administrative	4,410	2,782
Total share-based compensation	**$ 13,708**	**$ 6,480**

The following table summarizes revenue for the year ended December 31

Revenue

	Year Ended December 31, 2022	2021	Change Amount	Percent
		($ in thousands)		
Subscription services	$ 153,470	$ 120,889	$ 32,581	27%
Term-license	62,487	62,428	59	0%
Total subscription	**215,957**	**183,317**	**32,640**	**18%**
Perpetual license and other	21,373	34,169	(12,796)	(37%)
Professional services	33,321	28,760	4,561	16%
Total Revenue	**$ 270,651**	**$ 246,246**	**$ 24,405**	**10%**

Subscription

Subscription revenue is comprised of subscription services and term-license revenue. The subscription services revenue is the revenue that is recognized over the life of the subscription and the term-license revenue is what is immediately recognized upon the sale of an on-premise license. Subscription revenue increased by $32.6 million, or 18% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to an increase of $19.6 million related to the adoption of our leading Collect & Review offering in a term-based license model instead of a perpetual license model with usage-based fees.

Perpetual License and Other

Perpetual license and other revenue decreased by $12.8 million, or 37% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to the adoption of our leading Collect & Review offering in a term-based license model instead of a perpetual license model with usage-based fees.

Professional Services

Professional services revenue increased by $4.6 million, or 16% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to increase in instructor-led training classes as a result of relief in COVID-19 (related social distancing and travel limitation) and increase of Advanced Services.

Cost of Revenue

	Year Ended December 31,		Change	
	2022	2021	Amount	Percent
	($ in thousands)			
Cost of subscription services	$ 16,875	$ 9,369	$ 7,506	80 %
Cost of term license	425	2,299	(1,874)	(82 %)
Total subscription	**17,300**	**11,668**	**5,632**	**48 %**
Cost of perpetual and other	12,987	9,817	3,170	32 %
Cost of professional services	20,459	21,072	(613)	(3 %)
Cost of Revenue	**$ 50,746**	**$ 42,557**	**$ 8,189**	**19 %**

Cost of Subscription

Cost of subscription services increased by $5.6 million, or 48% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase is primarily due to hosting expenses, customer success and customer support expenses.

Cost of Perpetual License and Other

Cost of perpetual license and other revenue marginally increased by $3.2 million, or 32% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase is primarily due to an increase in shipping costs and cost for upgrading existing hardware.

Cost of Professional Services

Cost of professional services revenue decreased by $0.6 million, or 3% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This decrease is primarily due to operational efficiency.

Gross Profit and Gross Profit Margin

	Year Ended December 31,		Change	
	2022	2021	Amount	Percent
	($ in thousands)			
Gross Profit:				
Subscription services	$ 136,595	$ 111,520	$ 25,075	22 %
Term-license	62,062	60,129	1,933	3 %
Total subscription	198,657	171,649	27,008	16 %
Perpetual license and other	8,386	24,352	(15,966)	(66 %)
Professional services	12,862	7,688	5,174	67 %
Total gross profit	**$ 219,905**	**$ 203,689**	**$ 16,216**	**8 %**
Gross Profit Margins:				
Subscription services	89 %	92 %		
Term-license	99 %	96 %		
Total subscription	92 %	94 %		
Perpetual license and other	39 %	71 %		
Professional services	39 %	27 %		
Total gross margin	**81 %**	**83 %**		

Subscription

Subscription gross profit increased by $27 million, or 16%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. Subscription gross profit margin marginally decreased from 94% to 92%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, mainly due to the increase in hosting expenses.

Perpetual license and other

Perpetual license and other gross profit decreased by $16 million, or 66%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. Perpetual license and other gross profit margin decreased from 71% to 39%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, mainly as a result of lower perpetual revenue and higher hardware revenue mix in 2022.

Professional Services

Professional services gross profit increased by $5.2 million, or 67% during the year ended December 31, 2022, as compared to the year ended December 31, 2021. Services gross profit margin increased from 27% to 39%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, mainly as a result of increased training revenue and operational leverage.

Operating Expenses

	Year Ended December 31		Change	
	2022	2021	Amount	Percent
	($ in thousands)			
Operating expenses				
Research and development, net	80,620	65,541	15,079	23 %
Sales and marketing	97,387	76,389	20,998	27 %
General and administrative	40,854	47,937	(7,083)	(15 %)
Total operating expenses	**$ 218,861**	**$ 189,867**	**$ 28,994**	**15 %**

Research and development

Research and development expenses increased by $15.1 million, or 23%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase is mainly attributable to an increase in salaries and related costs for employees and subcontractors of $9 million.

Sales and marketing

Sales and marketing expenses increased by $21 million, or 27%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase primarily relates to higher salaries and related costs for employees and commissions earned by our sales personnel of $13 million and an increase of $2.8 million in travel expenses.

General and administrative

General and administrative expenses decreased by $7.1 million, or 15%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease primarily relates to issuance costs of $11.8 million in 2021 offset by an increase of $2.6 million relating to D&O insurance.

Finance Income, net

Finance income, net increased by $51.2 million, or 75%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021, mainly due to remeasurement to fair value of Restricted Sponsor Shares, Price Adjustment Shares and Derivative warrant liability.

Taxes on Income

Taxes on income decreased by $11 million, or 100%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021, mainly as a result of loss position in the Parent Company and due to tax expenses related to dividend distribution paid out of an income derived by its Beneficiary Enterprise. For additional information regarding additional Israeli corporate tax upon dividend distribution, see - "Part I, Item 10. Additional Information — E. Material U.S Federal Income Tax Considerations —Non-U.S Holders - Tax Benefits Subsequent to the 2005 Amendment."

B. Liquidity and Capital Resources

The following tables and narrative set forth our results of operations for the periods presented. For a discussion of our cash flows for the year ended December 31, 2020, see"Part I, Item 5. Operating and Financial Review Prospects—B. Liquidity and Capital Resources" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on March 29, 2022, as amended on April 18, 2022, which comparative information is herein incorporated by reference.

Our cash, cash equivalents, short-term deposits and marketable securities were $206 million and $182 million as of December 31, 2022 and December 31, 2022, respectively.

We derive our cash primarily from our business operations. During 2021 we received net proceeds of $17 million from the Merger, all of which remained as of December 31, 2021. Additionally in 2021 we invested in the acquisition of Digital Clues for $20 million and in acquiring technological assets for $3 million. Currently, our primary liquidity needs are employee salaries and benefits, product development, and other operating activities to support our organic growth, and our operating cash requirements may increase in the future as we continue to invest in the growth of our company. During the fiscal years ended December 31, 2022 and 2021, our capital expenditures amounted to $6.9 million and $5.1 million, respectively, primarily consisting of expenditures related to property and equipment and software, and we expect that our capital expenditures for the next 12 months will relate to the same needs. We may also enter into future arrangements to acquire or invest in businesses, products, services, strategic partnerships, and technologies.

We believe that our existing cash and cash equivalents, short-term investments and cash flows from operations will be sufficient to fund our operations and capital expenditures for at least the next 12 months. Our future capital requirements will depend on many factors, including our rate of revenue growth, timing of renewals and subscription renewal rates, the expansion of our sales and marketing activities, the timing and extent of spending to support product development efforts and expansion into new geographic locations, the timing of introductions of new software products and enhancements to existing software products, the continuing market acceptance of our software offerings and our use of cash to pay for acquisitions, if any. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If additional funds are not available to us on acceptable terms, or at all, our business, financial condition, and results of operations could be adversely affected.

Credit Facilities

We do not have any credit facilities.

Cash Flows

	Year Ended December 31,	
	2022	2021
	($ in thousands)	
Net cash provided by operating activities	$ 20,577	$ 36,052
Net cash (used in) provided by investing activities	$ (91,231)	$ 45,226
Net cash used in (provided by) financing activities	$ 13,970	$ (68,397)

Operating Activities

For the year ended December 31, 2022, cash provided by operating activities was $20.6 million, mainly as a result of the following: increase in Deferred Revenue, as a result of increased sales to customers, off-set by increase in inventories, prepaid expenses and other current assets, decrease in trade payables and other accounts payables and accrued expenses.

For the year ended December 31, 2021, cash provided by operating activities was $36.1 million, mainly as a result of the following: increase in share based compensation and RSU's expenses of $6.5 million, increase in deferred revenue of $21.8 million as a result of increase of business with customers, increase in trade payables of $4.2 million and depreciation and amortization of $7 million.

Investing Activities

Cash used in investing activities in the year ended December 31, 2022 was $(91.2) million, primarily as a result of purchase of property and equipment in the amount of $6.9 million, investment and maturities in marketable securities, net of $67.1 million and investment and maturities in short term deposits, net of $15.1 million.

Cash provided by investing activities in the year ended December 31, 2021 was $45.2 million, primarily as a result of cash paid in relation to business combination in the amount of $20 million, purchase of intangible assets of $3 million and purchase of property and equipment in the amount of $5.1 million, which was partially offset by $73.3 million net cash from short term deposits, net.

Financing Activities

Cash provided by financing activities in the year ended December 31, 2022 was $14 million, mainly as a result of proceeds from exercise of stock options to shares of $12.6 million and proceeds from Employee Share Purchase Plan, net of $1.3 million.

Cash used in financing activities in the year ended December 31, 2021 was $68.4 million, mainly as a result of a dividend payment in the amount of $100 million, which was partially offset by proceeds from recapitalization transaction in the amount of $29.3 million and proceeds from share issuance of $2.3 million.

Contractual Obligations and Commitments

As of December 31, 2022, we had commitments of $20.9 million related to office and car leases arrangements, that we cannot cancel or where we would be required to pay a termination fee in the event of cancellation. Payments under these commitments are estimated to be made as follows:

(In millions of U.S. dollars)	Payments (1)	
Less than 1 year	$	5,445
1-3 years		9,124
3-5 years		3,037
More than 5 years		3,264
Total	$	20,870

(1) Am

ounts do not include recourse that we may have to recover termination fees or penalties from clients.

Off-Balance Sheet Arrangements

We have instituted a foreign currency cash flow hedging program using foreign currency forward contracts and cylinder option strategy (“Derivative Instruments”) in order to hedge the exposure to variability in expected future cash flows resulting from changes in related foreign currency exchange rates. These transactions are designated as cash flow hedges, as defined under ASC topic 815, “Derivatives and Hedging.”

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates and inflation.

Foreign Currency Exchange Risk

Our revenue and expenses are primarily denominated in U.S. dollars and ILS and to a lesser extent, other currencies in our relevant subsidiaries. As some of our sales are denominated in non-U.S. dollars currencies, our revenue is subject to foreign currency risk. In addition, a significant portion of our operating costs in Israel, consisting mainly of salaries and related personnel expenses are denominated in ILS. This foreign currency exposure gives rise to market risk associated with exchange rate movements of the U.S. dollar against the ILS. Furthermore, we anticipate that a material portion of our expenses will continue to be denominated in ILS.

To reduce the impact of foreign exchange risks associated with forecasted future cash flows and the volatility in our consolidated statements of operations, we have established a hedging program. Our foreign currency contracts are generally short-term in duration. We do not enter into Derivative Instruments for trading or speculative purposes. We account for our Derivative Instruments as either assets or liabilities and carry them at fair value in the consolidated balance sheets. The accounting for changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. Our hedging program reduces but does not eliminate the impact of currency exchange rate movements. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business, after considering cash flow hedges, would have had an impact on our results of operations of $0.3 million and $0.1 million, for the years ended December 31, 2022 and 2021, respectively.

Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We seek to mitigate such risk by limiting our counterparties to major financial institutions and by spreading the risk between two major financial institutions. However, failure of one or more of these financial institutions is possible and could result in incurred losses.

As of December 31, 2022, our cash, cash equivalents and short-term investments were primarily denominated in U.S. dollars. A 10% increase or decrease in current exchange rates would affect our cash, cash equivalents, restricted cash, and short-term investment balances in amount of $3.6 million and $3.2 million as of December 31, 2022 and 2021, respectively.

Interest Rate Risk

As of December 31, 2022, we had cash and cash equivalents of $87.6 million and short-term deposits of $51.3 million. Cash and cash equivalents consist of cash in banks, bank deposits, and money market funds. Short-term investments generally consist of bank deposits. Our cash, cash equivalents, and short-term investments are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these instruments, a hypothetical 10% change in interest rates during any of the periods presented would impact our financial income by $0.4 million for the year ended December 31, 2022.

Inflation Risk

Inflationary factors, such as increases in our cost of goods sold, may adversely affect our operating results. Although, recent elevated levels of inflation in the global and U.S. economies have not had a significant impact on our results of business, financial condition, or operations, a high rate of inflation in the future may have an adverse effect on our ability to maintain and increase our gross profit if the selling prices of our products do not increase as much or more than these increased costs. If elevated levels of inflation persist or increase, our business, financial condition, or operations could be adversely affected, particularly in certain global markets. Additionally, most of our sales are denominated in U.S. dollars, EUR or GBP, which have not been subject to material currency inflation, and our operating expenses are denominated in ILS and U.S. dollar and have not been subject to material currency inflation.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Our research and development spending totaled $80.6 million, $65.5 million and $54.4 million for the years ended December 31, 2022, 2021 and 2020 respectively. As described in “Part I, Item 3. Key Information—3.D. Risk Factors” and elsewhere in this Annual Report, government regulations and policies can make developing or marketing new technologies expensive or uncertain due to various restrictions on trade and technology transfers. See “Part I, Item 3. Key Information—D. Risk Factors” and “Part I, Item 4. Information on the Company—B. Business Overview—Regulations.” For further information on our research and development policies and additional product information, see “ Part I, Item 4. Information on the Company— B. Business Overview.”

D. TREND INFORMATION

See “Part I, Item 5. Operating and Financial Review Prospects—A. Operating Results” and “Part I, Item 5. Operating and Financial Review Prospects—B. Liquidity and Capital Resources,” which are incorporated by reference herein.

E. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Please see Notes to Consolidated Financial Statements included in Item 18 of this Annual Report on Form 20-F for a summary of significant accounting policies and the effect on our financial statements.

Revenue Recognition

The Company sells its products to its customers either directly or indirectly through distribution channels all of whom are considered end users.

For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price ("SSP") for each performance obligation. The Company uses judgment in determining the SSP for its products and services. The Company typically assesses the SSP for its products and services on a periodic basis or when facts and circumstances change. To determine SSP, the Company maximizes the use of observable standalone sales and observable data, where available. In instances where performance obligations do not have observable standalone sales, the Company utilizes available information that may include the entity specific factors such as assessment of historical data of bundled sales of software licenses with other promised goods and services, and pricing strategies to estimate the price the Company would charge if the products and services were sold separately.

The Company satisfies performance obligations either over a time period or at a point in time depending on the nature of the underlying promise. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised good or service to a customer. Revenue related to the license for proprietary software is recognized when the control over the license is provided to the customer and the license term begins. Revenue related to software update and upgrades are recognized ratably over the service period. Revenue related to other professional services is generally recognized over time and in certain cases at a point in time upon satisfaction of the performance obligation. Service revenue is included in the Company's consolidated statements of income as service revenue.

Share-based Compensation

We accounts for share-based compensation to employees and non-employees in accordance with ASC 718, "Compensation — Stock Compensation" ("ASC 718"), which requires companies to estimate the fair value of equity-based payment awards on the date of grant based on the fair value of the awards granted. We grants awards that vest upon the satisfaction of service conditions and in certain grant market conditions. For awards with graded vesting schedules subject to service condition, the Company recognize compensation costs based on the straight line attribution method over the requisite service period of the awards.The Company estimates the fair value of share options granted using the Black-Scholes-Merton option-pricing model.

The assumptions and estimates were determined as follows:

Fair value of Ordinary Shares — The Company's Ordinary Shares have a limited history of being publicly traded. Prior to the consummation of the merger, the fair value was determined by management, with input from valuation reports prepared by third-party valuation specialists. In determining the fair value of ordinary shares subsequent to the consummation of the Merger Agreement, the board of directors considered the grant date fair value for share-based awards as of the closing price of our ordinary shares on NASDAQ on the date of grant.

Risk-free interest rate — The Company determined the risk-free interest rate by using a weighted-average equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.

Expected term — The expected term of options granted is based on historical experience and represents the period of time that options granted are expected to be outstanding. Since the Company does not have sufficient historical share exercise data to calculate the expected term of the share options. The Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Expected volatility Options and RSUs — Since the Company has a limited trading history of its Ordinary Shares, there is not sufficient historical volatility for the expected term of the share options. The expected volatility is derived from: (i) historical volatility of comparable companies, in accordance with the expected remaining lives of the option or RSU (ii) historical volatility of the Company's publicly traded shares, commencing August 30, 2021 and (iii) implied volatility of the Company's publicly traded Warrants.

Expected Volatility ESPP — Was based on Cellebrite s historical share price volatility, on a daily basis, for 6 months.

Expected dividend yield— The Company does not anticipate paying any dividends in the foreseeable future. Thus, the Company used 0% as its expected dividend yield

Business combination

The Company applies the provisions of ASC 805, "Business Combination" and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, the Company estimated the future expected cash flows from acquired core technology and acquired trade name from a market participant perspective, useful lives and discount rates. In addition, management makes significant estimates and assumptions, which are uncertain, but believed to be reasonable.

Significant estimates in valuing certain intangible assets include, but are not limited to future expected cash flows from acquired technology and acquired trademarks from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes". ASC 740 prescribes the use of the liability method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period of enactment. A valuation allowance is provided, if necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets and deferred tax liabilities are presented under long-term assets.

The Company implements a two-step approach to recognize and measure uncertainty in income taxes. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is greater than 50 percent (cumulative basis) likely to be realized upon settlement. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company classifies interest and penalties related to unrecognized tax benefits as part of income taxes.

Marketable securities

The Company accounts for investments in marketable securities in accordance with ASC No. 320, “Investments—Debt Securities”. Management determines the appropriate classification of its investments in the debt securities at the time of purchase and re-evaluates such determination at each balance sheet date.

As of December 31, 2022, all of the Company's marketable securities investments were classified as "available-for-sale" ("AFS") and are carried at fair value. Unrealized gains and losses are reported in a separate component of shareholders' equity (deficiency) in accumulated other comprehensive income, net of taxes. Gains and losses are recognized when realized, on a specific identification basis, in the Company’s consolidated statements of income.

The Company’s securities are reviewed for impairment in accordance with ASC 320-10-35. If such assets are considered to be impaired, the impairment charge is recognized in earnings when a decline in the fair value of its investments below the cost basis is judged to be other-than-temporary. Factors considered in making such a determination include the duration and severity of the impairment, the reason for the decline in value, the potential recovery period and the Company’s intent to sell, including whether it is more likely than not that the Company will be required to sell the investment before recovery of cost basis. For securities with an unrealized loss that the Company intends to sell, or it is more likely than not that the Company will be required to sell before recovery of their amortized cost basis, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet these criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while declines in fair value related to other factors are recognized in accumulated other comprehensive income (loss).

Warrant liability

The Company has classified the warrants assumed during the Merger (both public and private) as a liability pursuant to ASC 815-40 since the warrants do not meet the equity classification conditions. Accordingly, the Company measured the warrants at their fair value. The warrants liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statement of comprehensive loss.

The estimated fair value of the private placement warrant liabilities is determined using Level 3 inputs. Inherent in a Black-Scholes valuation model are assumptions related to expected share-price volatility, expiration, risk-free interest rate and dividend yield. The Company estimates the volatility of its common share based on historical volatility of select peer companies that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expiration of the warrants. The dividend yield is based on the historical rate, which the Company anticipates will remain at 0%.

Restricted sponsor shares liability and Price adjustment shares liability

The restricted Sponsor shares liability and Price adjustment shares are measured at fair value using Level 3 inputs.

The Company has determined that the price adjustment shares, and the restricted sponsor shares are freestanding financing instruments since those rights are legally detachable and separately exercisable. The Company has determined that the price adjustment rights, and the restricted sponsor shares are not indexed to Company's stock since if a change of control occurs, all the shares underlying the price adjustment shares and the restricted sponsor shares will be issued regardless of the company's stock price. Therefore, the Company accounted for the price adjustment shares and for the restricted sponsor shares as a liability measured at fair value through earnings.

Recent Accounting Pronouncements

See the Summary of Significant Accounting Policies, included in our audited consolidated statements included in this Annual Report for a description of recently issued accounting pronouncements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following persons who serve as Cellebrite's executive officers and directors, including their ages as of April 27, 2023. Biographies of the executive officers and directors are also included below.

Name	Age	Position
Executive Officers		
Yossi Carmil	56	Chief Executive Officer, Director
Dana Gerner	55	Chief Financial Officer
Ronnen Armon	59	Chief Products & Technologies Officer
Leeor Ben-Peretz	47	Chief Strategy Officer
Marque Teegardin	57	President, Cellebrite Americas (Sales Management)
Arthur Veinstein	50	President, Cellebrite International (Sales Management)
Lisa Cole	49	Chief Marketing Officer
Directors		
Haim Shani	65	Chairman of the Board
Ryusuke Utsumi	57	Director
Yonatan Domnitz	42	Director
Elly Keinan	58	Director
Adam H. Clammer	52	Director
William Heldfond	34	Director
Nadine Baudot-Trajtenberg	66	External Director
Dafna Gruber	58	External Director

Executive Officers

Yossi Carmil is our Chief Executive Officer, a position which he has held since 2005, after joining Cellebrite in 2004. From September 2004 to June 2005 Mr. Carmil was Vice President of Sales at Cellebrite. As of June 2019 Mr. Carmil joined our board of directors. Prior to joining Cellebrite, Mr. Carmil served as the Director of Sales at ITS Telecom from 2001 to 2004. Prior to that, he was Vice President, Commercial at Siemens from 1998 to 2001. Mr. Carmil has previously served as a director of Communitake Limited, Cellomat Limited and the German-Israeli Chamber of Commerce. Mr. Carmil currently serves as a director of the American-Israeli Chamber of Commerce. Mr. Carmil holds a Bachelor's degree in Economics and Business Administration as well as an MBA from the Ludwig-Maximilians University in Munich, Germany.

Dana Gerner is our Chief Financial Officer, a position which she has held since May 2014. Prior to joining Cellebrite, Ms. Gerner served as Chief Financial Officer as well as President & Pool Management Director at Polymer Logistics from February 2000 to April 2014. Prior to that, Ms. Gerner was Chief Financial Officer at Leiman Schlussel from November 1998 to January 2000. She also served as a Senior Manager at Ernst & Young from 1991 to 1996 and Head of Section at the Israeli Defense Force from 1988 to 1990. Ms. Gerner earned a BA in Accounting and Economics from Tel-Aviv University and a Master's degree in Innovation Management from Swinburne University.

Ronnen Armon is our Chief Products & Technologies Officer, a position which he has held since joining Cellebrite in July 2020. Prior to joining Cellebrite, he was the Chief Operations Officer at Verbit.ai from November 2019 to June 2020. Prior to that, he co-founded Capriza and worked there from July 2011 to November 2019 and became Chief Executive Officer in November 2017. He has also held key VP positions at HP Software from 2007 to 2011 and Mercury from February 2004 to October 2007. Prior to these roles, Mr. Armon served as the General Manager at Enigma from 1992 to 2002. Mr. Armon holds a BSc. degree in Computer Science and Industrial Engineering, and a Master's degree in System Analysis and Operations Research, both from the Technion, Israel's Institute of Technology.

Leeor Ben-Peretz is our Chief Strategy Officer, a position which he has held since February 2020. Prior to serving as Chief Strategy Officer, Mr. Ben-Peretz has held a variety of executive business roles while at Cellebrite since joining Cellebrite in 2009. Prior to joining Cellebrite, Mr. Ben-Peretz served as the Director of Business Development & Channel Sales and the Director of Account Management at InfoGin from 2006 to 2009. Prior to that, he served as Project Manager at Comverse from 2005 to 2006. Mr. Ben-Peretz also served as the Senior Project Manager at Pelephone from 2004 to 2005 as well as Treasurer and Product Manager at Aladdin Knowledge systems from 1998 to 2003. Mr. Ben-Peretz holds a BA degree in Business and Economics from the Academic College of Tel-Aviv and an Executive MBA degree from the Hebrew University of Jerusalem.

Marque Teegardin is our President Cellebrite Americas (Sales Management). Marque is the President of Cellebrite's business in the Americas, bringing over 20 years of experience in high-growth technology businesses as a CRO and advisor to many leading software companies. He has a proven record of success in business transformation, sales leadership, and significant growth in both revenue and shareholder value at several market-leading software companies. Prior to becoming General Manager of North America, Marque spent the better part of seven years building start-ups resulting in two successful exits with StoredIQ and Sapho. Additionally, Marque served as SVP of Sales at both NICE Systems (NASDAQ: NICE), and PTC Inc, over a span of 14 years. He holds a BA in Marketing & Psychology from Hillsdale College.

Arthur Veinstein is our President International (Sales Management). Arthur serves as President International at Cellebrite since May 2022. He brings over 25 years of executive leadership experience in engaging with telco, security technology, government, law enforcement agencies, and worldwide corporate entities. Arthur overseas all of Cellebrite's business operations in EMEA and APAC, the related subsidiaries, and its entire local and international functions. Prior to becoming President International, Arthur was General Manager International at Cellebrite from January 2021 till May 2022, and Managing Director APAC at Cellebrite from May 2018 to December 2021. Previously, he was VP Sales APAC, ME and Africa at Qognify.com from December 2015 to May 2018, and VP Sales APAC, Security Group at NICE Systems (NASDAQ: NICE) from June 2015 to December 2015. Prior to these roles, he held several leadership positions at Starhome Mach, Comverse (NASDAQ: CMVT) and other international companies. Arthur graduated Magna Cum Laude with an MBA from Tel-Aviv University and holds a B.S. in Computer Science from the Academic College of Tel Aviv

Lisa Cole is our Chief Marketing Officer, a position which she has held since joining Cellebrite in October 2022. Prior to joining Cellebrite, Lisa was the Vice President of Corporate Marketing at FARO from October 2019 to October 2022. Prior to that, she was the Chief Marketing Officer at Huron from May 2017 to October 2019. Her transformative work for both companies improved performance and resulted in three prestigious honors: the 2022 Forrester Return on Integration (ROI) Award, SiriusDecisions' 2018 ROI Award; and Demand Gen Report's 2018 B2B Innovator Award. Lisa holds a BS degree in Marketing Management from Western Governors University.

Directors

Ryusuke Utsumi is a Director of Cellebrite, a position which he has held since April 2020. Mr. Utsumi is currently president of SUNCORPORATION after joining SUNCORPORATION in June 2012. Prior to that, Mr. Utsumi served as a General Manager at Chubu Aerospace Industrial Technology Center from June 2009 to June 2012. Prior to that, Mr. Utsumi served as the Incubation Manager at Aichi Venture House from March 2008 to June 2009.

Yonatan Domnitz is a Director of Cellebrite, a position which he has held since April 2020. Mr. Domnitz was appointed as a Director of SUNCORPORATION, the parent company of Cellebrite, in

April 2020 and as a director of Bascoft Ltd. He currently serves as a Managing Director and Strategic Analyst at Oasis Management (Hong Kong), a wholly-owned investment sub-advisory affiliate of Oasis Management Company Ltd., having joined the firm as an analyst in August 2012. Prior to his role with Oasis, Mr. Domnitz served as a Forensic Accountant at C. Lewis & Company LLP from January 2010 to August 2012 and RGL Forensics from August 2006 to December 2009. Mr. Domnitz has a BA (Hons) in History from University College London, successfully completed the Legal Practice Course at the College of Law having also attained a Graduate Diploma in Law. Mr. Domnitz qualified as a Chartered Accountant in 2009 and is an Associate member of the Institute of Chartered Accountants in England and Wales.

Haim Shani is a Director of Cellebrite, a position which he has held since 2019, and the Chairman of the Board of Directors as of August 30, 2021. Mr. Shani is currently the Co-founder & General Partner at Israel Growth Partners starting in April 2012. Prior to that, Mr. Shani served as a Director General and the Head of the Competitiveness Committee for the Ministry of Finance from November 2009 to September 2011. Prior to his work at the Ministry of Finance, Mr. Shani served as the Chief Executive Officer of NICE Systems Ltd. from January 2001 to October 2009. Prior to that, Mr. Shani served as VP at Applied Materials from April 1998 to December 2000. Mr. Shani holds a Bachelor's degree in Industrial and Management Engineering from the Technion — Israel Institute of Technology, and an MBA from INSEAD, France.

Elly Keinan is a Director of Cellebrite, a position which he has held since September 2020. Mr. Keinan currently serves as Group President of Kyndryl starting in March 2021. Prior to that, Mr. Keinan served a variety of executive roles at IBM, including President and Chairman of IBM Japan and General Manager of North America, serving in these various roles from July 1986 to June 2020. Mr. Keinan holds his BS in Computer Science and Electrical Engineering from Rensselaer Polytechnic Institute and his MBA from University of Miami Herbert Business School.

Adam H. Clammer is a Director of Cellebrite, a position which he has held since the consummation of the Merger. Mr. Clammer served as the Chief Executive Officer and a Director of TWC from November 2020 until the consummation of the Merger. Mr. Clammer is also a Founding Partner of True Wind Capital Management, L.P., a private equity fund manager focused on the technology industry. Prior to founding True Wind Capital in 2015, Mr. Clammer was with KKR since 1995 where he co-founded and led the Global Technology Group from 2004 to 2013. Mr. Clammer has served on the boards of several public companies over the past 20 years. Mr. Clammer currently serves as, as Chairman of the Board of LeadVenture since 2017, as a director of e-Emphasys since 2022, as a director of Open Lending since 2020, and as a director of Rover Group, Inc (Nasdaq: ROVER) since 2021. Prior to joining KKR, Mr. Clammer worked in the Mergers & Acquisitions group at Morgan Stanley in New York and Hong Kong from 1992 to 1995. He holds a B.S. in Business Administration from the University of California, Berkeley and an M.B.A. from Harvard Business School, where he was a Baker Scholar.

William Heldfond is a Principal at True Wind Capital, a private equity fund manager focused on technology industry. Mr. Heldfond joined True Wind Capital in 2018. From 2013 to 2016, Mr. Heldfond was an Associate at Accel-KKR, where he helped lead growth equity investments and leveraged buyout transactions within the technology, media and telecommunications sectors across both North America and Western Europe. Prior to joining Accel-KKR, Mr. Heldfond was with Vista Point Advisors, a middle-market investment bank focused on mergers and acquisitions, and private placement advisory within the technology, media and telecommunications sectors. From 2013 to 2017, Mr. Heldfond served as Vice Chairman for the Vanguard Chapter of the Aspen Institute. Mr. Heldfond currently serves as a director of Open Lending, a lending enablement platform for the automotive finance market, since 2021, and also serves on the Board of Directors for W Energy Software, since 2021. Mr. Heldfond holds a B.A. in International Relations with an emphasis in Economics from the University of Southern California, where he graduated Summa Cum Laude and Phi Beta Kappa, and an M.B.A. from Stanford Graduate School of Business.

Nadine Baudot-Trajtenberg is a Director of Cellebrite, a position which she has held since the consummation of the Merger. Ms. Baudot-Trajtenberg has served as our external director under the Companies Law, since November 2021. Dr. Baudot-Trajtenberg teaches economics at Reichman University, Herzliya, Israel, having previously served as Associate Dean at both the school of Economics and the Arison school of Business where she headed both the Masters of Business Administration and Global Masters of Business Administration programs. She is presently on the board of esh-Bank, a privately held Israeli bank (in setup phase) and on the board of the Hebrew University in Jerusalem. Dr. Baudot-Trajtenberg served a 5 year term as Deputy Governor of the Bank of Israel from 2014 to 2019. She has previously served on several boards, including of the holding company of Menora Mivtachim, one of Israel's largest financial groups, Gazit Globe, a leading global real estate company, Bank Leumi Luxembourg, Bank Leumi Switzerland . Dr. Baudot-Trajtenberg holds a B.Sc. in Economics from the University of Montreal, an M.A. in Philosophy, Politics and Economics from the University of Oxford, and a Ph.D. in Economics from Harvard University.

Dafna Gruber is a Director of Cellebrite, a position which she has held since the consummation of the Merger. Ms. Gruber also serves as our external director under the Companies Law, since November 2021. Ms. Gruber serves as a Chief Financial Officer of Netafim Ltd., a private company, and prior to that as chief financial officer in various companies including Aqua security Ltd. and Clal Industries Ltd. From 2007 to 2015, Ms. Gruber served as the Chief Financial Officer of NICE Systems Ltd., a public company traded on Nasdaq and TASE. responsible, inter alia, for finance, operation, MIS and IT, legal and investor relations. From 1996 until 2007, Ms. Gruber was part of Alvarion Ltd., a public company traded on Nasdaq and TASE, mostly as Chief Financial Officer. Ms. Gruber currently serves as an Independent or External Director at Nova Ltd. and ICL Group ltd. Ms. Gruber is a certified public accountant and holds a Bachelor's degree in Accounting and Economics from Tel Aviv University, Israel.

Board Diversity

The table below provides certain information regarding the diversity of our board of directors as of the date of this Annual Report

Board Diversity Matrix (as of April 27, 2023)				
Country of Principal Executive Offices:	Israel			
Foreign Private Issuer	Yes			
Disclosure Prohibited under Home Country Law	No			
Total Number of Directors	9			
	Female	**Male**	**Non-Binary**	**Did Not Disclose Gender**

Part I: Gender Identity				
Directors	2	6	0	1
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	0			
LGBTQ+	0			
Did Not Disclose Demographic Background	2			

Family Relationships

There are no family relationships between any of our executive officers and our directors.

Arrangements for Election of Directors and Members of Management

Prior to the Closing of the Merger, (i) two directors, Adam H. Clammer and William Heldfond, were nominated by the Sponsor and accepted by Cellebrite (ii) two directors, Ryusuke Utsumi and Yonatan Domnitz, were nominated by SUNCORPORATION and accepted by Cellebrite, (iii) one director, Haim Shani, was nominated by IGP and accepted by Cellebrite, and (iv) four directors, Elly Keinan, Nadine Baudot-Trajtenberg, Dafna Gruber and Yossi Carmil, were nominated in accordance with Cellebrite's governing documents and applicable Law. Nadine Baudot-Trajtenberg and Dafna Gruber are considered external directors as required by Israeli Law, and together with Elly Keinan the three are considered independent directors under Israeli law (for the avoidance of doubt, the definition of independent director under Israeli Law differs than the definition under Nasdaq Rules). The Chairperson of Cellebrite's board of directors is Haim Shani, who has served in such capacity in accordance with the terms of Cellebrite's governing documents since August 2021.

B. COMPENSATION

Aggregate Compensation of Executive Officers and Directors

The aggregate compensation, including share-based compensation, paid by us and our subsidiaries to our executive officers and directors for the year ended December 31, 2022 was approximately $10.0 million. This amount includes approximately $0.3 million set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in Israel. Additionally, during the year December 31, 2022, we granted to our executive officers and directors under our equity incentive plans 893,956 RSUs.

The following is a summary of the salary expenses and social benefit costs of our five most highly compensated executive officers in 2022, or the "Covered Executives." All amounts reported reflect the cost to the Company as recognized in our financial statements for the year ended December 31, 2022. U.S. dollar amounts indicated for compensation of our Covered Executives are in thousands of dollars.

- Yossi Carmil. Compensation expenses recorded in 2022 of $490 thousands in salary expenses and $209 thousands in social benefits costs.
- Dana Gerner. Compensation expenses recorded in 2022 of $321 thousands in salary expenses and $110 thousands in social benefits costs.
- Leeor Ben-Peretz. Compensation expenses recorded in 2022 $248 thousands in salary expenses and $110 thousands in social benefits costs.
- Arthur Veinstein. Compensation expenses recorded in 2022 $352 thousands in salary expenses and $15 thousands in social benefits costs.
- Marque Teegardin. Compensation expenses recorded in 2022 of $315 thousands in salary expenses and $84 thousands in social benefits costs.

The salary expenses summarized above include the gross salary paid to the Covered Executives, and the benefit costs include the social benefits paid by us on behalf of the Covered Executives, convalescence pay, contributions made by the company to an insurance policy or a pension fund, work disability insurance, severance, educational fund and payments for social security.

In accordance with the Company's Compensation Policy, we also paid cash bonuses to our Covered Executives upon compliance with predetermined performance parameters and an over achievement bonus as set by the compensation committee and the board of directors. The 2022 cash bonus expenses for, Yossi Carmil, Marque Teegardin, Arthur Veinstein, Leeor Ben-Peretz and Dana Gerner, as provided for in our 2022 financial statements (but due during 2023), were $247, $247, $232, $58 and $46 thousands, respectively.

We recorded equity-based compensation expenses in our financial statements for the year ended December 31, 2022 for options and restricted share units granted to Yossi Carmil, Marque Teegardin, Arthur Veinstein, Leeor Ben-Peretz and Dana Gerner of $1,062 thousands, $238 thousands, $259 thousands, $441 thousands and $381 thousands, respectively.

The relevant amounts underlying the equity awards granted to our officers in previous years will continue to be expensed in our financial statements over a four-year period on account of the grants given in previous years. Assumptions and key variables used in the calculation of such amounts are described in Note 13 to our audited consolidated financial statements included in Item 18 of this Annual Report. All equity-based compensation grants to our Covered Executives were made in accordance with the parameters of our Company's compensation policy and were approved by the company's compensation committee and board of directors.

We pay each of our non-employee directors (including our external directors), in accordance with the Companies Law, an annual retainer of $45 thousand, and with respect to an expert external director (as such term is defined in the Companies Law), an annual retainer of $60 thousand. In addition, upon election, non-employee directors were granted with restricted share units under our 2021 Equity Incentive Plan at a fair market value of $150 thousand, which vest in three equal annual installments (the "Initial Grant"). Following, the Initial Grant (and going forward), at each annual general meeting of our shareholders, beginning with the annual general meeting to be held in 2023, and provided the director is still in office, our non-employee director are granted restricted share units under our incentive plan at a fair market value of $100 thousand as of the date of grant, which fully vest on the first anniversary of the grant date, respectively (the “Annual Grant”). The awards shall be accelerated in certain change of control events.

Compensation of Directors and Executive Officers

Directors

Under the Companies Law, the compensation of a public company’s directors requires the approval of (i) its compensation committee, (ii) its board of directors and (iii) the approval of its shareholders at a general meeting, unless exempted pursuant to regulations promulgated under the Companies Law. In addition, if the compensation of a public company’s directors is inconsistent with the company’s compensation policy, then those inconsistent provisions must be separately considered by the compensation committee and board of directors, and approved by the shareholders by a special vote in one of the following two ways:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, vote in favor of the inconsistent provisions of the compensation package, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the inconsistent provisions of the compensation package does not exceed two percent (2%) of the aggregate voting rights in the Company.

Executive Officers other than the Chief Executive Officer

The Companies Law requires the approval of the compensation of a public company’s executive officers (other than the Chief Executive Officer) in the following order: (i) the compensation committee, (ii) the company’s board of directors, and (iii) only if such compensation arrangement is inconsistent with the company’s stated compensation policy, the company’s shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company decline to approve a compensation arrangement with an executive officer that is inconsistent with the company’s stated compensation policy, the compensation committee and board of directors may override the shareholders’ decision if each of the compensation committee and the board of directors provide detailed reasons for their decision.

An amendment to an existing arrangement with an office holder requires only the approval of the compensation committee, if the compensation committee determines that the amendment is not material in comparison to the existing arrangement. However, according to regulations promulgated under the Companies Law, an amendment to an existing arrangement with an office holder (who is not a director) who is subordinate to the Chief Executive Officer shall not require the approval of the compensation committee, if (i) the amendment is approved by the Chief Executive Officer, (ii) the company’s compensation policy provides that a non-material amendment to the terms of service of an office holder (other than the Chief Executive Officer) may be approved by the Chief Executive Officer and (iii) the engagement terms are consistent with the company’s compensation policy.

Chief Executive Officer

Under the Companies Law, the compensation of a public company's Chief Executive Officer is required to be approved by: (i) the company's compensation committee; (ii) the company's board of directors, and (iii) the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company decline to approve the compensation arrangement with the Chief Executive Officer, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide a detailed report for their decision. The approval of each of the compensation committee and the board of directors should be in accordance with the company's stated compensation policy; however, in special circumstances, they may approve compensation terms of a Chief Executive Officer that are inconsistent with such policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a special majority vote as discussed above with respect to the approval of director compensation). In addition, the compensation committee may waive the shareholder approval requirement with regards to the approval of the engagement terms of a candidate for the Chief Executive Officer position, if they determine that the compensation arrangement is consistent with the company's stated compensation policy and that the Chief Executive Officer candidate did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the Chief Executive Officer candidate.

Equity Incentive Plans

2008 Share Option Plan

Cellebrite's 2008 Share Option Plan (the "2008 Plan") was adopted by its board of directors on August 24, 2008. The 2008 Plan provided for the grant of options to our employees, directors, office holders, service providers and consultants of Cellebrite. No further grants of options were allowed after the Company's adoption of the 2019 Share Option Plan (described below); however, options granted under the 2008 Plan before such adoption continue in effect in accordance with their terms.

Authorized Shares. As of December 31, 2022, there were options to purchase 6,792,066 Ordinary Shares outstanding under the 2008 Plan. Ordinary shares subject to options granted under the 2008 Plan that expire or become unexercisable without having been exercised in full will become available again for future grant under the 2021 Equity Incentive Plan (the "2021 Plan").

Administration. Cellebrite's board of directors, or a duly authorized committee of Cellebrite's board of directors, administers the 2008 Plan. Under the 2008 Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2008 Plan and any notices of grant or options granted thereunder, designate recipients of option grants, determine and amend the terms of options, including the exercise price of an option, the fair market value of an Ordinary Share, the time and vesting schedule applicable to an option grant or the method of payment for an option, accelerate or amend the vesting schedule applicable to an option grant, prescribe the forms of agreement for use under the 2008 Plan and take all other actions and make all other determinations necessary for the administration of the 2008 Plan. If the administrator is a duly authorized committee of our board of directors, Cellebrite's board of directors will determine the grant of options to be made, if any, to members of such committee.

The administrator also has the authority to amend and rescind rules and regulations relating to the 2008 Plan or terminate the 2008 Plan at any time before the date of expiration of its ten year term.

Eligibility. The 2008 Plan provides for granting options under various tax regimes, including, without limitation, in compliance with Section 102 (“Section 102”) of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”), unapproved Section 102 options, and Section 3(i) of the Ordinance.

Section 102 of the Ordinance allows employees, directors and officers who are not “controlling shareholders” (as used under the Ordinance) and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options under certain terms and conditions. Our non-employee service providers and controlling shareholders who are considered Israeli residents may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the “capital gain track”.

Grant. All options granted pursuant to the 2008 Plan are evidenced by an option agreement, in a form approved, from time to time, by the administrator, in its sole discretion. The option agreement sets forth the terms and conditions of the option, including the type of option, number of shares subject to such option, vesting schedule and conditions (including performance goals or measures) and the exercise price, if applicable. Each option will expire ten years from the date of the grant thereof, unless such shorter term of expiration is otherwise designated by the administrator.

Awards. The 2008 Plan provides for options to purchase shares which may be made available from the authorized but unissued shares of Cellebrite or from shares held in Cellebrite’s treasury and not reserved for some other purpose.

Exercise. An option under the 2008 Plan may be exercised by providing Cellebrite with a written notice of exercise and full payment of the exercise price for such shares underlying the option, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. Such notice is irrevocable and may not be resigned or revised once it has been delivered to Cellebrite its representative. An option may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with options under the 2008 Plan, the administrator may, in its discretion, among others, accept cash or otherwise provide for net withholding of shares in a cashless exercise mechanism.

Transferability. Neither the options nor any right in connection with such options are assignable or transferable.

Termination of Employment. In the event of termination of a grantee’s employment or service with Cellebrite, all vested and exercisable options held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised options will terminate and the shares covered by such options shall be made available for issuance under the 2021 Share Incentive Plan.

In the event of termination of a grantee’s employment or service with Cellebrite due to such grantee’s death, retirement or “disability” (as defined in the 2008 Plan), all vested and exercisable options held by such grantee as of the date of termination may be exercised by the grantee or the grantee’s legal representative or authorized assignee, as applicable, within 6 months after such date of termination, unless otherwise provided by the administrator. Any options which are unvested as of the date of such termination or which are vested but not then exercised within the 6 months period following such date, will terminate and the shares covered by such options shall be made available for issuance under the 2021 Share Incentive Plan.

Notwithstanding any of the foregoing, if a grantee’s employment or services with Cellebrite is terminated for “cause” (as defined in the 2008 Plan), all outstanding options held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such options shall be made available for issuance under the 2021 Share Incentive Plan.

Transactions. In the event of a share split, reverse share split, bonus shares (stock dividend), recapitalization, combination or reclassification of our shares, all only if such event generally applies to all shares, the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related to each outstanding option and to the number of shares reserved for issuance under the 2008 Plan, to the class and kind of shares subject to the 2008 Plan, as well as the exercise price per share of each outstanding option, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding options, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset or right underlying the option (which need not be only that of Cellebrite, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a dissolution of liquidation of Cellebrite, the board shall notify each optionee who holds unexercised options as soon as practicable prior to the effective date of such event. The board may allow the exercise of any or all outstanding options, whether or not vested, within 15 days as of the date in which Cellebrite has notified the optionee, and subject to the provisions of the Applicable Law (as defined under the 2008 Plan). To the extant it has not been previously exercised, an option will terminate immediately prior to the event. In the event of a merger, acquisition, shares sale or assets sale, then without the consent of the grantee, the administrator may, but is not required to, (i) cause any outstanding option to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the option (a) provide the grantee with the option to exercise the options as to all or part of the shares, and may provide for an acceleration of vesting of unvested options, or (b) cancel the option and pay in cash, shares of Cellebrite, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any option as it shall deem, in good faith, appropriate.

2019 Share Option Plan

Cellebrite’s 2019 Share Option Plan (the “2019 Option Plan”) was adopted by its board of directors on June 17, 2019. The 2019 Option Plan provides for the grant of options to our employees, directors, office holders, service providers and consultants of Cellebrite. No further grants of options were allowed after the Company’s adoption of the 2021 Share Incentive Plan (described below); however, options granted under the 2019 Option Plan before such adoption continue in effect in accordance with their terms.

Authorized Shares. As of December 31, 2022, there were options outstanding to purchase 12,517,301 Ordinary Shares under the 2019 Option Plan. Ordinary shares subject to options granted under the 2019 Option Plan that expire or become unexercisable without having been exercised in full will become available again for future grant under the 2021 Share Incentive Plan.

Any Shares (a) underlying an option granted under the 2019 Option Plan or an option granted under the 2008 Plan (and any sub-plans) (the “Prior Plans”) (in an amount not to exceed 16,235,405 Shares under the Prior Plan(s)) that has expired, or was cancelled, terminated, forfeited or settled in cash in lieu of issuance of shares, for any reason, without having been exercised; (b) if permitted by Cellebrite, tendered to pay the exercise price of an option (or the exercise price or other purchase price of any option under the Prior Plan(s)), or withholding tax obligations with respect to an option (or any options under the Prior Plan(s)); or (c) if permitted by the Company, subject to an option (or any option under the Prior Plan(s)) that are not delivered to a Grantee because such shares are withheld to pay the exercise price of such option (or of any option under the Prior Plan(s)), or withholding tax obligations with respect to such option (or such other option); shall automatically, and without any further action on the part of Cellebrite or any grantee, again be available for grant of options and shares issued upon exercise of (if applicable) vesting thereof for the purposes of the 2019 Option Plan (unless the 2019 Option Plan shall have been terminated) or unless the board determines otherwise. Such shares may, in whole or in part, be authorized but unissued shares.

Administration. Cellebrite's board of directors, or a duly authorized committee of Cellebrite's board of directors, administers the 2019 Option Plan. Under the 2019 Option Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2019 Option Plan and any notices of grant or options granted thereunder, designate recipients of option grants, determine and amend the terms of options, including the exercise price of an option, the fair market value of an Ordinary Share, the time and vesting schedule applicable to an option grant or the method of payment for an option, accelerate or amend the vesting schedule applicable to an option grant, prescribe the forms of agreement for use under the 2019 Option Plan and take all other actions and make all other determinations necessary for the administration of the 2019 Option Plan. If the administrator is a duly authorized committee of our board of directors, Cellebrite's board of directors will determine the grant of options to be made, if any, to members of such committee.

The administrator also has the authority to amend and rescind rules and regulations relating to the 2019 Option Plan or terminate the 2019 Option Plan at any time before the date of expiration of its ten year term.

Eligibility. The 2019 Option Plan provides for granting options under various tax regimes, including, without limitation, in compliance with Section 102 ("Section 102") of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the "Ordinance"), unapproved Section 102 options, and Section 3(i) of the Ordinance.

Section 102 of the Ordinance allows employees, directors and officers who are not "controlling shareholders" (as used under the Ordinance) and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options under certain terms and conditions. Our non-employee service providers and controlling shareholders who are considered Israeli residents may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the "capital gain track".

Grant. All options granted pursuant to the 2019 Option Plan are evidenced by an option agreement, in a form approved, from time to time, by the administrator, in its sole discretion. The option agreement sets forth the terms and conditions of the option, number of shares subject to such option, vesting schedule and conditions (including performance goals or measures) and the exercise price, if applicable. Each option will expire ten years from the date of the grant thereof, or upon the earlier termination of the grantee's employment, unless such shorter term of expiration is otherwise designated by the administrator.

Awards. The 2019 Option Plan provides for options to purchase shares which may be made available from the authorized but unissued shares of Cellebrite or from shares held in Cellebrite's treasury and not reserved for some other purpose.

Vesting of Options. Unless otherwise determined by the Administration with respect to any, some or all options, each option shall vest over a 4-year period from the date of grant, with one quarter of such options becoming vested on the first anniversary of such grant, and the remaining portion in equal parts every quarter from the first anniversary and until the fourth anniversary of such grant or as otherwise indicated in the grantee's option agreement. An option may be subject to such other terms and conditions on the time or times when it may be exercised (including by way of performance conditions), as the Administration may deem appropriate. The vesting provisions of individual options may vary.

Exercise. An option under the 2019 Option Plan may be exercised by providing Cellebrite with a written notice of exercise and full payment of the exercise price for such shares underlying the option, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. Such notice is irrevocable and may not be resigned or revised once it has been delivered to Cellebrite its representative. An option may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with options under the 2019 Option Plan, the administrator may, in its discretion, among others, accept cash or otherwise provide for net withholding of shares in a cashless exercise mechanism.

Transferability. Neither the options nor any right in connection with such options are assignable or transferable.

Termination of Employment. In the event of termination of a grantee's employment or service with Cellebrite or any of its affiliates, all vested and exercisable options held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised options will terminate and the shares covered by such options shall be made available for issuance under the 2021 Share Incentive Plan.

In the event of termination of a grantee's employment or service with Cellebrite or any of its affiliates due to such grantee's death, retirement or "disability" (as defined in the 2019 Option Plan), all vested and exercisable options held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal representative or authorized assignee, as applicable, within 12 months after such date of termination, unless otherwise provided by the administrator. Any options which are unvested as of the date of such termination or which are vested but not then exercised within the 12 months period following such date, will terminate and the shares covered by such options shall be made available for issuance under the 2021Share Incentive Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with Cellebrite or any of its affiliates is terminated for "cause" (as defined in the 2019 Option Plan), all outstanding options held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such options shall be made available for issuance under the 2021 Share Incentive Plan.

Transactions. In the event of a share split, reverse share split, bonus shares (stock dividend), recapitalization, combination or reclassification of our shares, all only if such event generally applies to all shares, the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related to each outstanding option and to the number of shares reserved for issuance under the 2019 Option Plan, to the class and kind of shares subject to the 2019 Option Plan, as well as the exercise price per share of each outstanding option, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding options, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset or right underlying the option (which need not be only that of Cellebrite, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a dissolution of liquidation of Cellebrite, the board shall notify each grantee who holds unexercised options as soon as practicable prior to the effective date of such event. The board may allow the exercise of any or all outstanding options, whether or not vested, within 15 days as of the date in which Cellebrite has notified the grantee, and subject to the provisions of the Applicable Law (as defined under the 2019 Option Plan). To the extant it has not been previously exercised, an option will terminate immediately prior to the event. In the event of a merger, acquisition, shares sale or assets sale, then without the consent of the grantee, the administrator may, but is not required to, (i) cause any outstanding option to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the option (a) provide the grantee with the option to exercise the option as to all or part of the shares, and may provide for an acceleration of vesting of unvested options, or (b) cancel the option and pay in cash, shares of Cellebrite, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any option as it shall deem, in good faith, appropriate.

2019 Restricted Share and Restricted Share Units Plan

Cellebrite's 2019 Restricted Share and Restricted Share Units Plan (the "2019 Plan") was adopted by its board of directors on June 17, 2019. The 2019 Plan provides for the grant and issuance of restricted shares, RSUs or other share-based awards (collectively, awards) to employees, directors, officers, consultants, advisors and other service providers of Cellebrite and its affiliates.

Authorized Shares. As of December 31, 2022, there were awards related to 71,351 Ordinary Shares outstanding under the 2019 Plan.

Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer the 2019 Plan. Under the 2019 Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2019 Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine and amend the terms of awards, including the exercise price of an option award, the fair market value of an ordinary share, the time and vesting schedule applicable to an award or the method of payment for an award, accelerate or amend the vesting schedule applicable to an award, prescribe the forms of agreement for use under the 2019 Plan and take all other actions and make all other determinations necessary for the administration of the 2019 Plan. The administrator also has the authority to amend and rescind rules, policies and regulations relating to the 2019 Plan or terminate the 2019 Plan at any time before the date of expiration of its ten year term.

Tax Regimes. The 2019 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the "Ordinance"), and Section 3(i) of the Ordinance and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 409A of the Code.

Section 102 of the Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our non-employee service providers and controlling shareholders may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits.

Grant. All awards granted pursuant to the 2019 Plan will be evidenced by an award agreement, in a form approved, from time to time, by the administrator in its sole discretion. The award agreement will set forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions (including performance goals or measures) and the exercise price, if applicable. The provisions of the various award agreements entered into under the 2019 Plan need not be identical. Certain awards under the 2019 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

Awards. The 2019 Plan provides for the grant of restricted shares, RSUs or other share-based awards.

Restricted Shares. The administrator may award Ordinary Shares subject to vesting, or restricted shares to any eligible grantee, including under section 102 of the ordinance. The award agreement may include a purchase price (if applicable) and the terms of payment, which may include payment in cash or, subject to the administrator's approval, by issuance of promissory notes or other evidence of indebtedness on such terms and conditions as determined by the administrator. During the restricted period the grantee shall possess all incidents of ownership of such restricted shares, subject to the 2019 Plan, including the right to vote and receive dividends with respect to such shares. All securities, if any, received by a grantee with respect to restricted shares as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original award.

Restricted Share Units. The administrator may award RSUs to any eligible grantee, including under Section 102 of the Ordinance. An RSU represents the right to receive a number of Ordinary Shares equal to the number of units earned. RSUs are settled following vesting and (if applicable) exercise as provided under the terms of the award agreement. No payment of purchase price will be required as consideration for RSUs, unless included in the award agreement or as required by applicable law. A grantee may be entitled to dividend equivalents, subject to the terms of the award agreement.

The 2019 Plan permits the administrator to grant RSUs subject to deferral arrangements, including pursuant to Section 409A of the Code ("DSUs"). The terms of outstanding DSUs granted to certain employees who are US taxpayers generally provide for four-year vesting subject to continued service of the grantee, and settlement of vested Ordinary Shares on the earliest to occur of (1) the ninth anniversary of the grant date, (2) the date of the grantee's death, and (3) a change of control of the Company. Grantees are entitled to receive payments of dividend equivalents as to vested DSUs, payable no later than the end of the calendar month in which the dividend is paid to the Company's shareholders.

Other Share or Share-Based Awards. The administrator may grant other awards under the 2019 Plan pursuant to which shares , cash (in settlement of share-based awards) or a combination thereof, are or may in the future be acquired or received, or awards denominated in stock units, including units valued on the basis of measures other than market value.

Transferability. Other than by will, the laws of descent and distribution or as otherwise provided under the 2019 Plan, neither an award nor any right to receive shares in connection with an award are assignable or transferable.

Termination of Employment. In the event of termination of a grantee's employment or service with Cellebrite or any of its affiliates, all unvested awards shall terminate as of the grantee's date of termination, except as otherwise provided in the award agreement or unless otherwise determined by the Board or the administrator.

In the event of termination of a grantee's employment or service with Cellebrite or any of its affiliates due to such grantee's death, retirement or "disability" (as defined in the 2019 Plan), all then-unvested held by such grantee as of the date of termination shall become fully vested.

Notwithstanding any of the foregoing, if a grantee's employment or services with the company or any of its affiliates is terminated for "cause" (as defined in the 2019 Plan), all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination. Where a grantee's employment or services with the company is terminated for any of the above-stated reasons, all outstanding awards shall be made available for issuance under the 2021 Share Incentive Plan.

Vesting. Unless otherwise resolved by the administrator and stated in the award agreement, awards shall vest over a four year period, with 25% of the shares covered by the award vesting on the first anniversary of the vesting commencement date determined by the administrator (and in the absence of such determination, of date on which such award was granted), and 6.25% of the shares covered by the award vesting at the end of each subsequent three-month period, provided that the grantee remains in continuous service with the Company or an affiliate as of each such date. Vesting of awards granted under the 2019 Plan shall be suspended during any unpaid leave of absence, other than in the case of any (i) leave of absence which was pre-approved by the Company explicitly for purposes of continuing the vesting of Awards, or (ii) transfers between locations of the Company or any of its Affiliates, or between the Company and any of its Affiliates, or any respective successor thereof. For clarity, for purposes of the 2019 Plan, military leave, paid maternity or paternity leave or paid sick leave are not deemed unpaid leave of absence.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by the company (but not including the conversion of any convertible securities of the company), the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related to each outstanding award and to the number of shares reserved for issuance under the 2019 Plan, to the class and kind of shares subject to the 2019 Plan, as well as the exercise price per share of each outstanding award, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding awards, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset or right underlying the award (which need not be only that of the Company, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded down to the nearest whole share unless otherwise determined by the administrator. In the event of a distribution of a cash dividend to all shareholders, the administrator may determine, without the consent of any holder of an award, that the exercise price of an outstanding and unexercised award shall be reduced by an amount equal to the per share gross dividend amount distributed by the Company, subject to applicable law.

In the event of a merger or consolidation of our company, or a sale of all, or substantially all, of the Company's shares or assets or other transaction having a similar effect on the Company, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, and subject to the terms of the applicable award agreement, the administrator may but is not required to (i) cause any outstanding award to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the award (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, or (b) cancel the award and pay in cash, shares of the company, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

2021 Share Incentive Plan

The 2021 Share Incentive Plan (the "2021 Plan"), was adopted by our board of directors on August 5, 2021. The 2021 Plan provides for the grant of equity-based incentive awards to our employees, directors, officers, consultants, advisors and other persons or entities who provide services to us in order to incentivize them to increase their efforts on behalf of the Company and to promote the success of the Company's business.

Shares Available for Grants. As of December 31, 2022, there were 7,158,885 Ordinary Shares underlying outstanding awards (including options and RSUs) under the 2021 Plan, and 22,789,113 Ordinary Shares available for future grant under the 2021 Plan. The maximum number Ordinary shares available for issuance under the 2021 Plan is equal to the sum of (i) 18,716,873 shares, equal to 10% of our outstanding shares, (ii) any shares subject to awards under the 2008 and the 2019 Option Plans that expire, or are cancelled, terminated, forfeited or settled in cash in lieu of issuance of shares or became unexercisable without having been exercised, and (iii) an annual increase on the first day of each year beginning in 2022 and on January 1st of each calendar year thereafter during the term of the 2021 Plan, equal to 5% of the outstanding Ordinary shares of the Company on the last day of the immediately preceding calendar year. No more than 24,100,000 Ordinary shares may be issued upon the exercise of incentive stock options. If permitted by our board of directors, shares tendered to pay the exercise price or withholding tax obligations with respect to an award granted under the 2021 Plan, the 2019 Option Plan or the 2008 Plan, may again be available for issuance under the 2021 Plan. Our board of directors may also reduce the number of ordinary shares reserved and available for issuance under the 2021 Plan in its discretion.

Administration. Our board of directors or a duly authorized committee of our board of directors will administer the 2021 Plan. Under the 2021 Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2021 Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine and amend the terms of awards, including the exercise price of an option award, the fair market value of an ordinary share, the time and vesting schedule applicable to an award or the method of payment for an award, accelerate or amend the vesting schedule applicable to an award, prescribe the forms of agreement for use under the 2021 Plan, determine the tax track for the purpose of awards subject to Section 102 of the Israeli Income Tax Ordinance (New Version) 5271-1961 (which we refer to as the "Ordinance" herein) and take all other actions and make all other determinations necessary for the administration of the 2021 Plan.

The administrator also has the authority to approve the conversion, substitution, cancellation or suspension under and in accordance with the 2021 Plan of any or all option awards or Ordinary shares, and the authority to modify option awards to eligible individuals who are foreign nationals or are individuals who are employed outside Israel to recognize differences in local law, tax policy or custom, in order to effectuate the purposes of the 2021 Plan but without amending the 2021 Plan.

The administrator also has the authority to amend and rescind rules and regulations relating to the 2021 Plan or terminate the 2021 Plan at any time before the date of expiration of its ten year term.

Eligibility. The 2021 Plan provides for grants of awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Ordinance, and Section 3(i) of the Ordinance and, for awards granted to our United States employees or service providers (including those who are deemed to be residents of the United States for tax purposes), Section 422 of the Code and Section 409A of the Code. For a description of the implications of Section 102, see above under the description of the 2019 Option Plan.

Grants. All awards granted pursuant to the 2021 Plan will be evidenced by an award agreement, in a form approved by the administrator in its sole discretion. The award agreement will set forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions (including performance goals or measures) and the exercise price, if applicable. Certain awards under the 2021 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

Each Award Agreement shall provide the vesting schedule for the award as determined by the administrator. The administrator shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding award at such time and under such circumstances as it, in its sole discretion, deems appropriate.

Awards. The 2021 Plan provides for the grant of stock options (including incentive stock options and nonqualified stock options), Ordinary Shares, restricted shares, RSUs, stock appreciation rights and other share-based awards.

Options granted under the 2021 Plan to Company employees who are U.S. residents may qualify as "incentive stock options" within the meaning of Section 422 of the Code, or may be non-qualified stock options. The exercise price of an option may not be less than the par value of the shares (if the shares bear a par value) for which such option is exercisable. The exercise price of an Incentive Stock Option may not be less than 100% of the fair market value of the underlying share on the date of grant or such other amount as may be required pursuant to the Code, and in the case of Incentive Stock Options granted to ten percent stockholders, not less than 110%.

Exercise. An award under the 2021 Plan may be exercised by providing the Company with a written or electronic notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. An award may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2021 Plan, the administrator may, in its discretion, accept cash, provide for net withholding of shares in a cashless exercise mechanism or direct a securities broker to sell shares and deliver all or a part of the proceeds to the Company or the trustee.

Transferability. Other than by will, the laws of descent and distribution or as otherwise provided under the 2021 Plan, neither the options nor any right in connection with such options are assignable or transferable.

Termination of Employment. In the event of termination of a grantee's employment or service with the Company or any of its affiliates (other than by reason of death or permanent disability), all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the 2021 Plan. In the event of termination of a grantee's employment or service with the Company or any of its affiliates due to such grantee's death or permanent disability, or in the event of the grantee's death within the three month period (or such longer period as determined by the administrator) following his or her termination of service, all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within one year after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the one year period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2021 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with the Company or any of its affiliates is terminated for "cause" (as defined in the 2021 Plan), all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the 2021 Plan.

Voting Rights. Except with respect to restricted share awards, grantees will not have the rights as a shareholder of the Company with respect to any shares covered by an award until the award has vested and/or the grantee has exercised such award, paid any exercise price for such award and becomes the record holder of the shares. With respect to restricted share awards, grantees will possess all incidents of ownership of the restricted shares, including the right to vote and receive dividends on such shares.

Dividends. Grantees holding restricted share awards will be entitled to receive dividends and other distributions with respect to the shares underlying the restricted share award. Any stock split, stock dividend, combination of shares or similar transaction will be subject to the restrictions of the original restricted share award. Grantees holding RSUs will not be eligible to receive dividend but may be eligible to receive dividend equivalents.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of the Company's shares, the administrator in its sole discretion may, and where required by applicable law shall, without the need for a consent of any holder, make an appropriate adjustment in order to adjust (i) the number and class of shares reserved and available for the outstanding awards, (ii) the number and class of shares covered by outstanding awards, (iii) the exercise price per share covered by any award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding awards, and (v) the type or class of security, asset or right underlying the award (which need not be only that of the Company, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions), and (vi) any other terms of the award that in the opinion of the administrator should be adjusted; provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share unless otherwise determined by the administrator. In the event of a distribution of a cash dividend to all shareholders, the administrator may determine, without the consent of any holder of an award, that the exercise price of an outstanding and unexercised award shall be reduced by an amount equal to the per share gross dividend amount distributed by the Company, subject to applicable law.

In the event of a merger or consolidation of the Company, or a sale of all, or substantially all, of the Company's shares or assets or other transaction having a similar effect on the Company, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, (i) unless otherwise determined by the administrator, any outstanding award will be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the award the administrator may (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, (b) cancel the award and pay in cash, shares of the Company, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances, or (c) provide that the terms of any award shall be otherwise amended, modified or terminated, as determined by the administrator to be fair in the circumstances.

2021 Employee Share Purchase Plan

The ESPP was adopted by our board of directors on August 5, 2021. The ESPP is comprised of two distinct components: (1) the component intended to qualify for favorable U.S. federal tax treatment under Section 423 of the Code (the "Section 423 Component") and (2) the component not intended to be tax qualified under Section 423 of the Code to facilitate participation for employees who are not eligible to benefit from favorable U.S. federal tax treatment and, to the extent applicable, to provide flexibility to comply with non U.S. law and other considerations (the "Non-Section 423 Component").

Authorized Shares. The maximum number of shares of our common stock available for issuance under the ESPP will initially not exceed 1,871,687 shares, equal to 1% of our outstanding shares. In 2021 there were no grants of shares with respect to the ESPP. On the first day of each fiscal year beginning with our 2023 fiscal year and ending on and including the fiscal year of 2033, such pool of Ordinary Shares shall be increased by that number of our Ordinary Shares equal to the lesser of:

- 1% of the outstanding Ordinary Shares as of the last day of the immediately preceding fiscal year, determined on a fully diluted basis; or
- such smaller amount as our board of directors may determine.

In no event will more than 36,150,000 Ordinary Shares (subject to adjustment as provided for in the ESPP) be available for issuance under the Section 423 Component.

ESPP Administration. Unless otherwise determined by our board of directors, the compensation committee of our board of directors (or such other committee or sub-committee to which our board of directors delegates administration of the ESPP) will administer the ESPP and will have the authority to interpret the terms of the ESPP, determine eligibility under the ESPP, determine when rights to purchase shares shall be granted and the provisions of each offering of such rights, to impose a mandatory holding period under which employees may not dispose or transfer shares under the ESPP, prescribe, revoke and amend forms, rules and procedures relating to the ESPP, and otherwise exercise such powers and to perform such acts as the administrator deems necessary or expedient to promote the best interests of the Company and its subsidiaries and to carry out the intent that the ESPP be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code for the Section 423 Component.

Eligibility. Participation in the Section 423 Component may be limited in the terms of any offering to exclude an employee of the Company and any of its designated subsidiaries (a) who is a highly-compensated employee (within the meaning of Section 423(b)(4)(D) of the Code), (b) who has not a service requirement set by the administrator of the ESPP pursuant to Section 423(b)(4)(A) of the Code (such requirement not to exceed two years), (c) who customarily works less than 20 hours per week, (d) whose customary employment is for less than five months per fiscal year, and/or(e)who is a citizen or resident of a non-U.S. jurisdiction and the grant of a right to purchase shares under the ESPP to such employee would be prohibited under the laws of such non-U.S. jurisdiction or the grant of a right to purchase shares under the ESPP to such employee in compliance with the laws of such non-U.S. jurisdiction would cause the ESPP to violate the requirements of Section 423 of the Code. Any of the foregoing exclusions must be applied in an identical manner to all employees under each offering period, in accordance with Treasury Regulation Section 1.423-2(e). Under the Section 423 Component, designated subsidiaries include any subsidiary (within the meaning of Section 424(f) of the Code) of the Company that has been designated by our board of directors or the compensation committee as eligible to participate in the ESPP (and if an entity does not so qualify within the meaning of Section 424(f) of the Code, it shall automatically be deemed to be a designated subsidiary in the Non-Section 423 Component). In addition, with respect to the Non-Section 423 Component, designated subsidiaries may include any corporate or noncorporate entity in which the Company has a direct or indirect equity interest or significant business relationship. Under the Section 423 Component, no employee may be granted a purchase right if, immediately after the purchase right is granted, the employee would own (or, under applicable statutory attribution rules, would be deemed to own) shares possessing 5% or more of the total combined voting power or value of all classes of shares of the Company or any of its subsidiaries. In addition, in order to facilitate participation in the ESPP, the compensation committee may provide for such special terms applicable to participants who are citizens or residents of a non-U.S. jurisdiction, or who are employed by a designated subsidiary outside of the U.S., as the compensation committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Except as permitted by Section 423 of the Code, with respect to the Non-Section 423 Component, such special terms may not be more favorable than the terms of rights granted under the Section 423 Component to eligible employees who are residents of the United States.

Offering Periods. The ESPP provides for offering periods, not to exceed 27 months each, during which we will grant rights to purchase our Ordinary Shares to our employees. The timing of the offering periods will be determined by the administrator. The terms and conditions applicable to each offering period will be set forth in an offering document adopted by the administrator for the particular offering period. The maximum number of shares that may be purchased by any eligible employee during a particular offering period is 30,000 shares, unless otherwise specified by the administrator in the offering document. The provisions of offerings during separate offering periods under the ESPP need not be identical.

Contributions. Our ESPP will permit participants to purchase our Ordinary Shares through contributions (in the form of payroll deductions, or otherwise, to the extent permitted by the administrator). The percentage of compensation designated by an eligible employee as payroll deductions for participation in an offering may not be less than 1% and may not be more than the maximum percentage specified by the administrator in the applicable offering document (which maximum percentage shall be 25% in the absence of any such specification). A participant may increase or decrease the percentage of compensation designated in his or her subscription agreement, or may suspend his or her payroll deductions, at any time during an offering period; provided, however, that the administrator may limit the number of changes a participant may make in the applicable offering document. In the absence of any specific designation by the administrator, a participant may decrease (but not increase) his or her payroll deduction elections one time during each offering period.

Exercise of Purchase Right. Amounts contributed and accumulated by the participant will be used to purchase our Ordinary Shares at the end of each offering period. Unless otherwise determined by the administrator, the purchase price of the shares will be 85% of the lower of the fair market value of our Ordinary Shares on (i) the first trading day of the offering period or (ii) the last trading day of the offering period (and may not be lower than such amount with respect to the Section 423 Component). Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase our Ordinary Shares. Participation ends automatically upon termination of employment with us.

Non-Transferability. A participant may not transfer contributions credited to his or her account nor any rights granted under our ESPP other than by will, the laws of descent and distribution or as otherwise provided under our ESPP.

Corporate Transactions. In the event of certain transactions or events such as a consolidation, merger or similar transaction, a sale or transfer of all or substantially all of the Company's assets, or a dissolution or liquidation of the Company, the administrator may, in its discretion, provide that (i) each outstanding purchase right will be (a) assumed or substituted for a right granted by the acquiror or successor corporation or by a parent or subsidiary of such entity, (b) terminated in exchange for cash or other property as determined by the administrator, (c) adjusted with respect to the number and type of shares (or other securities or property) subject to outstanding rights under the ESPP and/or in the terms and conditions of outstanding rights and rights that may be granted in the future; (d) cancelled with accumulated payroll deductions returned to each participant, or (ii) the participant's accumulated payroll deductions may be used to purchase shares prior to the end of the offering period and before the date of the proposed sale, merger or similar transaction.

Amendment; Termination. The administrator will have the authority to amend, suspend or terminate our ESPP. Our ESPP is not subject to a specific termination date.

Indemnification

The Company has entered into indemnification agreements with its directors and executive officers. Information regarding such indemnification agreements is included in this Annual Report under the section titled "Item 6. Directors, Senior Management and Employees—C. Board Practices—Approval of Related Party Transactions under Israeli Law—Exculpation, Insurance and Indemnification of Office Holders" and is incorporated herein by reference.

C. BOARD PRACTICES

As an Israeli company, we are subject to various corporate governance requirements under the Companies Law, relating to matters such as external directors, the audit committee, the compensation committee and an internal auditor.

Additionally, we are a "foreign private issuer" under the Exchange Act. As a foreign private issuer, we are permitted to comply with Israeli corporate governance practices instead of the corporate governance rules of Nasdaq, provided that we disclose which requirements we are not following and the equivalent Israeli requirement. We currently rely on this "foreign private issuer exemption" only with respect to the quorum requirement for shareholder meetings and the requirement regarding distribution of annual and interim reports. For more information, see " Part I, Item 16G. Corporate Governance." We otherwise comply with and intend to continue to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to rely upon the "foreign private issuer exemption" for purposes of opting out of some or all of the other Nasdaq corporate governance rules. Following our home country governance practices may provide less protection than is accorded to investors under the Nasdaq rules applicable to domestic issuers. For more information, see "Part I, Item 3. Key Information — D. Risk Factors—Risks Relating to an Investment in our Securities —As a 'foreign private issuer' under applicable securities laws and regulations, Cellebrite is permitted to,

and may, file less or different information with the SEC than a company incorporated in the United States, and will follow certain home country governance practices in lieu of certain Nasdaq requirements applicable to U.S. issuers."

Board of Directors

Under the Companies Law and the Amended Articles, our business and affairs are managed under the direction of our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to executive management. Our Chief Executive Officer (referred to as a "general manager" under the Companies Law) is responsible for our day-to-day management. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the employment agreement that we have entered into with him. All other executive officers are appointed by the Chief Executive Officer, subject to applicable corporate approvals, and are subject to the terms of any applicable employment or consulting agreements that we may enter into with them.

Pursuant to the Amended Articles, other than external directors, for whom special election requirements apply under the Companies Law, the number of directors on our board of directors consists of no less than three and no more than eleven directors divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors (other than the external directors). At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election. Therefore, each year the term of office of only one class of directors will expire.

Our directors who are not external directors are divided among the three classes as follows:

- the Class II directors are Haim Shani, William Heldfond and Ryusuke Utsumi, and their terms will expire at our annual meeting of shareholders to be held in 2023;
- the Class III directors are Yossi Carmil and Adam Clammer, and their terms will expire at our annual meeting of shareholders to be held in 2024; and
- the Class I directors are Elly Keinan and Yonatan Domnitz, and their terms will expire at the annual general meeting of shareholders to be held in 2025

Our directors, aside from our external directors, and subject to the specific director appointment rights contained in the Amended Articles, according to which (i) two directors shall be nominated by the Sponsor and reasonably acceptable to Cellebrite (each a "Sponsor Director"); (ii) two directors shall be nominated by SUNCORPORATION (each a "SUN Director") and reasonably acceptable to Cellebrite; and (iii) one director shall be nominated by IGP ("IGP Director") and reasonably acceptable to Cellebrite, were generally appointed by a simple majority vote of holders of our Ordinary Shares, participating and voting (in person or by proxy) at the annual general meeting of our shareholders. Our external directors were elected by our shareholders on November 29, 2021 and are Mses. Gruber and Baudot-Trajtenberg. For more information, see "— External Directors."

Each director, aside from our external directors, the Sponsor Directors, the SUN Directors and IGP Director, will hold office until the annual general meeting of our shareholders for the year in which such director's term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless such director is removed from office as described below.

With respect to the directors appointed pursuant to the specific appointment rights described above: one Sponsor Director serves in Class II (the "Class II Sponsor Director") and the other Sponsor Director serves in Class III (the "Class III Sponsor Director"); one SUN Director serves in Class I (the

"Class I SUN Director") and the other SUN Director serves in Class II (the "Class II SUN Director"); and the IGP Director serves in Class II.

The director appointment rights of the Sponsor, SUNCORPORATION and IGP under the Cellebrite Articles are subject to the following limitations:

- The Sponsor has the right to appoint a Class II Sponsor Director and a Class III Sponsor Director during the period commencing on the date of the consummation of the Merger and ending on the earlier of (i) the date immediately following Cellebrite's 2023 annual general meeting of its shareholders and (ii) the date on which TWC and certain affiliates (the "Sponsor Parties") beneficially own in the aggregate less than two-thirds (2/3) of the number of Ordinary Shares beneficially owned by the Sponsor Parties on the date of the consummation of the Merger. Following such period and until the earlier of (i) the date immediately prior to Cellebrite's 2023 annual general meeting of its shareholders and (ii) the date on which the Sponsor Parties beneficially own in the aggregate less than one-third (1/3) of the number of Ordinary Shares beneficially owned by the Sponsor Parties on the consummation of the Merger, the Sponsor has the right to appoint a Class III Sponsor Director.
- SUNCORPORATION has the right to appoint a Class I SUN Director and a Class II SUN Director until such time as SUNCORPORATION and its affiliates cease to beneficially own in the aggregate at least 20% of the issued and outstanding Ordinary Shares. Following such time and until such time as SUNCORPORATION and its affiliates cease to beneficially own in the aggregate at least 10% of the issued and outstanding Ordinary Shares, SUNCORPORATION has the right to appoint a Class I SUN Director.
- IGP has the right to appoint an IGP Director until such time as IGP and its affiliates cease to beneficially own in the aggregate at least 10% of the issued and outstanding Ordinary Shares.

Under the Amended Articles, the approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors (other than the external directors, the Sponsor Directors, the SUN Directors and IGP Director) from office or amend the provision requiring the approval of at least 65% of the total voting power of our shareholders to remove any of our directors from office. In addition, vacancies on our board of directors may only be filled by a vote of a simple majority of the directors then in office or in case of a Sponsor Directors, SUN Directors or IGP Director, by a majority of the holders of the respective director appointment rights. A director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created. In the case of a vacancy due to the number of directors being less than the maximum number of directors stated in the Amended Articles, the new director filling the vacancy will serve until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Director Independence

The Nasdaq corporate governance rules require that a majority of our board of directors be independent. An "independent director" is defined generally as a person who has no material relationship with the listed company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the listed company). Our board of directors has determined that each of our directors, other than Mr. Carmil, is an independent director as defined in the Nasdaq corporate governance rules.

Chairperson of the Board

The Amended Articles provide that the Chairperson of the board of directors is appointed by the members of the board of directors from among them. Under the Companies Law, the chief executive officer of a public company, or a relative of the chief executive officer, may not serve as the chairperson of the board of directors, and the chairperson of the board of directors, or a relative of the chairperson, may not be vested with authorities of the chief executive officer unless approved by a special majority of the company's shareholders. The shareholders' approval can be effective for a period of five years following an initial public offering, and subsequently, for additional periods of up to three years.

In addition, a person who is subordinated, directly or indirectly, to the chief executive officer may not serve as the chairperson of the board of directors, the chairperson of the board of directors may not be vested with authorities that are granted to persons who are subordinated to the chief executive officer and the chairperson of the board of directors may not serve in any other position in the company or in a controlled subsidiary, but may serve as a director or chairperson of a controlled subsidiary.

External Directors

Under the Companies Law, companies incorporated under the laws of the State of Israel that are "public companies," including companies with shares listed on Nasdaq are required to appoint at least two external directors. Our external directors, who were elected by our shareholders on November 29, 2021, are Mses. Gruber and Baudot-Trajtenberg.

Pursuant to the regulations promulgated under the Companies Law, companies whose shares are traded on specified U.S. stock exchanges, including Nasdaq, and which do not have a controlling shareholder (as such term is defined in the Companies Law), and follow the U.S. rules with respect to the appointment of independent directors and the composition of the Board's committees, may (but are not required to) elect to opt out of the requirement to maintain external directors and opt out of the composition requirements under the Companies Law with respect to the audit and compensation committees. We currently cannot rely on such exemption because SUN Corporation is a controlling shareholder of Cellebrite.

The provisions of the Companies Law set forth special approval requirements for the election of external directors. External directors must be elected by a majority vote of the shares present and voting at a meeting of shareholders, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which we refer as a disinterested majority; or
- the total number of shares voted by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the external director against the election of the external director does not exceed 2% of the aggregate voting rights in the company.

The term "controlling shareholder" as used in the Companies Law for purposes of all matters related to external directors and for certain other purposes (such as the requirements related to appointment to the audit committee or compensation committee, as described below), means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint a majority of the directors of the company or its general manager. With respect to certain matters (various related party transactions), a controlling shareholder is deemed to include a shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company, but excludes a shareholder whose power derives solely from his or her position as a director of the company or from any other position with the company.

The initial term of an external director is three years. Thereafter, an external director may be re-elected by shareholders to serve in that capacity for up to two additional three-year terms, provided that either:

(i) his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the company, subject to additional restrictions set forth in the Companies Law with respect to affiliations of external director nominee;

(ii) his or her service for each such additional term is recommended by the board of directors and is approved at a meeting of shareholders by the same majority required for the initial election of an external director (as described above); or

(iii) his or her service for each such additional term is suggested by the director himself/herself and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the company, subject to additional restrictions set forth in the Companies Law with respect to affiliations of external director nominee.

The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including the Nasdaq may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the re-election for such additional period(s) is beneficial to the company, and provided that the external director is re-elected subject to the same shareholder vote requirements (as described above regarding the re-election of external directors). Prior to the approval of the re-election of the external director at a general meeting of shareholders, the company's shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommended the extension of his or her term.

External directors may be removed from office by a special general meeting of shareholders called by the board of directors, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only if such director does not meet the statutory qualifications for appointment, or violating their duty of loyalty to the company. The court may also remove an external director from office, if it determines, at the request of the company, a board member, a shareholder or a creditor that the board member is not able to fulfil his role or if such board member was convicted by a foreign court of certain specific offences.

If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a shareholders' meeting as soon as practicable to appoint a replacement external director. Each committee of the board of directors that has the right to exercise the powers of the board of directors must include at least one external director and the audit committee and the compensation committee must include all external directors then serving on the board of directors and an external director must serve as chair thereof. Under the Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as external directors pursuant to the Companies Law and the regulations promulgated thereunder. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term subject to certain exceptions.

The Companies Law provides that a person is not qualified to be appointed as an external director if (i) the person is a relative of a controlling shareholder of the company, or (ii) if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subordinate, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an external director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no controlling shareholder or any shareholder holding 25% or more of its voting rights, had at the date of appointment as an external director, any affiliation or other disqualifying relationship with a person then serving as chairman of the board or Chief Executive Officer, a holder of 5% or more of the issued share capital or voting power in the company or the most senior financial officer.

The term "relative" is defined in the Companies Law as a spouse, sibling, parent, grandparent or descendant; spouse's sibling, parent or descendant; and the spouse of each of the foregoing persons. Under the Companies Law, the term "affiliation" and the similar types of disqualifying relationships include (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (but excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering.

The term "office holder" is defined in the Companies Law as a general manager (i.e., Chief Executive Officer), chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, a director and any other manager directly subordinate to the general manager.

In addition, no person may serve as an external director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if the person is an employee of the Israel Securities Authority of an Israeli stock exchange.

Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control. This includes engagement as an office holder of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child and for one year with respect to other relatives of the former external director.

If at the time at which an external director is appointed all members of the board of directors who are not controlling shareholders or relatives of controlling shareholders of the company are of the same gender, the external director to be appointed must be of the other gender. A director of one company may not be appointed as an external director of another company if a director of the other company is acting as an external director of the first company at such time.

According to the Companies Law and regulations promulgated thereunder, a person may be appointed as an external director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below); provided that at least one of the external directors must be determined by our board of directors to have accounting and financial expertise. However, if at least one of our other directors (i) is an audit committee independent financial expert according to U.S. law and (ii) has accounting and financial expertise as defined under the Companies Law, then neither of our external directors is required to possess accounting and financial expertise as long as each possesses the requisite professional qualifications.

A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, such that he or she is able to understand the financial statements of the company and initiate a discussion about the presentation of financial data. A director is deemed to have professional qualifications if he or she has any of (i) an academic degree in economics, business management, accounting, law or public administration, (ii) an academic degree or has completed another form of higher education in the primary field of business of the company or in a field which is relevant to his/her position in the company or (iii) at least five years of experience serving in one of the following capacities, or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a significant volume of business, (b) a senior position in the company's primary field of business or (c) a senior position in public administration or service. The board of directors is charged with determining whether a director possesses financial and accounting expertise or professional qualifications.

Lead Independent Director

Our board of directors adopted corporate governance guidelines after the listing of our Ordinary Shares on Nasdaq, which now serve as a flexible framework within which our board of directors and its committees operate subject to the requirements of applicable law and regulations. Under these guidelines, it is our policy that the positions of chairman of the board of directors and Chief Executive Officer are held by the same person (subject to approval by our shareholders pursuant to the Companies Law, as described below). Under such circumstance, the guidelines also provide that the non-executive board members shall designate an independent director, who has served a minimum of one year as a director, to serve as the lead independent director. If at any meeting of the board of directors the lead independent director is not present, then for the purpose and duration of such meeting one of the following (in the following order) will act as the lead independent director: the chairman of the audit committee, chairman of the compensation committee, or an independent member of the board appointed by a majority of the independent members of the board present.

The authorities and responsibilities of the lead independent director include, but are not be limited to, the following:

- presiding as chairman of meetings of the board of directors at which the chairman of the board of directors is not present, including executive sessions of the independent members of the board of directors;
- serving as liaison between the chairman of the board of directors and the independent members of the board of directors;
- approving meeting agendas for the board of directors;
- approving information sent to the board of directors;
- approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;

- having the authority to call meetings of the independent members of the board of directors; and
- ensuring that he or she is available for consultation and direct communication with shareholders, as appropriate.

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairman of the committee. The audit committee may not include the chairman of the board, a controlling shareholder of the company, a relative of a controlling shareholder, a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder, or a director who derives most of his or her income from a controlling shareholder. In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors. In general, an "unaffiliated director" under the Companies Law is defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director, except for the requirement (i) that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed for trading outside of Israel) and (ii) for accounting and financial expertise or professional qualifications; and
- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of less than two years in the service shall not be deemed to interrupt the continuation of the service.

Each member of our audit committee (each, as identified in the second paragraph under the sub-heading "Listing Requirements" below) is an unaffiliated director under the Companies Law, thereby fulfilling the foregoing Israeli law requirement for the composition of the audit committee.

The audit committee may not include the chairman of the board, a controlling shareholder of the company, a relative of a controlling shareholder, a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder, or a director who derives most of his or her income from a controlling shareholder. In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of independent directors.

Listing Requirements

Under the corporate governance rules of Nasdaq we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Our audit committee consists of Dafna Gruber, Nadine Baudot-Trajtenberg and William Heldfond, each of whom is an independent director in accordance with Rule 10A-3(b)(1) under the Exchange Act and satisfies the independent director requirements under the Nasdaq rules. Dafna Gruber serves as the chairperson of the audit committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the corporate governance rules of Nasdaq. Our board has determined that Dafna Gruber is an audit committee financial expert as defined by the SEC rules.

Audit Committee Role

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee, which are consistent with the Companies Law, the SEC rules, and the Nasdaq corporate governance rules. These responsibilities include, but are not limited to:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Under the Israeli Companies Law, our audit committee is responsible for:

- determining whether there are deficiencies in the business management practices of our company, including in consultation with our internal auditor or the independent auditor, and making recommendations to the board of directors to improve such practices;
- determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under the Israeli Companies Law) (see "—Approval of Related Party Transactions Under Israeli Law");
- establishing the approval process (including, potentially, the approval of the audit committee and conducting a competitive procedure supervised by the audit committee) for certain transactions with a controlling shareholder or in which a controlling shareholder has a personal interest;
- where the board of directors approves the working plan of the internal auditor, examining such working plan before its submission to the board of directors and proposing amendments thereto;
- examining our internal audit controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to fulfill his responsibilities;
- examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and
- establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Our audit committee may not approve any actions requiring its approval (see "—Approval of Related Party Transactions Under Israeli Law"), unless at the time of the approval a majority of the committee's members are present, which majority consists of unaffiliated directors including at least one external director.

Compensation Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. The compensation committee generally (subject to certain exceptions that do not apply to our company) must be comprised of at least three directors, including all of the external directors, who must constitute a majority of the members of the compensation committee, and one of whom must serve as chairman. Each compensation committee member who is not an external director must be a director whose compensation is similar to the amount that may be paid to an external director. The compensation committee is subject to the same Companies Law restrictions as the audit committee as to who may not be a member of the compensation committee. Each member of our compensation committee (each, as identified in the second paragraph under the sub-heading "Listing Requirements" below) fulfills the foregoing Israeli law requirements related to the composition of the compensation committee.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain a wholly-independent compensation committee consisting of at least two independent directors or, if we choose to follow requirements under Israeli law, we must disclose that fact in this annual report. Each of the members of the compensation committee is required to be independent under the Nasdaq rules relating to compensation committee members and Rule 10C-1(b)(1) under the Exchange Act, which are different than the general test for independence of board members.
Our compensation committee consists of Dafna Gruber, Nadine Baudot-Trajtenberg and Elly Keinan. Nadine Baudot-Trajtenberg serves as chairperson of the committee. Our board of directors has determined that each member of our compensation committee is independent under the corporate governance rules of Nasdaq and that each satisfies the above-described additional requirements for compensation committee members under the Nasdaq rules and Exchange Act.

Compensation Committee Role

In accordance with the Companies Law, the roles of the compensation committee are, among others, as follows:

- making recommendations to the board of directors with respect to the approval of the compensation policy for office holders and, once every three years, regarding any extensions to a compensation policy that was adopted for a period of more than three years (other than following a company's initial public offering, in which case such approval must occur within 5 years of the initial public offering);
- reviewing the implementation of the compensation policy and periodically making recommendations to the board of directors with respect to any amendments or updates of the compensation policy;
- resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders;
- exempting, under certain circumstances, a transaction with our Chief Executive Officer from the approval of our shareholders.

- determining, subject to the approval of the board and under special circumstances, whether to override a determination of the company's shareholders regarding certain compensation related issues.

An office holder is defined in the Companies Law as a director, chief executive officer, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person's title, and any other manager directly subordinate to the chief executive officer. Each person listed in the table under the section titled "Directors and Senior Management" is an office holder under the Companies Law.

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the committee, which are consistent with the corporate governance rules of Nasdaq and include among others:

- recommending to our board of directors for its approval a compensation policy in accordance with the requirements of the Companies Law as well as other compensation policies, incentive-based compensation plans and equity-based compensation plans, and overseeing the development and implementation of such policies and recommending to our board of directors any amendments or modifications the committee deems appropriate, including as required under the Companies Law;
- reviewing and approving the granting of options and other incentive awards to our Chief Executive Officer and other executive officers, including reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, including evaluating their performance in light of such goals and objectives;
- approving and exempting certain transactions regarding office holders' compensation pursuant to the Companies Law; and
- administering our equity-based compensation plans, including without limitation, approving the adoption of such plans, amending and interpreting such plans and the awards and agreements issued pursuant thereto, and making awards to eligible persons under the plans and determining the terms of such awards.

Compensation Policy under the Companies Law

In general, under the Companies Law, a public company must have a compensation policy approved by the board of directors after receiving and considering the recommendations of the compensation committee. In addition, our compensation policy must be approved at least once every three years, first, by our board of directors, upon recommendation of our compensation committee, and second, by a majority of the Ordinary Shares present, in person or by proxy, and voting (excluding abstentions) at a general meeting of shareholders, provided that either:

- such majority includes at least a majority of the shares held by shareholders who are not controlling shareholders and shareholders who do not have a personal interest in such compensation policy; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation policy and who vote against the policy does not exceed two percent (2%) of the aggregate voting rights in the Company.

Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee and then the board of directors decide, on the basis of detailed grounds and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of shareholders, is for the benefit of the company.

If a company that initially offers its securities to the public, like us, adopts a compensation policy in advance of its initial public offering, and describes it in its Annual Report for such offering, then such compensation policy shall be deemed a validly adopted policy in accordance with the Companies Law requirements described above. Furthermore, if the compensation policy is established in accordance with the aforementioned relief, then it will remain in effect for a term of five years from the date such company becomes a public company.

The compensation policy must be based on certain considerations, include certain provisions and reference certain matters as set forth in the Companies Law. The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement (under special circumstances, the compensation committee, board of directors and the shareholders may approve terms of employment or engagement of an office holder which do not comply with the compensation policy. The board of directors may approve terms of employment or engagement of an office holder despite the objection of the shareholders on the condition that the compensation committee and then the board of directors approve it, on the basis of detailed grounds and after discussing again such terms of employment or engagement). The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company’s objectives, business plan and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company’s risk management policy; the size and the nature of the company’s operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company’s long-term goals and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant office holder;
- the office holder’s roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms offered and the average compensation of the other employees of the company, including those employed through manpower companies;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors;
- the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the company’s performance during that period of service, the person’s contribution towards the company’s achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

In addition, the Companies Law provides that the following matters must be included in the compensation policy (the "Compensation Policy Mandatory Provisions"): (i) the award of variable components must be based on long term and measurable performance criteria (other than non-material variable components, which may be based on non-measurable criteria taking into account the relevant person's contribution to the performance of the company); (ii) the company must set a ratio between fixed and variable pay, set a cap on the payment of any cash variable compensation components as of the payment of such components, and set a cap on the maximum cash value all non-cash variable components as of their grant date; (iii) the compensation policy must include a provision requiring the relevant person to return to the company any compensation that was awarded on the basis of financial figures that were subsequently restated; (iv) equity based variable compensation components should have an appropriate minimum vesting periods, which should be linked to long term performance objectives; and (v) the company must set a clear limit on termination payments.

Our compensation policy is designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance and provide a risk management tool. To that end, a portion of our executive officer compensation package is targeted to reflect our short and long-term goals, as well as the executive officer’s individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer’s incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers’ individual characteristics (such as their respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort or outstanding company performance), equity-based compensation, benefits and retirement and termination of service arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer’s base salary.

An annual cash bonus may be awarded to executive officers upon the attainment of preset periodic objectives and individual targets. The annual cash bonus that may be granted to our executive officers other than our Chief Executive Officer will be based on performance objectives and a discretionary evaluation of the executive officer’s overall performance by our Chief Executive Officer and subject to minimum thresholds. The annual cash bonus that may be granted to executive officers other than our Chief Executive Officer may alternatively be based entirely on a discretionary evaluation. Furthermore, our Chief Executive Officer is entitled to approve performance objectives for executive officers who report to him.

The measurable performance objectives of our Chief Executive Officer will be determined annually by our compensation committee and board of directors. A non-material portion of the Chief Executive Officer’s annual cash bonus, as provided in our compensation policy, may be based on a discretionary evaluation of the Chief Executive Officer’s overall performance by the compensation committee and the board of directors.

The equity-based compensation under our compensation policy for our executive officers (including members of our board of directors) is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the executive officers’ interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options or other equity-based awards, such as restricted shares and RSUs, in accordance with our equity incentive plan then in place. All equity-based incentives granted to executive officers shall be subject to vesting periods in order to promote long-term retention of the awarded executive officers.

In addition, our compensation policy contains compensation recovery provisions which allow us under certain conditions to recover bonuses paid in excess, enable our Chief Executive Officer to approve an immaterial change in the terms of employment of an executive officer who reports directly him (provided that the changes of the terms of employment are in accordance with our compensation policy) and allow us to exculpate, indemnify and insure our executive officers and directors to the maximum extent permitted by Israeli law subject to certain limitations set forth therein.

Our compensation policy also provides for compensation to the members of our board of directors either (i) in accordance with the amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director) of 2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) of 2000, as such regulations may be amended from time to time, or (ii) in accordance with the amounts determined in our compensation policy.

Nominating and Governance Committee

Our nominating and governance committee consists of Haim Shani and Yonatan Domnitz. Mr. Domnitz serves as chairperson of the committee. Our board of directors has adopted a nominating and governance committee charter setting forth the responsibilities of the committee, which include, but are not limited to:

- overseeing and assisting our board in reviewing and recommending nominees for election of directors, including that its membership consists of persons with sufficiently diverse and independent backgrounds;
- assessing the performance of the members of our board; and
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our business.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to examine whether a company's actions comply with applicable law and orderly business procedure. Under the Companies Law (which refers to the Internal Audit Law 5752-1992), the internal auditor shall not, outside the body in which he or she serves as internal auditor, have any responsibility which creates or is liable to create a conflict of interests with his or her responsibility as internal auditor. In addition, the internal auditor shall not, in the body in which he or she serves as internal auditor, have any responsibility other than internal audit, except for the responsibilities of a commissioner of public complaints or of a commissioner of employees' complaints, and even that only if the additional responsibility does not interfere with the performance of his or her primary responsibility. As of December 31, 2021, our internal auditor is Deloitte, represented by Ms. Sharon Cohen.

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company. An office holder is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person's title, a director and any other manager directly subordinate to the general manager. Each person listed in the table under "Directors and Senior Management" is an office holder under the Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the business advisability of a given action brought for his, her or its approval or performed by virtue of his, her or its position; and
- all other important information pertaining to such action.

The duty of loyalty requires that an office holder act in good faith and in the best interests of the company, and includes, among other things, the duty to:

- refrain from any act involving a conflict of interest between the performance of his, her or its duties in the company and his, her or its other duties or personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal advantage for himself, herself or itself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his, her or its position as an office holder.

Under the Companies Law, a company may approve an act specified above which would otherwise constitute a breach of the office holder's fiduciary duty, provided that the office holder acted in good faith, neither the act nor its approval harms the company and the office holder discloses his, her or its personal interest, including any substantial fact or document, a sufficient time before the date for discussion of the approval of such act. Any such approval is subject to the terms of the Companies Law setting forth, among other things, the appropriate bodies of the company required to provide such approval and the methods of obtaining such approval.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the company any personal interest and all related material information known to such office holder concerning any existing or proposed transaction with the company, no later than the meeting of the board of directors in which the transaction is first considered. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director, or general manager or in which such person has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one's ownership of shares in the company. A personal interest includes the personal interest of a person who votes by virtue of a power of attorney given to him by the office holder, even if the office holder giving the voting proxy does not have a personal interest, and the person who was given a power of attorney by the office holder who has a personal interest, shall also be deemed a vote of a person with a personal interest, irrespective of whether the person who votes has or does not have discretion.

If it is determined by the Audit Committee that an office holder has a personal interest in a non-extraordinary transaction (meaning any transaction that is in the ordinary course of business, on market terms or that is not likely to have a material impact on the company's profitability, assets or liabilities), approval by the board of directors is required for the transaction unless the company's articles of association provide for a different method of approval. Any such transaction that is adverse to the company's best interests may not be approved by the board of directors.

Pursuant to the Amended Articles, a transaction between the company and an office holder, and a transaction between the company and another entity in which an office holder of the company has a personal interest, in each case, which is not an non extraordinary transaction (as defined above), shall require only the approval by the board of directors or a committee of the board of directors. Such authorization, as well as the actual approval, may be for a particular transaction or more generally for specific type of transactions.

Approval first by the company's audit committee and subsequently by the board of directors is required for an extraordinary transaction (meaning any transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities) in which an office holder has a personal interest.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors have a personal interest in the matter, then all of the directors may participate in deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required. However, an office holder who has a personal interest may participate in order to present the transaction, if the chairman of the audit committee or the chairman of the board of directors, as applicable, decided that he/she is needed for the presentation.

For a description of the approvals required under Israeli law for compensation arrangements of officers and directors, see "Part I, Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers."

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner in exercising his or her rights and in fulfilling his or her duties toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote, and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company's articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Personal interests of a controlling shareholder

Certain disclosure and approval requirements apply under Israeli law to certain transactions with controlling shareholders, certain transactions in which a controlling shareholder has a personal interest, and certain arrangements regarding the terms of service or employment of a controlling shareholder. For these purposes, a controlling shareholder is any shareholder that has the ability to direct the company's actions, including any shareholder holding 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the company. Two or more shareholders holding voting rights in a company and each of whom has a personal interest in the approval of the same transaction shall be considered to be joint holders.

Extraordinary transactions with a controlling shareholder or with relatives of a controlling shareholder or in which a controlling shareholder has a personal interest, directly and indirectly, including through a company controlled by him or her, and any transaction for him or her to provide services to the company, require the approval of the audit committee, the board of directors and a majority of the shareholders of the company, in that order. In addition, the shareholders' approval must be by a special majority. In addition, any such extraordinary transaction whose term is more than three years generally requires approval as described above every three years.

Exculpation, Insurance and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care, but only if a provision authorizing such exculpation is included in its articles of association. The Amended Articles include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder from the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- a financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the above mentioned events and amount or criteria;
- reasonable litigation expenses, including reasonable attorneys' fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (iii) in connection with a monetary sanction;
- reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its

behalf or by a third-party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent;

- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments made to an injured party imposed on an office holder by an administrative proceeding, pursuant to certain provisions of the Israeli Securities Law, 5728-1968 (the “Israeli Securities Law”);
- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder pursuant to certain provisions of the Israeli Economic Competition Law, 5758-1988; and
- any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to, indemnify an office holder.

An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company’s articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the Company;
- a breach of the duty of care to the company or to a third-party, including a breach arising out of the negligent conduct of the office holder;
- a financial liability imposed on the office holder in favor of a third-party;
- a financial liability imposed on the office holder in favor of a third-party harmed by a breach in an administrative proceeding;
- expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her, pursuant to certain provisions of the Israeli Securities Law; and
- any other event, occurrence, matters or circumstances under any law with respect to which the company may, or will be able to, insure an office holder.

An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine, monetary sanction, or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification, and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the chief executive officer, by the shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders shall not require shareholder approval and may be approved by only the compensation committee if the engagement terms are determined in accordance with the company’s compensation policy, which was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company’s profitability, assets, or obligations.

The Amended Articles allow us to exculpate, indemnify, and insure our officer holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors and officers’ liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to the higher of $250 million, 25% of our total shareholders' equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made and 10% of our total market cap calculated based on the average closing price our Ordinary Shares over the 30 trading days prior to the actual payment, multiplied by the total number of our issued and outstanding shares as of the date of the payment (other than indemnification for an offering of securities to the public, including by a shareholder in a secondary offering, in which case the maximum indemnification amount is limited to the gross proceeds raised by us and/or any selling shareholder in such public offering). The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

Ethics and Integrity Advisory Committee

The Company has an Ethics and Integrity Committee, which serves as an advisory body to the board of directors. The committee is currently comprised of seven industry experts, which include ethics experts, legal experts, former members of the police force, former members of ministries of defense, technology experts, academic experts and community leaders. The role of the Ethics and Integrity Committee is to advise the board on matters pertaining to evolving international law, ethical considerations related to responsible business practices and requirements under law and regulations applied to the sale and use of our technologies.

D. EMPLOYEES

As of December 31, 2022, we had 1,005 full-time employees, consisting of 156 employees in operations and services, 357 employees in research and development, 191 employees in general and administrative and 301 employees in sales and marketing. Among our full-time employees as of December 31, 2022, 272 were in North America, the Middle East and Africa (including 542 in Israel), 111 were in Europe, 59 were in Asia Pacific and 21 in Latin America. Our employees are driven by the ability to empower public safety heroes in saving lives and combating crime as well as contributing directly to a safer corporate environment. Additionally, approximately 9.2% of our employees have worked for police, military or intelligence agencies.

E. SHARE OWNERSHIP

For information regarding the share ownership of directors and officers, see "Part I, Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders." For information as to our equity incentive plans, see "Part I, Item 6. Directors, Senior Management and Employees—B. Compensation—Equity Incentive Plans."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth information relating to the beneficial ownership of our Ordinary Shares by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of outstanding Ordinary Shares;
- each of our directors;
- each of our executive officers; and
- all of our directors and executive officers as a group.

The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement, or (iv) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, Ordinary Shares subject to options or other rights (as set forth above) held by that person that are currently exercisable, or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Each person named in the table has sole voting and investment power with respect to all of the Ordinary Shares shown as beneficially owned by such person, except as otherwise indicated in the table or footnotes below.

The percentage of Ordinary Shares beneficially owned is computed on the basis of 194,689,938 Ordinary Shares outstanding as of April 14, 2023.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all Ordinary Shares beneficially owned by them. To our knowledge, no Ordinary Shares beneficially owned by any executive officer, or director have been pledged as security. All of our shareholders, including the shareholders listed below, have the same voting rights attached to their Ordinary Shares. Unless otherwise noted below, each shareholder's address is 94 Shlomo Shmelzer Road, Petah Tikva 4970602, Israel.

	Number of Ordinary Shares Beneficially Owned	Percentage of Outstanding Ordinary Shares
5% Holders:		
SUNCORPORATION[1]	95,597,718	49.10%
IGP Saferworld, Limited Partnership[2]	32,631,492	16.76%
True Wind Capital Management [3]	23,054,167	6.88%
Name and Address of Beneficial Owners Executive Officers and Directors		
Yossi Carmil	4,866,977	2.44%
Dana Gerner	*	*
Leeor Ben-Peretz	*	*
Ronnen Armon	*	*
Lisa Cole	-	-
Arthur Veinstein	*	*
Marque Teegardin	*	*
Ryusuke Utsumi	*	*
Yonatan Domnitz	*	*
Haim Shani[4]	*	*
Elly Keinan	*	*
Adam H. Clammer[5]	*	*
William Heldfond	*	*
Dafna Gruber	*	*
Nadine Baudot-Trajtenberg	*	*
All Executive Officers and Directors as a Group	9,671,873	4.98%

* Less than 1%

(1) According to a Schedule 13G/A filed with the SEC on February 14, 2023, SUNCORPORATION is the sole beneficial owner of the Ordinary Shares. Its address is 250 Asahi, Kochino-cho, Konan, Aichi 483-8555, Japan. SUNCORPORATION is a publicly traded company on the Tokyo Stock Exchange.

(2) According to a Schedule 13G filed with the SEC on February 24, 2022, IGP Saferworld, Limited Partnership ("IGP Saferworld") directly holds all of the 32,631,492 reported ordinary shares. IGP Investments (G.P.L.P), Limited Partnership serves as the general partner to IGP Saferworld and IGP Investments (G.P.), Ltd., in turn, serves as the general partner to IGP Investments (G.P.L.P), Limited Partnership. Additionally, Mr. Haim Shani and Mr. Moshe Lichtman serve as the managing directors of IGP Investments (G.P.), Ltd. and possess ultimate voting and investment authority with respect to all of the reported ordinary shares beneficially owned by IGP Saferworld. All of the reporting persons disclaim any beneficial ownership of the reported shares other than to the extent of any pecuniary interest they may have therein, directly or indirectly. The address of each of the persons named in this footnote is 3 Arik Einstein St., Building B, 9 floor, Herzliya, 4659071, Israel.

(3) According to a Schedule 13D filed with the SEC on September 9, 2021, reflects 5,887,500 vested ordinary shares, 7,500,000 unvested ordinary shares and 9,666,667 ordinary shares underlying the Company's Warrants owned by TWC Tech Holdings II, LLC. The 7,500,000 unvested ordinary shares carry full voting rights while they remain unvested and are thus shown as beneficially owned. For more information, see "Part I, Item 7. Major Shareholders and Related Party

Transactions—B. Related Party Transactions —Restricted Sponsor Shares and Price Adjustment Shares—Restricted Sponsor Shares and Price Adjustment Shares." TWC SPAC Aggregator II, LLC is the managing member of TWC Tech Holdings II, LLC. TWC Employee SPAC Aggregator II, LLC is the managing member of TWC SPAC Aggregator II, LLC. True Wind Capital Management, L.P. is the managing member of TWC Employee SPAC Aggregator II, LLC. True Wind Capital Management GP, LLC is the general partner of True Wind Capital Management, L.P. As the managing members of True Wind Capital Management GP, LLC, James H. Greene Jr. and Adam H. Clammer may be deemed to have or share beneficial ownership of the Ordinary Shares held directly by TWC Tech Holdings II, LLC. The address of each the persons named in this footnote is c/o True Wind Capital, Four Embarcadero Center, Suite 2100, San Francisco, CA 94111.

(4) According to a Schedule 13G filed with the SEC on February 24, 2022, Mr. Shani may be deemed the beneficial owner of 32,631,492 ordinary shares directly held by IGP Saferworld. For more information, see footnote 2.

(5) According to a Schedule 13D filed with the SEC on September 9, 2021, Mr. Clammer may be deemed the beneficial owner of 23,804,167 shares as of the date hereof. This number consists of the 23,054,167 shares beneficially owned through TWC Tech Holdings II, LLC and 750,000 shares held by two family trusts of which Mr. Clammer is trustee or has the indirect power to acquire assets by virtue of a right of substitution of assets.

Option Holdings

Pursuant to SEC rules, the following table provides information as of April 14, 2023 regarding all options to purchase our ordinary shares (including options exercisable and unexercisable) held by our Chief Executive Officer Yossi Carmil, who is our only executive officer or director who owned more than 1% of our ordinary shares outstanding as of that date.

Number of Ordinary Shares Underlying Option	Exercise Price	Expiration Date
757,987	$2.43	7/1/2027
1,055,424	$2.49	7/1/2028
527,712	$3.02	4/1/2029
551,788	$2.57	6/17/2029
551,787	$3.05	6/17/2029
551,787	$3.59	6/17/2029
551,783	$4.22	6/17/2029
132,196	$6.60	2/15/2032
176,262	$4.95	2/13/2033

Registered Holders

Based on a review of the information provided to us by our transfer agent, as of December 31, 2022, there were 12 registered holders of our shares in the United States, including Cede & Co., the nominee of the Depository Trust Company, together holding approximately 33.31% of our outstanding Ordinary Shares. The number of record holders in the United States is not representative of the number of beneficial holders, nor is it representative of where such beneficial holders are resident, since many of these ordinary shares were held by brokers or other nominees.

B. RELATED PARTY TRANSACTIONS

The below is a description of all reportable related party transactions since January 1, 2022:

Distribution Agreement with SUNCORPORATION

We expect to enter into a new distribution agreement with SUNCORPORATION, which will replace a previous distribution agreement which expired on January 31, 2023.

Under the proposed Distribution Agreement, SUNCORPORATION will be the non-exclusive distributor for the promotion, marketing and sale of our mobile solutions in Japan. The proposed Distribution Agreement was approved by the audit committee on February 12, 2023 following the determination of the audit committee that the Distribution Agreement is not deemed to be an "extraordinary transaction" under the Companies Law.

Restricted Sponsor Shares and Price Adjustment Shares

As set forth in the Merger Agreement, 7,500,000 Ordinary Shares issued to TWC Tech Holdings II, LLC, out of a total of 13,500,000 shares, are Restricted Sponsor Shares and will vest in 3 tranches of 3,000,000, 3,000,000 and 1,500,000, upon achievement of the triggering events (as defined in the business combination agreement); if at any time during the Price Adjustment Period the price of Ordinary Shares will be greater than or equal to $12.50, $15.00 and $30.00, respectively, over any twenty trading days within any thirty trading day period. In the event of a post-Closing change of control transaction involving the Company, any Restricted Sponsor Shares not previously vested will vest and will be entitled to participate in the change of control transaction. The probability of such event was considered by the Company. Upon the expiration of the Price Adjustment Period (a period of seven years), any unvested shares that have not vested as of such time will be forfeited. The Company security holders shall be entitled to vote their unvested Restricted Sponsor Shares and receive dividends and other distribution, and to have all other economic rights, in each case, with respect to such Restricted Sponsor Shares while they remain unvested.

As set forth in the Merger Agreement, holders of the Ordinary Shares and vested RSUs, in each case as of immediately prior to the Effective Time, are eligible to receive up to 15,000,000 Ordinary Shares that will vest in 3 tranches of 5,000,000 upon achievement of the triggering events (if at any time during the Price Adjustment Period the price of Ordinary Shares will be greater than or equal to $12.50, $15.00 and $30.00, respectively, over any 20 trading-days within any 30 trading-day period.) or upon a Change of Control (as defined in Merger Agreement) before the five (5) year anniversary of the Closing Date.

Investors Rights Agreement

Pursuant to the Merger Agreement, certain TWC stockholders who received Ordinary Shares and certain Cellebrite shareholders (collectively “Cellebrite Equityholders”) and Cellebrite entered into the Investor Rights Agreement, pursuant to which, among other things, Cellebrite agreed to file a registration statement within 30 days of the Effective Time to register for resale under the Securities Act (x) the Ordinary Shares and the Warrants issued or issuable pursuant to the Business Combination Agreement (including the Ordinary Shares underlying the Warrants, any and all earned Price Adjustment Shares (as defined in the Business Combination Agreement), and the Ordinary Shares issued pursuant to the Share Purchase Agreement) and (y) certain Ordinary Shares held by Cellebrite Equityholders which were subject to registration rights pursuant to other registration rights agreements in existence prior to the date thereof. The Company filed registration statement on Form F-1 on September 27, 2021, which became effective on October 6, 2021. The Investor Rights Agreement also permits underwritten takedowns and provides for customary “piggyback” registration rights. Cellebrite agreed to indemnify the Sponsor and certain of the Sponsor’s related persons from certain liabilities arising from the Business Combination Agreement, the transactions agreements relating to the Merger, and the transactions and filings contemplated thereby, subject to certain limitations set forth in the Investor Rights Agreement.

Amended Articles of Association Lock-up

The Sponsor Parties and other shareholders were subject to a lock-up (subject to certain exceptions for permitted transfers) with respect to Ordinary Shares that expired in March 2022.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. See “Part I, Item 6. Directors, Senior Management and Employees—C. Board Practices—Approval of Related Party Transactions under Israeli Law—Exculpation, Insurance and Indemnification of Office Holders” for additional information.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18 of this Annual Report for consolidated financial statements and other financial information.

Legal Proceedings

From time to time, Cellebrite may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. Cellebrite is not currently a party to any legal proceedings, the outcome of which, if determined adversely to Cellebrite, would individually or in the aggregate have a material effect on its business or financial condition.

Dividend Policy

We do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and expand our business. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects and other factors our board of directors may deem relevant. Furthermore, distribution of dividends may also be limited by Israeli law, which permits the distribution of dividends only out of retained earnings or otherwise upon the permission of an Israeli court.

B. SIGNIFICANT CHANGES

A discussion of significant changes since December 31, 2022 is provided under Item 4 of this Annual Report and is incorporated herein by reference.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

The Ordinary Shares and Warrants are listed on Nasdaq under the symbols CLBT and CLBTW, respectively.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

See "Part I, Item 9. The Offer and Listing—A. Offer and Listing Details."

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

A copy of our Amended Articles is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item is set forth in Exhibit 2.2 to this Annual Report and is incorporated by reference into this Annual Report.

C. MATERIAL CONTRACTS

For information concerning our material contracts, see "Part I, Item 4. Information on the Company" and "Part I, Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions."

D. EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

Israeli law and regulations do not impose any material foreign exchange restrictions on non-Israeli holders of our Ordinary Shares and Warrants. There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our Ordinary Shares or the proceeds from the sale of the Ordinary Shares or Warrants, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our Ordinary Shares and Warrants by non-residents of Israel, except with respect to citizens of countries which are in a state of war with Israel, is not restricted in any way by our Amended Articles or by the laws of the State of Israel.

E. TAXATION

Material U.S. Federal Income Tax Considerations

The following discussion summarizes the material U.S. federal income tax considerations to U.S. Holders and Non-U.S. Holders (as defined below) of the ownership and disposition of Ordinary Shares and Warrants. This discussion applies only to the Ordinary Shares and Warrants, as the case may be, that are held as "capital assets" within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (generally, property held for investment).

The following does not purport to be a complete analysis of all potential tax effects arising in connection with the ownership and disposition of Ordinary Shares and Warrants. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local, or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect the tax consequences discussed below. Cellebrite has not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS will not take or a court will not sustain a contrary position regarding the tax consequences discussed below.

This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income and the alternative minimum tax. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- banks, insurance companies, and certain other financial institutions;
- regulated investment companies and real estate investment trusts;
- brokers, dealers, or traders in securities;
- traders in securities that elect to mark to market;
- tax-exempt organizations or governmental organizations;
- U.S. expatriates and former citizens or long-term residents of the U.S.;
- persons holding Ordinary Shares and/or Warrants, as the case may be, as part of a hedge, straddle, constructive sale, or other risk reduction strategy or as part of a conversion transaction or other integrated or similar transaction;

- persons subject to special tax accounting rules as a result of any item of gross income with respect to Ordinary Shares and/or Warrants, as the case may be, being taken into account in an applicable financial statement;
- persons that actually or constructively own 5% or more (by vote or value) of the outstanding Ordinary Shares;
- founders, sponsors, officers or directors of TWC;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax (and their shareholders);
- S corporations, partnerships, or other entities or arrangements treated as partnerships or other flow-through entities for U.S. federal income tax purposes (and investors therein);
- U.S. Holders having a functional currency other than the U.S. dollar;
- persons who hold or received Ordinary Shares and/or Warrants, as the case may be, pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Ordinary Shares and/or Warrants, the tax treatment of a partner in such partnership will depend on the status of the partner or participant in the arrangement, the activities of the entity or arrangement, and certain determinations made at the partner or participant level. Accordingly, entities or arrangements treated as partnerships for U.S. federal income tax purposes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

For purposes of this discussion, a “U.S. Holder” is any beneficial owner of Ordinary Shares and/or Warrants, as the case may be, that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation) created or organized in, or under the laws of, the U.S., any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

THE U.S. FEDERAL INCOME TAX TREATMENT OF THE OWNERSHIP AND DISPOSITION OF ORDINARY SHARES AND/OR WARRANTS TO ANY PARTICULAR HOLDER WILL DEPEND ON THE HOLDER’S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF THE OWNERSHIP AND DISPOSITION OF ORDINARY SHARES AND/OR WARRANTS.

U.S. Federal Income Tax Treatment of Cellebrite

Utilization of TWC’s Tax Attributes and Certain Other Adverse Tax Consequences to Cellebrite and Cellebrite’s Shareholders.

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions, as well as result in certain other adverse tax consequences, even if the acquiring foreign corporation is respected as a foreign corporation for purposes of Section 7874. Specifically, Section 7874 can apply in this manner if (i) the foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S. corporation, (ii) after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 80% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation, (iii) the Third Country Rule does not apply, and (iv) the foreign corporation's "expanded affiliated group" does not meet the Substantial Business Activities Exception.

Based upon the terms of the Merger and the rules for determining share ownership under Section 7874 of the Code and the Section 7874 Regulations, Cellebrite expects that the Section 7874 Percentage should have been less than 60% after the Merger. Accordingly, the limitations and other rules described above are not expected to apply to Cellebrite or TWC after the Merger.

If the Section 7874 Percentage applicable to the Merger is at least 60% but less than 80% and the Third Country Rule does not apply (as expected), Cellebrite and certain of Cellebrite's shareholders may be subject to adverse tax consequences including, but not limited to, restrictions on the use of tax attributes with respect to "inversion gain" recognized over a 10-year period following the transaction, disqualification of dividends paid from preferential "qualified dividend income" rates and the requirement that any U.S. corporation owned by Cellebrite include as "base erosion payments" that may be subject to a minimum U.S. federal income tax any amounts treated as reductions in gross income paid to certain related foreign persons. Furthermore, certain "disqualified individuals" (including officers and directors of a U.S. corporation) may be subject to an excise tax on certain stock-based compensation held thereby at a rate of 20%. However, as a blank check company whose assets are primarily comprised of cash and cash equivalents, it is not expected that TWC will have a significant amount of inversion gain as a result of the Merger. Moreover, if it is determined that the Section 7874 Percentage is at least 60% and that Cellebrite is tax resident in a jurisdiction other than Israel, the Third Country Rule would apply and Cellebrite would be treated as a U.S. corporation under Section 7874 of the Code in the same manner as described above under "— Tax Residence of Cellebrite for U.S. Federal Income Tax Purposes."

The above determination, however, is subject to detailed regulations (the application of which is uncertain in various respects and could be impacted by future changes in such U.S. Treasury regulations, with possible retroactive effect) and is subject to certain factual uncertainties. In addition, changes to the rules in Section 7874 or Section 7874 Regulations, or other changes in law, could adversely affect the above determination for U.S. federal income tax purposes. Therefore, the application of Section 7874 is inherently uncertain. There can be no assurance that the IRS will not challenge whether Cellebrite is subject to the above rules or that such a challenge would not be sustained by a court. If the IRS successfully applied these rules to Cellebrite, significant adverse tax consequences would result for Cellebrite and for certain Cellebrite shareholders, including a higher effective corporate tax rate on Cellebrite.

U.S. Holders

U.S. Federal Income Tax Consequences of the Ownership and Disposition of Ordinary Shares and Warrants to U.S. Holders

Distributions on Ordinary Shares

If Cellebrite makes distributions of cash or property on the Ordinary Shares, such distributions will be treated first as a dividend to the extent of Cellebrite's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), and then as a tax-free return of capital to the extent of the U.S. Holder's tax basis, with any excess treated as capital gain from the sale or exchange of the shares. The amount of any such distribution will include any amounts withheld by Cellebrite (or another applicable withholding agent). If Cellebrite does not provide calculations of its earnings and profits under U.S. federal income tax principles, all cash distributions may be reported as dividends for U.S. federal income tax purposes. Any dividend will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Subject to the discussions above under "— Utilization of TWC's Tax Attributes and Certain Other Adverse Tax Consequences to Cellebrite and Cellebrite's Shareholders" and below under "— Passive Foreign Investment Company Rules," dividends received by certain non-corporate U.S. Holders (including individuals) may be "qualified dividend income," which is taxed at the lower applicable capital gains rate, provided that:

- either (a) the shares are readily tradable on an established securities market in the United States, or (b) Cellebrite is eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program;
- Cellebrite is neither a PFIC (as discussed below under below under "— Passive Foreign Investment Company Rules") nor treated as such with respect to the U.S. Holder for Cellebrite's taxable year in which the dividend is paid or the preceding taxable year;
- the U.S. Holder satisfies certain holding period requirements;
- the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property; and
- the taxpayer does not take the dividends into account as investment income under Code Section 163(d)(4)(B).

There can be no assurances that Cellebrite will be eligible for benefits of an applicable comprehensive income tax treaty between the United States and Israel. In addition, there also can be no assurance that Ordinary Shares will be considered "readily tradable" on an established securities market in accordance with applicable legal authorities. Furthermore, Cellebrite will not constitute a qualified foreign corporation for purposes of these rules if it is a PFIC for the taxable year in which it pays a dividend or for the preceding taxable year. See "—Passive Foreign Investment Company Rules." U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to Ordinary Shares.

The amount of any dividend distribution paid in foreign currency will be the U.S. dollar amount calculated by reference to the applicable exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Foreign withholding tax (if any) paid on dividends on Ordinary Shares at the rate applicable to a U.S. Holder (taking into account any applicable income tax treaty) may, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such U.S. Holder's United States federal income tax liability. In lieu of claiming a foreign tax credit, a U.S. Holder may, in certain circumstances, deduct foreign taxes in computing their taxable income, subject to generally applicable limitations under U.S. law. Generally, an election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. If a refund of the tax withheld is available under the laws of the state of Israel or under the applicable income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). Subject to certain exceptions, dividends on Ordinary Shares will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by a fraction, the numerator of which is the reduced rate applicable to qualified dividend income and the denominator of which is the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by Cellebrite with respect to the Ordinary Shares generally will constitute "passive category income" but could, in the case of certain U.S. Holders, constitute "general category income." Moreover, Treasury regulations that apply to taxable years beginning on or after December 28, 2021 may in some circumstances prohibit a U.S. Holder from claiming a foreign tax credit unless the taxes are creditable under an applicable treaty and the holder is eligible for benefits under the treaty and elects its application.The rules governing foreign tax credits are complex and U.S. Holders are urged to consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

Sale, Exchange, Redemption or Other Taxable Disposition of Ordinary Shares and Warrants

Subject to the discussion below under "— *Passive Foreign Investment Company Rules*," a U.S. Holder generally will recognize gain or loss on any sale, exchange, redemption or other taxable disposition of Ordinary Shares or Warrants in an amount equal to the difference between (i) the amount realized on the disposition and (ii) such A U.S. Holder's initial tax basis in shares generally will equal the cost of such shares.

Any gain or loss recognized by a U.S. Holder on a taxable disposition of Ordinary Shares or Warrants generally will be capital gain or loss. A non-corporate U.S. Holder, including an individual, who has held the Ordinary Shares and/or Warrants for more than one year generally will be eligible for reduced tax rates for such long-term capital gains. The deductibility of capital losses is subject to limitations.

Any such gain or loss recognized generally will be treated as U.S. source income or loss. Accordingly, in the event any Israeli tax (including withholding tax) is imposed upon such sale or other disposition, a U.S. Holder may not be able to utilize foreign tax credits unless such holder has foreign source income or gain in the same category from other sources. Moreover, there are special rules under the income tax treaty between the United States and Israel (the "Treaty"), which may impact a U.S. Holder's ability to claim a foreign tax credit. In addition, Treasury regulations that apply to taxable years beginning on or after December 28, 2021 may preclude a U.S. Holder from claiming a foreign tax credit with respect to Israeli taxes on gain from dispositions of Ordinary Shares or Warrants unless the U.S. Holder is eligible for benefits under the Treaty and elects its application and other applicable requirements are satisfied. The rules governing foreign tax credits and deductibility of foreign taxes are complex and U.S. Holders are urged to consult their tax advisor regarding the ability to claim a foreign tax credit and the application of the Treaty to such U.S. Holder's particular circumstances.

This discussion assumes that any consideration received (or deemed received) by a holder in consideration for the sale or other taxable disposition of our Ordinary Shares or Warrants will be in U.S. dollars.

Exercise, Lapse, or Redemption of a Warrant

Subject to the PFIC rules discussed below, a U.S. Holder generally will not recognize gain or loss upon the acquisition of an Ordinary Share on the exercise of a Warrant for cash. A U.S. Holder's tax basis in Ordinary Shares received upon exercise of the Warrant generally should be an amount equal to the sum of U.S. Holder's initial investment in the Warrant (or, with respect to Warrants received in the Merger, the U.S. Holder's tax basis in the TWC warrant exchanged therefor (assuming the Merger is not a taxable transaction under Sections 368(a) or 367(a) of the Code) and the exercise price. The U.S. Holder's holding period for an Ordinary Share received upon exercise of the Warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the Warrant and will not include the period during which the U.S. Holder held the Warrant. If a Warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to such holder's tax basis in the Warrant.

The tax consequences of a cashless exercise of a Warrant are not clear under current tax law. Subject to the PFIC rules discussed below, a cashless exercise may be tax-deferred, either because the exercise is not a gain realization event or because the exercise is treated as a recapitalization for U.S.

federal income tax purposes. In either tax-deferred situation, a U.S. Holder's basis in the Ordinary Shares received generally would equal the U.S. Holder's basis in the Warrants exercised therefor. If the cashless exercise is not treated as a gain realization event, a U.S. Holder's holding period in the Ordinary Shares would be treated as commencing on the date following the date of exercise (or possibly the date of exercise) of the Warrants and will not include the period during which the U.S. Holder held the Warrants. If the cashless exercise were treated as a recapitalization, the holding period of the Ordinary Shares would include the holding period of the Warrants exercised therefor.

It is also possible that a cashless exercise of a Warrant could be treated in part as a taxable exchange in which gain or loss would be recognized in the manner set forth above under "— *Sale, Exchange, Redemption or Other Taxable Disposition of Ordinary Shares and Warrants*." In such event, a U.S. Holder could be deemed to have surrendered warrants equal to the number of Ordinary Shares having an aggregate fair market value equal to the exercise price for the total number of warrants to be exercised. Subject to the PFIC rules discussed below, the U.S. Holder would recognize capital gain or loss with respect to the Warrants deemed surrendered in an amount generally equal to the difference between (i) the fair market value of the Ordinary Shares that would have been received in a regular exercise of the Warrants deemed surrendered and (ii) the U.S. Holder's tax basis in such Warrants deemed surrendered. In this case, a U.S. Holder's aggregate tax basis in the Ordinary Shares received would equal the sum of (i) U.S. Holder's tax basis in the Warrants deemed exercised and (ii) the aggregate exercise price of such Warrants. A U.S. Holder's holding period for the Ordinary Shares received in such case generally would commence on the date following the date of exercise (or possibly the date of exercise) of the Warrants and will not include the period during which the U.S. Holder held the Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise of Warrants, including when a U.S. Holder's holding period would commence with respect to the Ordinary Share received, there can be no assurance regarding which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of a cashless exercise of Warrants.

Subject to the PFIC rules described below, if Cellebrite redeems Warrants for cash pursuant to the redemption provisions described in the section of this registration statement entitled "— Description of Warrants — Public Warrants" or if Cellebrite purchases Warrants in an open market transaction, such redemption or purchase generally will be treated as a taxable disposition to the U.S. Holder, taxed as described above under "— *Sale, Exchange, Redemption or Other Taxable Disposition of Ordinary Shares and Warrants*."

Possible Constructive Distributions

The terms of each Warrant provide for an adjustment to the number of Ordinary Shares for which the Warrant may be exercised or to the exercise price of the Warrant in certain events, as discussed in the section of this registration statement captioned "Description of Warrants." An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. Holder of a Warrant would, however, be treated as receiving a constructive distribution from Cellebrite if, for example, the adjustment increases the holder's proportionate interest in Cellebrite's assets or earnings and profits (for instance, through an increase in the number of Ordinary Shares that would be obtained upon exercise of such warrant) as a result of a distribution of cash or other property such as other securities to the holders of the Ordinary Shares which is taxable to the U.S. Holders of such shares as described under "— Distributions on Ordinary Shares" above. Such constructive distribution would be subject to tax as described under that section in the same manner as if the U.S. Holder of such Warrant received a cash distribution from equal to the fair market value of such increased interest.

The terms of each Warrant provide for an adjustment to the number of Ordinary Shares for which the Warrant may be exercised or to the exercise price of the Warrant in certain events, as discussed in the section of this registration statement captioned “Description of Warrants.” An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. Holder of a Warrant would, however, be treated as receiving a constructive distribution from Cellebrite if, for example, the adjustment increases the holder’s proportionate interest in Cellebrite’s assets or earnings and profits (for instance, through an increase in the number of Ordinary Shares that would be obtained upon exercise of such warrant) as a result of a distribution of cash or other property such as other securities to the holders of the Ordinary Shares which is taxable to the U.S. Holders of such shares as described under “—Distributions on Ordinary Shares” above. Such constructive distribution would be subject to tax as described under that section in the same manner as if the U.S. Holder of such Warrant received a cash distribution equal to the fair market value of such increased interest.

Passive Foreign Investment Company Rules

The treatment of U.S. Holders of the Ordinary Shares and Warrants could be materially different from that described above, if Cellebrite is treated as a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes. A non-U.S. entity treated as a corporation for U.S. federal income tax purposes generally will be a PFIC for U.S. federal income tax purposes for any taxable year if either:

- at least 75% of its gross income for such year is passive income (such as interest, dividends, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of assets giving rise to passive income); or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income.

For this purpose, Cellebrite will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other entity treated as a corporation for U.S. federal income tax purposes in which Cellebrite own, directly or indirectly, 25% or more (by value) of the stock.

Cellebrite’s status as a PFIC will depend on the nature and composition of its income and the nature, composition and value of its assets from time to time. The 50% passive asset test described above is generally based on the fair market value of each asset. If Cellebrite is a “controlled foreign corporation” within the meaning of Section 957(a) of the Code (determined by disregarding certain downward attribution rules) (“CFC”) and not publicly traded for the relevant taxable year, however, the test will be applied based on the adjusted basis of Cellebrite’s assets.

Treasury Regulations adopted in 2021, or the New Regulations, modify certain of the rules described above. Such modifications include, for example, permitting asset value to be determined more frequently than on a quarterly basis and treating a non-U.S. corporation as publicly traded for a taxable year if the stock of such corporation is publicly traded, other than in de minimis quantities, for at least twenty trading days during such taxable year.

The New Regulations generally apply to taxable years of shareholders beginning on or after January 14, 2021. Investors who are U.S. Holders should consult their own tax advisors regarding the impact and applicability of the New Regulations.

Cellebrite expects that it would be considered “publicly traded” for the 2022 taxable year because its stock was publicly traded, other than in de minimis quantities, for at least twenty days during the 2022 taxable year. Therefore, Cellebrite will apply the 50% passive asset test using the fair market value of its assets. This determination, however, is subject to uncertainty. In addition, Cellebrite’s status may depend, in part, on how quickly it utilizes its cash on-hand and cash from future financings in its business.

Based on the foregoing and on the composition of its income, the composition and estimated fair market value of its assets and the nature of its business, with respect to the taxable year ended December 31, 2022, Cellebrite believes that it was not a PFIC and presently does not anticipate that it will be a PFIC based upon the value of its assets, including any goodwill, and the nature and composition of its income and assets.

Nevertheless, whether Cellebrite is treated as a PFIC is determined on an annual basis. As discussed above, the determination of whether a non-U.S. corporation is a PFIC is a factual determination that depends on, among other things, the composition of Cellebrite's income and assets, and the market value of its shares and assets, including the composition of income and assets and the market value of shares and assets of its subsidiaries, from time to time, and thus the determination can only be made annually after the close of each taxable year. Thus, no assurance can be given as to whether Cellebrite will be a PFIC in 2022 or for any future taxable year. Furthermore, the value of Cellebrite's gross assets is likely to be determined in part by reference to its market capitalization, which may fluctuate significantly.In addition, Cellebrite's U.S. counsel expresses no opinion with respect to Cellebrite's PFIC status for, 2022, 2023 or future taxable years.

Under the PFIC rules, if Cellebrite were considered a PFIC at any time that a U.S. Holder owns Ordinary Shares or Warrants, Cellebrite would continue to be treated as a PFIC with respect to such holder unless (i) Cellebrite ceased to be a PFIC and (ii) (a) the U.S. Holder has made a valid QEF (as described below) election for the first taxable year in which the holder owned such holder's Ordinary Shares in which Cellebrite was a PFIC, (b) a valid mark-to-market election (as described below) is in effect for the particular year, or (c) the U.S. Holder has made a "deemed sale" election under the PFIC rules. If such a "deemed sale" election is made, a U.S. Holder will be deemed to have sold its Ordinary Shares at their fair market value on the last day of the last taxable year in which Cellebrite is classified as a PFIC, and any gain from such deemed sale would be subject to the consequences described below. After the "deemed sale" election, the Ordinary Shares with respect to which the "deemed sale" election was made will not be treated as shares in a PFIC unless Cellebrite subsequently becomes a PFIC.

For each taxable year that Cellebrite is treated as a PFIC with respect to a U.S. Holder's Ordinary Shares or Warrants, the U.S. Holder will be subject to special tax rules with respect to any "excess distribution" (as defined below) received and any gain realized from a sale or disposition (including a pledge and transfers of Ordinary Shares or Warrants that would otherwise qualify as nonrecognition transactions for U.S. federal income tax purposes) of its Ordinary Shares or Warrants (collectively the "excess distribution rules"), unless, with respect to the Ordinary Shares, the U.S. Holder makes a valid QEF or mark-to-market election as discussed below. Generally, distributions received by a U.S. Holder in a taxable year that are greater than 125% of the average annual distributions received by such U.S. Holder during the shorter of the three preceding taxable years or the portion of such U.S. Holder's holding period for the Ordinary Shares or Warrants that preceded the taxable year of the distribution will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the Ordinary Shares or Warrants;
- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution or to the period in the U.S. Holder's holding period before the first day of Cellebrite's first taxable year in which Cellebrite is a PFIC, will be treated as ordinary income;
- the amount allocated to each other taxable year (or portions thereof) of the U.S. Holder and included in its holding period will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year without regard to the U.S. Holder's other items of income and loss for such year; and
- the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the resulting tax attributable to each such year.

Under the excess distribution rules, the tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses, and gains (but not losses) realized on the sale of the Ordinary Shares or Warrants cannot be treated as capital gains, even though the U.S. Holder holds the Ordinary Shares or Warrants as capital assets.

Certain of the PFIC rules may impact U.S. Holders with respect equity interests in subsidiaries and other entities which Cellebrite may hold, directly or indirectly, that are PFICs (collectively, “Lower-Tier PFICs”). There can be no assurance, however, that Cellebrite does not own, or will not in the future acquire, an interest in a subsidiary or other entity that is or would be treated as a Lower-Tier PFIC. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of Cellebrite’s subsidiaries.

If Cellebrite is a PFIC, a U.S. Holder of shares in Cellebrite may avoid taxation under the excess distribution rules described above in respect to the Ordinary Shares by making a timely and valid “qualified electing fund” (“QEF”) election (if eligible to do so). However, a U.S. Holder may make a QEF election with respect to its Ordinary Shares only if Cellebrite provides U.S. Holders on an annual basis with certain financial information specified under applicable U.S. Treasury regulations, including the information provided in a PFIC Annual Information Statement. If Cellebrite determines that it is a PFIC for any taxable year, Cellebrite may decide at that time to provide U.S. Holders with the required information on an annual basis to allow U.S. Holders to make a QEF election with respect to the Ordinary Shares. There can be no assurance, however, that Cellebrite will have timely knowledge of its status as a PFIC in the future or that Cellebrite will timely provide such information for such years. The failure to provide such information on an annual basis could prevent a U.S. Holder from making a QEF election or result in the invalidation or termination of a U.S. Holder’s prior QEF election.

A U.S. Holder that makes a QEF election with respect to its Ordinary Shares would generally be required to include in income for each year that Cellebrite is treated as a PFIC the U.S. Holder’s pro rata share of Cellebrite’s ordinary earnings for the year (which would be subject to tax as ordinary income) and net capital gains for the year (which would be subject to tax at the rates applicable to long-term capital gains), without regard to the amount of any distributions made in respect of the Ordinary Shares. Any net deficits or net capital losses of Cellebrite for a taxable year, however, would not be passed through and included on the tax return of the U.S. Holder. A U.S. Holder’s basis in the Ordinary Shares would be increased by the amount of income inclusions under the QEF rules. Dividends actually paid on the Ordinary Shares generally would not be subject to U.S. federal income tax to the extent of prior income inclusions and would reduce the U.S. Holder’s basis in the Ordinary Shares by a corresponding amount. If Cellebrite owns any interests in a Lower-Tier PFIC, a U.S. Holder generally must make a separate QEF election for each Lower-Tier PFIC, subject to Cellebrite’s providing the relevant tax information for each Lower-Tier PFIC on an annual basis. There can be no assurance that Cellebrite will have timely knowledge of the status of any such Lower-Tier PFIC. In addition, Cellebrite may not hold a controlling interest in any such Lower-Tier PFIC and thus there can be no assurance Cellebrite will be able to cause the Lower-Tier PFIC to provide such required information.

If a U.S. Holder does not make a QEF election (or a mark-to-market election, as discussed below) effective from the first taxable year of a U.S. Holder’s holding period for the Ordinary Shares in which Cellebrite is a PFIC, then the Ordinary Shares will generally continue to be treated as an interest in a PFIC, and the U.S. Holder generally will remain subject to the excess distribution rules. A U.S. Holder that first makes a QEF election in a later year may avoid the continued application of the excess distribution rules to its Ordinary Shares by making a “deemed sale” election. In that case, the U.S. Holder will be deemed to have sold the Ordinary Shares at their fair market value on the first day of the taxable year in which the QEF election becomes effective, and any gain from such deemed sale would be subject to the excess distribution rules described above. As a result of the “deemed sale” election, the U.S. Holder will have additional basis (to the extent of any gain recognized on the deemed sale) and, solely for purposes of the PFIC rules, a new holding period for the Ordinary Shares.

It is not entirely clear how various aspects of the PFIC rules apply to the warrants. However, a U.S. Holder may not make a QEF election with respect to its Warrants. As a result, if a U.S. Holder sells or otherwise disposes of such warrants (other than upon exercise of such warrants) and Cellebrite was a PFIC at any time during the U.S. Holder’s holding period of such warrants, any gain recognized generally will be treated as an excess distribution, taxed as described above. If a U.S. Holder that exercises such warrants properly makes and maintains a QEF election with respect to the newly acquired Ordinary

Shares (or has previously made a QEF election with respect to the Ordinary Shares), the QEF election will apply to the newly acquired Ordinary Shares. Notwithstanding such QEF election, the rules relating to "excess distributions" discussed above, adjusted to take into account the current income inclusions resulting from the QEF election, will continue to apply with respect to such newly acquired Ordinary Shares (which, while not entirely clear, generally will be deemed to have a holding period for purposes of the PFIC rules that includes the period the U.S. Holder held the Warrants), unless the U.S. Holder makes a "deemed sale" election under the PFIC rules. U.S. Holders are urged to consult their tax advisors as to the application of the rules governing "deemed sale" elections to their particular circumstances.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder that is eligible to make a QEF election with respect to its Ordinary Shares generally may do so by providing the appropriate information to the IRS in the U.S. Holder's timely filed tax return for the year in which the election becomes effective. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS. U.S. Holders should consult their tax advisors regarding the availability and tax consequences of a retroactive QEF election under their particular circumstances.

U.S. Holders should consult their tax advisors as to the availability and desirability of a QEF election.

Alternatively, if Cellebrite is a PFIC and the Ordinary Shares constitute "marketable stock" (as defined below), a U.S. Holder may make a mark-to-market election for its Ordinary Shares with respect to such shares for the first taxable year in which it holds (or is deemed to hold) the Ordinary Shares and each subsequent taxable year to elect out of the excess distribution rules discussed above. If a U.S. Holder makes a mark-to-market election with respect to its Ordinary Shares, such U.S. Holder generally will include in income for each year that Cellebrite is treated as a PFIC with respect to such Ordinary Shares an amount equal to the excess, if any, of the fair market value of the Ordinary Shares as of the close of the U.S. Holder's taxable year over the adjusted basis in the Ordinary Shares. A U.S. Holder will be allowed a deduction for the excess, if any, of the adjusted basis of the Ordinary Shares over their fair market value as of the close of the taxable year. However, deductions will be allowed only to the extent of any net mark-to-market gains on the Ordinary Shares included in the U.S. Holder's income for prior taxable years. Amounts included in income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Ordinary Shares, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the Ordinary Shares, as well as to any loss realized on the actual sale or disposition of the Ordinary Shares, to the extent the amount of such loss does not exceed the net mark-to-market gains for such Ordinary Shares previously included in income. A U.S. Holder's basis in the Ordinary Shares will be adjusted to reflect any mark-to-market income or loss. If a U.S. Holder makes a mark-to-market election, any distributions Cellebrite makes would generally be subject to the rules discussed above under "— Distributions on Ordinary Shares," except the lower rates applicable to qualified dividend income would not apply. Currently, U.S. Holders of Warrants will not be able to make a mark-to-market election with respect to their Warrants.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The Ordinary Shares, which are listed on Nasdaq, are expected to qualify as marketable stock for purposes of the PFIC rules, but there can be no assurance that Ordinary Shares will be "regularly traded" for purposes of these rules. If made, a mark-to-market election would be effective for the taxable year for which the election was made and for all subsequent taxable years unless Ordinary Shares cease to qualify as "marketable stock" for purposes of the PFIC rules or the IRS consents to the revocation of the election. Because a mark-to-market election cannot be made for equity interests in any Lower-Tier PFICs, a U.S. Holder that does not make the applicable QEF elections generally will continue to be subject to the excess distribution rules with respect to its indirect interest in any Lower-Tier PFICs as described above, even if a mark-to-market election is made for Ordinary Shares.

If a U.S. Holder does not make a mark-to-market election (or a QEF election, as discussed above) effective from the first taxable year of a U.S. Holder's holding period for the Ordinary Shares in which Cellebrite is a PFIC, then the U.S. Holder generally will remain subject to the excess distribution rules. A U.S. Holder that first makes a mark-to-market election with respect to the Ordinary Shares in a later year will continue to be subject to the excess distribution rules during the taxable year for which the mark-to-market election becomes effective, including with respect to any mark-to-market gain recognized at the end of that year. In subsequent years for which a valid mark-to-mark election remains in effect, the excess distribution rules generally will not apply. A U.S. Holder that is eligible to make a mark-to-market with respect to its Ordinary Shares may do so by providing the appropriate information on IRS Form 8621 and timely filing that form with the U.S. Holder's tax return for the year in which the election becomes effective.

U.S. Holders should consult their tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any Lower-Tier PFICs.

A U.S. Holder of a PFIC may be required to file an IRS Form 8621 on an annual basis and to provide such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations applicable to such U.S. Holder until such required information is furnished to the IRS. U.S. Holders should consult their tax advisors regarding any reporting requirements that may apply to them if Cellebrite is a PFIC.

The rules dealing with PFICs and with the QEF, "deemed sale," and mark-to-market elections are very complex and are affected by various factors in addition to those described above. U.S. Holders are strongly encouraged to consult their tax advisors regarding the application of the PFIC rules to their particular circumstances.

Non-U.S. Holders

The section applies to Non-U.S. Holders of Ordinary Shares and Warrants. For purposes of this discussion, a Non-U.S. Holder means a beneficial owner (other than a partnership or an entity or arrangement so characterized for U.S. federal income tax purposes) of Ordinary Shares or Warrants that is for U.S. federal income tax purposes not a U.S. Holder, including:

- a nonresident alien individual, other than certain former citizens and residents of the United States subject to U.S. tax as expatriates;
- a foreign corporation; or
- a foreign estate or trust;

but generally does not include a beneficial owner who has been or is engaged in the conduct of a trade or business within the U.S. or an individual an individual who is present in the United States for 183 days or more in the taxable year of the disposition of Ordinary Shares or Warrants (except to the extent discussed below). If you are such an individual, you should consult your tax advisor regarding the U.S. federal income tax consequences of the ownership and disposition of Ordinary Shares or Warrants.

U.S. Federal Income Tax Consequences of the Ownership and Disposition of Ordinary Shares and Warrants to Non-U.S. Holders

Subject to the discussion below concerning backup withholding, any (i) dividends of cash or property (including constructive distributions treated as dividends as further described under the heading "U.S. Holders — U.S. Federal Income Tax Consequences of the Ownership and Disposition of Ordinary Shares and Warrants to U.S. Holders — Possible Constructive Distributions") paid or deemed paid to a Non-U.S. Holder in respect of Ordinary Shares or (ii) gain realized upon the sale or other taxable disposition of Ordinary Shares and/or Warrants by a Non-U.S. Holder generally will not be subject to U.S. federal income taxation or withholding tax unless:

- the gain or dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-

U.S. Holder maintains a permanent establishment or a “fixed base” in the United States to which such gain is attributable); or

- in the case of any gain, the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

Gain or distributions described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

The U.S. federal income tax treatment of a Non-U.S. Holder’s exercise of a Warrant, or the lapse of a Warrant held by a Non-U.S. Holder, generally will correspond to the U.S. federal income tax treatment of the exercise or lapse of a Warrant by a U.S. Holder, as described under “*U.S. Holders — U.S. Federal Income Tax Consequences of the Ownership and Disposition of Ordinary Shares and Warrants to U.S. Holders — Exercise, Lapse or Redemption of a Warrant*” above, although to the extent a cashless exercise or lapse results in a taxable exchange, the consequences would be similar to those described in the preceding paragraphs above for a Non-U.S. Holder’s gain on the sale or other disposition of the Ordinary Shares and Warrants.

The characterization for United States federal income tax purposes of the redemption of the Non-U.S. Holder’s Warrants generally will correspond to the United States federal income tax treatment of such a redemption of a U.S. Holder’s warrants, as described under “*U.S. Holders — U.S. Federal Income Tax Consequences of the Ownership and Disposition of Ordinary Shares and Warrants to U.S. Holders — Exercise, Lapse or Redemption of a Warrants*” above, and the consequences of the redemption to the Non-U.S. Holder will be as described in the paragraphs above under the heading “*— U.S. Federal Income Tax Consequences of the Ownership and Disposition of Ordinary Shares and Warrants to Non-U.S. Holders*” based on such characterization.

Information Reporting and Backup Withholding

Information reporting requirements may apply to dividends received by U.S. Holders of Ordinary Shares, and the proceeds received on the disposition of Ordinary Shares effected within the U.S. (and, in certain cases, outside the U.S.), in each case other than U.S. Holders that are exempt recipients (such as corporations). Backup withholding (currently at a rate of 24%) may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent of the U.S. Holder’s broker) or is otherwise subject to backup withholding. Any redemptions treated as dividend payments with respect to Ordinary Shares and proceeds from the sale, exchange, redemption or other disposition of Ordinary Shares may be subject to information reporting to the IRS and possible U.S. backup withholding. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Information returns may be required to be filed with the IRS in connection with, and Non-U.S. Holders may be subject to backup withholding on amounts received in respect of, a Non-U.S. Holder’s disposition of their Ordinary Shares, unless the Non-U.S. Holder furnishes to the applicable withholding agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable, or the Non-U.S. Holder otherwise establishes an exemption. Dividends paid with respect to Ordinary Shares and proceeds from the sale of other disposition of Ordinary Shares received in the U.S. by a Non-U.S. Holder through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding unless such

Non-U.S. Holder provides proof of an applicable exemption or complies with certain certification procedures described above, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against the taxpayer's U.S. federal income tax liability, and a taxpayer may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

Additionally, certain U.S. Holders that hold an interest in "specified foreign financial assets" (which may include the Ordinary Shares) are required to report information relating to such assets on IRS Form 8938, subject to certain exceptions. Penalties can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding the applicability of these requirements to their acquisition and ownership of the Ordinary Shares.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO YOU DEPENDING UPON YOUR PARTICULAR SITUATION. YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO YOU OF THE OWNERSHIP AND DISPOSITION OF ORDINARY SHARES AND WARRANTS, AS APPLICABLE, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND TAX TREATIES AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. OR OTHER TAX LAWS.

Tax Residence of Cellebrite for U.S. Federal Income Tax Purposes

Although Cellebrite is incorporated and tax resident in Israel, the IRS may assert that it should be treated as a U.S. corporation (and therefore a U.S. tax resident) for U.S. federal income tax purposes pursuant to Section 7874 of the Code. For U.S. federal income tax purposes, a corporation is generally considered a U.S. "domestic" corporation (or U.S. tax resident) if it is created or organized in or under the laws of the United States, any state thereof, or the District of Columbia and a corporation is generally considered a "foreign" corporation (or non-U.S. tax resident) if it is not a U.S. corporation. Because Cellebrite is an entity incorporated and tax resident in Israel, it would generally be classified as a foreign corporation (or non-U.S. tax resident) under these rules. Section 7874 of the Code provides an exception under which a foreign incorporated and foreign tax resident entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. The Section 7874 rules are complex and require analysis of all relevant facts, and there is limited guidance and significant uncertainties as to their application.

Under Section 7874, a corporation created or organized outside the United States (i.e., a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes when (i) the foreign corporation directly or indirectly acquires substantially all of the assets held directly or indirectly by a U.S. corporation (including the indirect acquisition of assets of the U.S. corporation by acquiring the outstanding shares of the U.S. corporation), (ii) the shareholders of the acquired U.S. corporation hold, by vote or value, at least 80% (or 60% if the Third Country Rule, as defined herein, applies) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the U.S. acquired corporation (the "Section 7874 Percentage"), and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of tax residency relative to such expanded affiliated group's worldwide activities (the "Substantial Business Activities Exception"). In order to satisfy the Substantial Business Activities Exception, at least 25% of the employees (by headcount and compensation), real and tangible assets and gross income of the foreign acquiring corporation's "expanded affiliated group" must be based, incurred, located and derived, respectively, in the country in which the foreign acquiring corporation is a tax resident after the acquisition. The Treasury regulations promulgated under Section 7874 (the "Section 7874 Regulations") generally also provide that if (i) there is an acquisition of substantially all of the assets held directly or indirectly by a U.S. corporation after which the shareholders of the acquired U.S. corporation hold, by vote or value, at least 60% of the shares of the foreign acquiring corporation by reason of holding shares in the U.S. acquired corporation, and (ii) in a related acquisition, such foreign acquiring corporation acquires another foreign corporation exceeding a certain threshold value, and the foreign acquiring corporation is not tax resident in the foreign country in which the acquired foreign corporation was tax resident prior to the transactions, then the foreign acquiring corporation will be treated as a domestic corporation for U.S. federal income tax purposes (the "Third Country Rule"). The Section 7874 Regulations further provide for a number of special rules that aggregate multiple acquisitions of U.S. corporations for purposes of Section 7874 that are conducted as part of a plan or conducted over a 36-month period. Moreover, certain acquisitions of U.S. corporations over a 36-month period will impact the Section 7874 Percentage, making it more likely that Section 7874 will apply to a foreign acquiring corporation.

Cellebrite indirectly acquired substantially all of the assets of TWC through the Merger. Cellebrite do not expect the Third Country Rule to be applicable to the Merger. As a result, Section 7874 of the Code may apply to cause Cellebrite to be treated as a U.S. corporation for U.S. federal income tax purposes following the Merger depending on whether the Section 7874 Percentage equals or exceeds 80%, subject to the applicability of the Substantial Business Activities Exception.

Based upon the terms of the Merger and the rules for determining share ownership under Section 7874 and the Section 7874 Regulations, Cellebrite expects that the Section 7874 Percentage of TWC stockholders in Cellebrite should have been less than 80% after the Merger. Accordingly, Cellebrite is not expected to be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code. The calculation of the Section 7874 Percentage is complex, is subject to detailed regulations (the application of which is uncertain in various respects and could be impacted by changes in such U.S. tax laws with possible retroactive effect) and is subject to certain factual uncertainties. Moreover, former holders of TWC securities may be deemed to own an amount of Ordinary Shares in respect to certain redemptions by TWC of TWC common stock prior to the Merger for purposes of determining the ownership percentage of former holders of TWC securities under Section 7874 of the Code. Accordingly, the status of Cellebrite as a foreign corporation is inherently uncertain and there can be no assurance that the IRS will not challenge the status of Cellebrite as a foreign corporation under Section 7874 or that such challenge would not be sustained by a court.

If the IRS were to successfully challenge under Section 7874 Cellebrite's status as a foreign corporation for U.S. federal income tax purposes, Cellebrite and certain Cellebrite shareholders would be subject to significant adverse tax consequences, including a higher effective corporate income tax rate on Cellebrite and future withholding taxes on certain Cellebrite shareholders, depending on the application of any income tax treaty that might apply to reduce such withholding taxes, and holders of Ordinary Shares and/or Warrants would be treated as holders of stock and warrants of a U.S. corporation.

However, even if the Section 7874 Percentage was such that Cellebrite were still respected as a foreign corporation under Section 7874, Cellebrite may be limited in using its equity to engage in future acquisitions of U.S. corporations over a 36-month period following the Merger. If Cellebrite were to be treated as acquiring substantially all of the assets of a U.S. corporation within a 36-month period after the Merger, the Section 7874 Regulations would exclude certain shares of Cellebrite attributable to the Merger for purposes of determining the Section 7874 Percentage of that subsequent acquisition, making it more likely that Section 7874 would apply to such subsequent acquisition.

Material Israeli Tax Considerations

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Ordinary Shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli tax considerations

The following is a brief summary of the material Israeli tax laws applicable to Cellebrite, and certain Israeli Government programs that benefit Cellebrite. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of Ordinary Shares purchased by investors. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities, trusts or foundations, partnerships, controlled foreign corporations and any other type of taxpayer that are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, Cellebrite cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

General corporate tax structure in Israel

Israeli companies are generally subject to corporate tax. Since 2018 the corporate tax rate has been 23%. However, the effective tax rate payable by a company that derives income from an Approved Enterprise, a Beneficiary Enterprise, a Preferred Enterprise, or a Technological Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are generally subject to the prevailing regular tax rate

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industrial Companies.” We believe that we currently qualify as an Industrial Company within the meaning of the Industry Encouragement Law.

The Industry Encouragement Law defines an “Industrial Company” as an Israeli resident-company, of which 90% or more of its income in any tax year, other than income from certain defense loans, is derived from an “Industrial Enterprise” owned by it and located in Israel or in the “Area”, in accordance with the definition under section 3A of the Israeli Income Tax Ordinance (New Version) 1961, or the Ordinance. An “Industrial Enterprise” is defined as an enterprise which is held by an Industrial Company, whose principal activity in a given tax year is industrial production.

Following are the main tax benefits available to Industrial Companies:

- Amortization of the cost of purchased patent, rights to use a patent, and know-how, Additional Dividend that were purchased in good faith, and are used for the development or advancement of the Industrial Enterprise, over an eight-year period, commencing on the year in which such rights were first exercised;
- Under limited conditions, an election to file consolidated tax returns with controlled Israeli Industrial Companies; and
- Expenses related to a public offering are deductible in equal amounts over three years commencing on the year of the offering.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority.

Tax benefits and grants for research and development

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, related to scientific research and development for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- The expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- The research and development must be for the promotion of the company; and
- The research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the Ordinance. Expenditures that are unqualified under the conditions above are deductible in equal amounts over three years.

From time to time, we may apply to the Israel Innovation Authority for approval to allow a tax deduction for all or most of research and development expenses during the year incurred. There can be no assurance that such application will be accepted. If we will not be able to deduct research and development expenses during the year of the payment, we will be able to deduct research and development expenses during a period of three years commencing in the year of the payment of such expenses.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain eligible companies with incentives for capital investments in production facilities (or other eligible assets) and certain tax benefits with respect to certain eligible income.

The Investment Law was significantly amended effective as of April 1, 2005 (the “2005 Amendment”), as of January 1, 2011 (the “2011 Amendment”) and as of January 1, 2017 (the “2017 Amendment”). Pursuant to the 2005 Amendment, tax benefits granted in accordance with the provisions of the Investment Law prior to its revision by the 2005 Amendment remain in force but any benefits granted subsequently are subject to the provisions of the amended Investment Law. Similarly, the 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and have the benefits of the 2011 Amendment apply. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

The following discussion is a summary of the Investment Law following its most recent amendments:

Tax Benefits Subsequent to the 2005 Amendment

The 2005 Amendment applies to new investment programs and investment programs commencing after 2004 but does not apply to investment programs approved prior to April 1, 2005, referred to as an Approved Enterprise. The 2005 Amendment provides that terms and benefits included in any certificate of approval that was granted before the 2005 Amendment became effective (April 1,

2005) will remain subject to the provisions of the Investment Law as in effect on the date of such approval. Pursuant to the 2005 Amendment, the Israeli Authority for Investments and Development of the Industry and Economy, or the Investment Center, will continue to grant Approved Enterprise status to qualifying investments. The 2005 Amendment, however, limits the scope of enterprises that may be approved by the Investment Center by setting criteria for the approval of a facility as an Approved Enterprise.

The 2005 Amendment provides that Approved Enterprise status will only be necessary for receiving cash grants. As a result, it was no longer necessary for a company to obtain the advance approval of the Investment Center in order to receive the tax benefits previously available under the alternative benefits track. Instead, a company may claim the tax benefits offered by the Investment Law directly in its tax returns, provided that its facilities meet the criteria for tax benefits set forth in the 2005 Amendment. Companies or programs under the new provisions receiving these tax benefits are referred to as Beneficiary Enterprises. A company that has a Beneficiary Enterprise may, at its discretion, approach the Israel Tax Authority for a pre-ruling confirming that it is in compliance with the provisions of the Investment Law, as amended.

Tax benefits are available under the 2005 Amendment to production facilities (or other eligible facilities) which are generally required to derive more than 25% of their business income from export to specific markets with a population of at least 14 million in 2012 (such export criteria will further be increased in the future by 1.4% per annum). In order to receive the tax benefits, the 2005 Amendment states that a company must make an investment which meets certain conditions set forth in the 2005 Amendment for tax benefits, including exceeding a minimum investment amount specified in the Investment Law. Such investment entitles a company to receive a “Beneficiary Enterprise” status with respect to the investment, and may be made over a period of no more than three years ending in the year in which the company requested to have the tax benefits apply to its Beneficiary Enterprise. Where a company requests to have the tax benefits apply to an expansion of existing facilities, only the expansion will be considered to be a Beneficiary Enterprise and the company’s effective tax rate will be the weighted average of the applicable rates. In such case, the minimum investment required in order to qualify as a Beneficiary Enterprise must exceed a certain percentage of the value of the company’s production assets before the expansion.

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Beneficiary Enterprise depends on, among other things, the geographic location within Israel of the Beneficiary Enterprise. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on undistributed income for a period of between two to ten years, depending on the geographic location of the Beneficiary Enterprise within Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefits period, depending on the level of foreign investment in the company in each year. The benefits period is limited to 12 starting from the year in which the company first chose to have the tax benefits apply (14 years if the Beneficiary Enterprise relates to the establishment of a new enterprise in priority Zone A) (the “Election Year”).

A company qualifying for tax benefits under the 2005 Amendment which pays a dividend out of income derived by its Beneficiary Enterprise during the tax exemption period will be subject to deferred corporate tax in respect of the gross amount of the dividend distributed (grossed-up to reflect the pre-tax income that it would have had to earn in order to distribute the dividend) at the corporate tax rate which would have otherwise been applicable. Certain transactions will be considered as a deemed distribution of dividends for the purposes of the claw-back of corporate tax, including certain payments made, whether directly or indirectly, to certain related parties or controlling shareholders (including entities controlled by such controlling shareholders), payments in liquidation and consideration paid to shareholders in a buyback of shares. We have filed an application with the Israel Tax Authority to receive the Transaction Tax Ruling to determine, inter alia, the amount of claw-back of Israeli corporate income tax, if any, that we will be required to pay with respect to the distribution of the Additional Dividend out of income derived by our Beneficiary Enterprise.

On November 15, 2021 the Investment Law was amended to provide, on a temporary basis, a reduced corporate income tax on the distribution or release within a year from such amendment of tax-Exempt Profits derived by Approved and Beneficiary Enterprises. The amount of the reduced tax will be determined based on a formula. In order to qualify for the reduction, Cellebrite must invest certain amounts in productive assets and research and development in Israel. In parallel to the temporary amendment, the law was also amended to reduce the ability of companies to retain the tax-exempt profits. Effective August 15, 2021, dividend distributions will be treated as if made on a pro-rata basis from all types of earnings, including Exempt Profits.

Immediately prior to going public, the Company declared and distributed dividend in the amount of $100 million of which all corporate taxes pursuant the achieved tax ruling were paid in 2022.

Dividends paid to Israeli shareholders out of income attributed to a Beneficiary Enterprise (or out of dividends received from a company whose income is attributed to a Beneficiary Enterprise) are generally subject to withholding tax at source at the rate of 15% (in the case of non-Israeli shareholders - subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate, 15%, or such lower rate as may be provided in an applicable tax treaty). The reduced rate of 15% is limited to dividends and distributions out of income derived during the benefits period and actually paid at any time up to 12 years thereafter. After this period, the withholding tax is applied at a rate of up to 30%, or at a lower rate under an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). In the case of a Foreign Investors' Company (as such term is defined in the Investment Law), the 12-year limitation on reduced withholding tax on dividends does not apply.

The benefits available to a Beneficiary Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law and its regulations. If a company does not meet these conditions, it would be required to refund the amount of tax benefits, as adjusted by the Israeli consumer price index, and interest, or other monetary penalties.

Tax benefits under the 2011 amendment

The 2011 Amendment canceled the availability of the benefits granted to Industrial Companies under the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 15% with respect to its income derived by its Preferred Enterprise in 2011 and 2012, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 10%. Under the 2011 Amendment, such corporate tax rate was reduced from 15% and 10%, respectively, to 12.5% and 7%, respectively, in 2013, 16% and 9% respectively, in 2014, 2015 and 2016, and 16% and 7.5%, respectively, in 2017 and thereafter. Income derived by a Preferred Company from a "Special Preferred Enterprise" (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a certain development zone.Since January 1, 2017, the definition for "Special Preferred Enterprise" includes less stringent conditions.

Dividends distributed from income which is attributed to a "Preferred Enterprise" will be subject to withholding tax at source at the following rates: (i) Israeli resident corporations–0%, (although, if such dividends are subsequently distributed to individuals or a non-Israeli company the below rates detailed in sub sections (ii) and (iii) shall apply) (ii) Israeli resident individuals–20% (iii) non-Israeli residents (individuals and corporations)–20% (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate of 20%, or such lower rate under the provisions of an applicable tax treaty).

The 2011 Amendment also provided transitional provisions to address companies already enjoying existing tax benefits under the Investment Law. These transitional provisions provide, among other things, that unless an irrevocable request is made to apply the provisions of the Investment Law as amended in 2011 with respect to income to be derived as of January 1, 2011, a Beneficiary Enterprise can elect to continue to benefit from the benefits provided to it before the 2011 Amendment came into effect, provided that certain conditions are met.

In May 2019, we filed a notification that Cellebrite wishes to apply the new benefits under the 2011 Amendment. Accordingly, we are not entitled to Beneficiary Enterprise tax benefits as of January 1, 2019, however certain other provisions described above with respect to the distribution or payment out of income that was previously earned under the Beneficiary Enterprise regime may still apply.

New tax benefits under the 2017 amendment that became effective on January 1, 2017

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of "Technological Enterprises," as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a Preferred Company satisfying certain conditions will qualify as a "Preferred Technological Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income," as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technological Enterprise located in development zone "A." In addition, a Preferred Technological Enterprise will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the Israel Innovation Authority (previously known as the Israeli Office of the Chief Scientist).

The 2017 Amendment further provides that a Preferred Company satisfying certain conditions (group-consolidated revenues of at least NIS 10 billion) will qualify as a "Special Preferred Technological Enterprise" and will thereby enjoy a reduced corporate tax rate of 6% on "Preferred Technological Income" regardless of the company's geographic location within Israel. In addition, a Special Preferred Technological Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefitted Intangible Assets" to a related foreign company if the Benefitted Intangible Assets were either developed by the Special Preferred Enterprise or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the Israel Innovation Authority. A Special Preferred Technological Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technological Enterprise or a Special Preferred Technological Enterprise to Israeli shareholders, paid out of Preferred Technological Income, are generally subject to withholding tax at source at the rate of 20% (in the case of non-Israeli shareholders - subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate, 20%, or such lower rate as may be provided in an applicable tax treaty). However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, the aforesaid will apply). If such dividends are distributed to a foreign company that holds solely or together with other foreign companies 90% or more in the Israeli company and other conditions are met, the withholding tax rate will be 4%. The reduced withholding tax rate of 4% will apply only on profits generated after the Preferred Technological Enterprise was acquired by a foreign company.

Cellebrite is eligible to the tax benefits under the 2017 Amendment as a Preferred Technological Enterprise.

On February 16, 2020 Cellebrite received a Tax Ruling from the Israel Tax Authority regarding its entitlement to tax benefits as a Preferred Technological Enterprise subject to the compliance with the conditions settled in such Tax Ruling and in the Encouragement Law. The Tax Ruling is valid from 2019 until tax year 2023 (inclusive).

From time to time, the Israeli Government has discussed reducing the benefits available to companies under the Investment Law. The termination or substantial reduction of any of the benefits available under the Investment Law could materially increase our tax liabilities.

Taxation of our shareholders

Capital gains taxes applicable to non-Israeli resident shareholders.

Israeli capital gains tax is imposed on the disposition of capital assets by a non-Israeli resident if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of residence provides otherwise. The Israeli tax law distinguishes between "Real Capital Gain" and "Inflationary Surplus." Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase in the relevant asset's price that is attributable to the increase in the Israeli Consumer Price Index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary Surplus is currently not subject to tax in Israel. Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus. Generally, Real Capital Gain accrued by individuals on the sale of Ordinary Shares will be taxed at the rate of 25%. However, if the shareholder is a "substantial shareholder" at the time of sale or at any time during the preceding 12- month period, such gain will be taxed at the rate of 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person with respect to the material matters of the corporation on a permanent basis pursuant to an agreement, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Real Capital Gain derived by corporations will be generally subject to a corporate tax rate of 23% (in 2022).

Individual shareholders whose income from the sale of securities is considered as business income in Israel are taxed at the marginal tax rates applicable to business income (up to 47% in 2022).

A non-Israeli resident that derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel, will be exempt from Israeli tax if the capital gains derived from the sale of shares was not attributed to a fixed enterprise that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) hold, whether directly or indirectly, more than 25% of the means of control, as such term is defined above, in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. In addition, such exemption is not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the “United States Israel Tax Treaty”), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S. Israel Tax Treaty (a “U.S. Resident”) is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12 month period preceding the disposition, subject to certain conditions; or (v) such U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In any such case, the sale, exchange or disposition of such shares would be subject to Israeli tax, to the extent applicable. However, under the United States-Israel Tax Treaty, a Treaty U.S. Resident may be permitted to claim a credit for the Israeli tax against the U.S. federal income tax imposed with respect to the sale, exchange or disposition of the shares, subject to the limitations under U.S. laws applicable to foreign tax credits. The United States-Israel Tax Treaty does not provide such credit against any U.S. state or local taxes.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale (i.e., resident certificate or other documentation).

Capital gains taxes applicable to Israeli resident shareholders.

An Israeli resident corporation that derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will generally be subject to tax on the real capital gains generated on such sale at the corporate tax rate of 23% (in 2022). An Israeli resident individual will generally be subject to capital gain tax at the rate of 25%. However, if the individual shareholder claims deduction of interest expenditures or is a “substantial shareholder” (as defined above) at the time of the sale or at any time during the preceding twelve months period, such gain will be taxed at the rate of 30%.. Individual holders dealing in securities in Israel for whom the income from the sale of securities is considered “business income” as defined in section 2(1) of the Ordinance are taxed at the marginal tax rates applicable to business income (up to 47% in 2022). Certain Israeli institutions who are exempt from tax under section 9(2) or section 129(C)(a)(1) of the Ordinance (such as exempt trust fund, pension fund) may be exempt from capital gains tax from the sale of the shares.

Taxation of Israeli shareholders on receipt of dividends.

An Israeli resident individual is generally subject to Israeli income tax on the receipt of dividends at the rate of 25%. With respect to a person who is a “substantial shareholder” (as defined above) at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. Such dividends are generally subject to Israeli withholding tax at a rate of 25% if the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not), 15% if the dividend is distributed from income attributed to an Approved Enterprise or a Beneficiary Enterprise and 20% if the dividend is distributed from income attributed to a Preferred Enterprise or a Preferred

Technological Enterprise. If the recipient of the dividend is an Israeli resident corporation such dividend income will be exempt from tax provided the income from which such dividend is distributed was derived or accrued within Israel and was received directly or indirectly from another corporation that is liable to Israeli corporate tax. An exempt trust fund, pension fund or other entity that is exempt from tax under section 9(2) or section 129(C)(a)(1) of the Israeli Tax Ordinance is exempt from tax on dividend.

Taxation of non-Israeli shareholders on receipt of dividends.

Non-Israeli residents (either individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends at the rate of 25%, which tax will be withheld at source, unless relief is provided in an applicable treaty between Israel and the shareholder's country of residence. With respect to a person who is a "substantial shareholder" (as defined above) at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. Such dividends are generally subject to Israeli withholding tax at a rate of 25% if the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not), 15% if the dividend is distributed from income attributed to an Approved Enterprise or a Beneficiary Enterprise, 20% if the dividend is distributed from income attributed to a Preferred Enterprise or a Technological Enterprise, and 4% if the dividend is distributed from income attributed to a Technological Enterprise to a foreign company that holds solely or together with other foreign companies 90% or more in the Israeli company and other conditions are met, (please note that the reduced withholding tax rate of 4% will apply only on profits generated after the Preferred Technological Enterprise was acquired by a foreign company), unless a reduced rate is provided under an applicable tax treaty (the reduced rates stated in this paragraph are subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for such reduced tax rate). For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our Ordinary Shares who is a U.S. Resident is 25%. However, the maximum rate of withholding tax on dividends, not generated by an Approved Enterprise, a Beneficiary Enterprise, a Preferred Enterprise or a Preferred Technological Enterprise , that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to an Approved Enterprise, Beneficiary Enterprise, Preferred Enterprise or a Preferred Technological Enterprise are not entitled to such reduced rate under the tax treaty but are subject to a withholding tax rate of 15% for a shareholder that is a U.S. corporation, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met. If the dividend is attributable partly to income derived from either an Approved Enterprise, Benefited Enterprise, Preferred Enterprise or a Preferred Technological Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability. Application for the reduced tax rate requires appropriate documentation presented and specific instruction received from the Israeli Tax Authorities to the extent tax is withheld at source at the maximum rates (see above), a qualified tax treaty recipient will be required to comply with certain administrative procedures with the Israeli Tax Authorities in order to receive a refund of the excess tax withheld.

A foreign resident receiving dividend income from an Israeli company, from which the full tax was deducted, will generally be exempt from filing a tax return in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer, (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed, and (iii) the taxpayer is not obligated to pay Surtax (see below) in accordance with section 121B of the Ordinance.

Israeli Tax Withholding.

In addition to all of the above, any payment made by an Israeli resident company may be subject to Israeli withholding tax, regardless of whether the recipient should be subject to Israeli tax with respect to the receipt of such payment, unless the recipient provides the company with a valid certificate issued by the Israel Tax Authority to exempt the recipient from such withholding tax liability. We have approached the Israel Tax Authority in an application to receive the Transaction Tax Ruling that will determine, inter alia, that the Indemnified TWC Parties shall not be subject to any Israeli tax with respect to receipt of Ordinary Shares and/or Warrants and/or any cash amount from the Trust Account or with respect to the Per Share Cash Consideration, Per Share Equity Consideration, the Price Adjustment Shares or the Additional Dividend and that we have no withholding obligation with respect to the Capital Restructuring or the issuance of Price Adjustment Shares. We received a signed ruling regarding the Capital Restructuring and the distribution of funds from the trust account to the Company, as well as a signed ruling regarding the Additional Dividend. We withdraw the ruling applications with regards to the tax treatment of the issuance of the Price Adjustment Shares and the exemption of the Indemnified TWC Parties from Israeli tax with respect to receipt of Ordinary Shares and/or Warrants.

Surtax

Subject to the provisions of an applicable tax treaty, individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, dividends, interest and capital gain) exceeding NIS 663,240 for 2022, which amount is linked to the annual change in the Israeli consumer price index.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports of foreign private issuer on Form 6-K. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information we have filed electronically with the SEC. We also make available on our website, free of charge, all such SEC filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is https://www.cellebrite.com. The references to the SEC’s and our website are inactive textual references only, and information contained therein or connected thereto is not incorporated into this Annual Report.

As a “foreign private issuer,” we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements (including the requirement applicable to emerging growth companies to disclose the compensation of its Chief Executive Officer and the other two most highly compensated executive officers on an individual, rather than an aggregate, basis), and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we expect to issue interim quarterly financial information publicly and to furnish it to the SEC under cover of Form 6-K.

I. SUBSIDIARY INFORMATION

Not applicable

J. ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates and inflation. For information about the effects of currency and interest rate fluctuations and how we manage currency and interest risk, see "Part I, Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources".

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. DEBT SECURITIES

Not applicable.

12.B. WARRANTS AND RIGHTS

See "Part I, Item 10. Additional Information—B. Memorandum and Articles of Association" which is incorporated herein by reference.

12.C. OTHER SECURITIES

Not applicable.

12.D. AMERICAN DEPOSITARY SHARES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

Our Amended Articles took effect on August 30, 2021 in connection with the Merger. A copy of our Amended Articles is being filed as Exhibit 1.1 to this Annual Report. See Item "Part I, Item 10. Additional Information—B. Memorandum and Articles of Association."

Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) that are designed to ensure that information required to be disclosed in the Company's reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Any controls and procedures, can provide only reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2022, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company, including the principal executive and financial officers, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Our internal controls are designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on its evaluation, management concluded the company's internal control over financial reporting was effective as of December 31, 2022.

Attestation Report of the Registered Public Accounting Firm

Pursuant to applicable SEC rules this Annual Report does not include an attestation report of our independent registered public accounting firm. We will only be required to include this report once we otherwise cease to qualify as an emerging growth company and are also an accelerated filer or large accelerated filer.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this annual report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16.

A. AUDIT COMMITTEE AND FINANCIAL EXPERT

Our board of directors has determined that Dafna Gruber qualifies as an "audit committee financial expert," as defined under the U.S. federal securities laws and has the requisite financial experience defined by the Nasdaq Rules. In addition, Dafna Gruber is independent as such term is defined in Rule 10A-3(b)(1) under the Exchange Act and under the listing standards of the Nasdaq Global Market.

B. CODE OF ETHICS

We have adopted a Code of Conduct ("Code") that applies to all our employees, officers and directors, including our principal executive, principal financial and principal accounting officers. Our Code of Conduct addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the Code, employee misconduct, conflicts of interest or other violations. Our Code is also intended to meet the definition of "code of ethics" under Item 16B of 20-F under the Exchange Act.

We will disclose on our website any amendment to, or waiver from, a provision of our Code of Conduct that applies to our directors or executive officers to the extent required under the rules of the SEC or Nasdaq. Our Code is available on our website at *http://www.cellebrite.com*. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report and is not incorporated by reference herein.

C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid to the Auditors

Somekh Chaikin, Tel Aviv, Israel (PCAOB ID 1057), a member of KPMG International, served as our independent registered public accounting firm for the fiscal year ended December 31, 2021 and Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global Limited, served as our independent registered public accounting firm for the fiscal year ended December 31, 2022. Following are the fees for professional services in each of the respective fiscal years:

	2022	2021
Audit fees(1)	$ 455	$ 497
Tax fees(2)	164	136
Audit related	135	—
Total	$ 754	$ 633

(1) “Audit fees” include fees for services performed by our independent public accounting firm in connection with our annual audit consolidated financial statements, certain procedures regarding our quarterly financial results submitted on Form 6-K, and services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings, including in connection with review of registration statements and consents.

(2) “Tax fees” include fees for professional services rendered during the years ended December 31, 2022 and 2021 by our independent registered public accounting firm for tax compliance and tax advice and tax planning services on actual or contemplated transactions.

Pre-Approval Policies and Procedures

Pursuant to our audit committee charter and the requirements of Israeli law, our audit committee pre-approves the audit, audit-related, tax and other permitted services of our independent registered public accounting firm before it is engaged to render those services. Our audit committee has pre-approved all the audit services and all of the non-audit services provided to us and to our subsidiaries since the Closing of our Merger.

D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

On April 14, 2022, Cellebrite appointed Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global Limited (“EY Israel”), as the Company’s new independent registered public accounting firm, effective as of such date, subject to approval by shareholders of the Company. The appointment followed the decision by Somekh Chaikin, a member of KPMG International (“KPMG”), the Company’s previous independent registered public accounting firm, not to stand for re-appointment as external auditor of the Company for the year ended December 31, 2022, which was communicated to the Company on March 31, 2022. The decision to appoint EY Israel was approved by the Board of Directors upon the recommendation of the Audit Committee. KPMG’s decision not to stand for re-appointment is not the result of any disagreement between KPMG and the Company.

Under Israeli law, the Board of Director’s approval of the appointment of EY Israel is subject to shareholder approval and therefore was presented to the Company’s shareholders for a vote, and approved by the shareholders, at its annual general meeting on July 19, 2022.

On April 27, 2023, the audit report of EY Israel on the consolidated financial statements of the Company and its subsidiaries, as of and for the years ended December 31, 2022, did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles.

During the years ended December 31, 2021, including through the subsequent interim period preceding the expiry of KPMG's engagement as external auditor, there were: (i) no disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to KPMG's satisfaction would have caused it to make reference thereto in connection with its reports on the financial statements for such years and (ii) no reportable events of the type described in Item 16F(a)(1)(v) of Form 20-F.

During the years ended December 31, 2021 and 2022, including through the subsequent interim period preceding EY Israel's appointment as external auditor, the Company consulted with EY Israel on (i) accounting matters relating to financial reporting in 2021; (ii) tax matters in 2021 relating to the Merger with TWC; (iii) services in 2021 related to the Company's accounting practices; and (iv) due diligence services in connection with a potential transaction.

Other than the matters described above, neither the Company nor anyone acting on its behalf consulted with EY Israel with respect to (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the Company's consolidated financial statements, and no written report or oral advice was provided to the Company that EY Israel concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was the subject of any disagreement of the type described in Item 16F(a)(1)(v) of Form 20-F or a reportable event of the type described in Item 16F(a)(1)(v) of Form 20-F.

G. CORPORATE GOVERNANCE

We are a "foreign private issuer" under the Exchange Act, and our Ordinary Shares and Warrants are listed on Nasdaq. Under the Nasdaq rules, listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by Nasdaq with limited exceptions (i.e., provided that we disclose which requirements we are not following and the equivalent Israeli requirement). We currently rely on this "home country practice exemption" only with respect to the following requirements:

- Quorum requirement. As permitted under the Companies Law, pursuant to our Amended Articles, the quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law, who hold at least 25% of the voting power of our shares (and in an adjourned meeting, with some exceptions, any number of shareholders). Those minimal attendance levels are lower than 33 1/3% of the issued share capital, which is the minimal quorum permitted under the corporate governance rules of Nasdaq.
- Distribution of Annual and Interim Reports. Unlike Nasdaq Rule 5250(d), which requires listed issuers to make annual reports on Form 20-F available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute such reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. In addition, we will make our annual report on Form 20-F containing audited financial statements available to our shareholders at our offices (in addition to a public website).

We otherwise comply with and intend to continue to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to rely upon the "foreign private issuer exemption" for purposes of opting out of some or all of the other Nasdaq corporate governance rules. Following our home country governance practices may provide less protection than is accorded to investors under the Nasdaq rules applicable to domestic issuers. For more information, see "Part I, Item 3. Additional Information—D. Risk Factors—Risks Relating to an Investment in our Securities—As a 'foreign private issuer' under applicable securities laws and regulations, Cellebrite is permitted to, and may, file less or different information with the U.S. Securities and Exchange Commission (the "SEC") than a company incorporated in the United States, and will follow certain home country governance practices in lieu of certain Nasdaq requirements applicable to U.S. issuers."

H. MINE SAFETY DISCLOSURE

Not applicable.

I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 17. FINANCIAL STATEMENTS

See "Part III, Item 18. Financial Statements."

Item 18. FINANCIAL STATEMENTS

Please refer to pages F-1 through F-46 of this Annual Report.

Item 19. EXHIBITS

Exhibit Number	Description
1.1*	Amended and Restated Articles of Cellebrite DI Ltd. (as currently in effect)
2.1	Specimen Ordinary Share Certificate of Cellebrite DI Ltd., incorporated by reference to Exhibit 4.5 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-256177) filed with the SEC on August 5, 2021.
2.2	Form of Assignment, Assumption and Amendment Agreement, by and among Cellebrite DI Ltd., TWC Tech Holdings II Corp. and American Stock Transfer & Trust Company., incorporated by reference to Exhibit 4.7 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-256177) filed with the SEC on August 5, 2021.
2.3	Specimen Warrant Certificate of Cellebrite DI Ltd., incorporated by reference to Exhibit 4.6 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-256177) filed with the SEC on August 5, 2021.
2.4*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.
4.1	Business Combination Agreement and Plan of Merger, dated as of April 8, 2021, by and among Cellebrite DI Ltd., Cupcake Merger Sub Inc. and TWC Tech Holdings II Corp. (included as Annex A to the proxy statement/prospectus), incorporated by reference to Exhibit 2.1 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-256177) filed with the SEC on August 5, 2021.
4.2†	Form of Investor Rights Agreement, by and among Cellebrite DI Ltd., SUNCORPORATION, IGP SaferWorld Limited Partnership and the other equity holders of TWC Tech Holdings II Corp. and of Cellebrite DI Ltd. party thereto, incorporated by reference to Exhibit 4.10 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-256177) filed with the SEC on August 5, 2021.
4.3††	Cellebrite Mobile Synchronization Ltd. 2008 Share Option Plan, incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.
4.4††	Cellebrite DI Ltd. 2019 Restricted Share and Restricted Share Units Plan, incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.
4.5††	Cellebrite Mobile Synchronization Ltd. 2019 Share Option Plan, incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.
4.6††	2021 Cellebrite DI Ltd. Share Incentive Plan, incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.

4.7††	2021 Cellebrite DI Ltd. Employee Share Purchase Plan, incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.
4.8††	Form of Director and Officer Indemnification Agreement, incorporated by reference to Exhibit 10.13 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-256177) filed with the SEC on August 5, 2021.
4.9*††	Compensation Policy for Directors and Officers
4.10	Office Lease Agreement, dated as of January 12, 2015, by and between the Azorei Malal Industries Ltd. and Cellebrite DI Ltd., and amendments thereto, incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.
4.11	Office Lease Agreement, dated as of June 7, 2018 by and between Mivnei Nadlan (C.D.) Company Ltd. (f/k/a/ Mivnei Ta'asia Company Ltd.) and Cellebrite DI Ltd., and amendments thereto, incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form F-4 (File No. 333-256177), as amended, filed with the SEC on May 17, 2021.
8.1*	List of subsidiaries of Cellebrite DI Ltd.
12.1*	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
13.2**	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
15.1*	Consent of KPMG Somekh Chaikin, independent registered accounting firm for Cellebrite DI Ltd.
15.2*	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global Limited, current independent registered accounting firm of Cellebrite DI Ltd.
15.3	Letter from KPMG Somekh Chaikin, a member of KPMG International, incorporated by reference to Appendix A to the Company's Report of Foreign Private Issuer on Form 6-K, furnished to the SEC on April 14, 2022.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101 DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL Document).

* Filed herewith.

** Furnished herewith

† Schedules and exhibits to this Exhibit omitted pursuant to the instructions to Item 19.4(a) of Form 20-F.

†† Indicates a management contract or compensatory plan.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

	Cellebrite DI Ltd.	
April 27, 2023	By:	/s/ Yossi Carmil
		Name: Yossi Carmil
		Title: Chief Executive Officer

INDEX TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF CELLEBRITE DI LTD. AND ITS SUBSIDIARIES

Audited Consolidated Financial Statements (as of and for the Year Ended December 31, 2022)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

CELLEBRITE DI Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CELLEBRITE DI Ltd. and its subsidiaries ("the Company") as of December 31, 2022, the related consolidated statement of income, comprehensive income, changes in shareholders' equity and cash flow for the year then ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flow for the year ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KOST FORER GABBAY & KASIERER
A Member of EY Global

We have served as the Company's auditor since 2022.
Tel-Aviv, Israel
April 27, 2023

17 Ha’arba’a Street, PO Box
KPMG Millennium Tower
Tel Aviv 6100601, Israel
+972 3 684 8000

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Cellebrite DI Ltd.:

Opinion on the Consolidated Financial Statements
We have audited the accompanying consolidated balance sheet of Cellebrite DI Ltd. and its subsidiaries (the Company) as of December 31, 2021, the related consolidated statements of income, changes in shareholders’ deficiency, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion
These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/Somekh Chaikin
Member Firm of KPMG International

We have served as the Company’s auditor from 2007 until 2022.
March 29, 2022
Tel-Aviv, Israel

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		$ 87,645	$ 145,973
Short-term deposits		51,335	35,592
Marketable securities	5	44,643	—
Trade receivables (net of allowance for doubtful accounts of $1,904 and $1,040 as of December 31, 2022 and December 31, 2021, respectively)		78,761	67,505
Prepaid expenses and other current assets	6	17,085	12,818
Contract acquisition costs		6,286	4,813
Inventories	7	10,176	6,511
Total current assets		295,931	273,212
Non-current assets			
Other non-current assets		1,731	1,958
Marketable securities	5	22,125	—
Deferred tax assets, net	17	12,511	9,800
Property and equipment, net	8	17,259	16,756
Operating lease right-of-use assets, net	11	15,653	—
Intangible assets, net	4	11,254	11,228
Goodwill	3	26,829	26,829
Total non-current assets		107,362	66,571
Total assets		$ 403,293	$ 339,783

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	Note	December 31, 2022	December 31, 2021
Liabilities and Shareholders equity (deficiency)			
Current liabilities			
Trade payables		$ 4,612	$ 9,546
Other accounts payable and accrued expenses	9	45,453	54,044
Deferred revenues	16	152,709	122,983
Operating lease liabilities	11	5,003	—
Total current liabilities		207,777	186,573
Long-term liabilities			
Other long term liabilities		5,394	9,537
Operating lease liabilities	11	10,353	—
Deferred revenues	16	42,173	36,426
Restricted Sponsor Shares liability	15	17,532	44,712
Price Adjustment Shares liability	15	26,184	79,404
Warrant liability	15	20,015	56,478
Total long-term liabilities		121,651	226,557
Total liabilities		$ 329,428	$ 413,130
Commitments and contingencies	12		
Shareholders' equity (deficiency)	13		
Share capital, NIS 0.00001 par value; 3,454,112,863 shares authorized and 193,014,155 and 187,680,294 shares issued and outstanding as of December 31, 2022 and 2021, respectively		— *	— *
Additional paid-in capital		(125,624)	(153,072)
Treasury stock, NIS 0.00001 par value; 41,776 ordinary shares		(85)	(85)
Accumulated other comprehensive income		331	1,372
Retained earnings		199,243	78,438
Total Shareholders' equity (deficiency)		73,865	(73,347)
Total liabilities and shareholders' equity (deficiency)		$ 403,293	$ 339,783

* Less than US$ 1.

CONSOLIDATED STATEMENTS OF INCOME

U.S. dollars in thousands (except share and per share data)

	Note	Year Ended December 31, 2022	2021	2020
Revenue:				
Subscription services		$ 153,470	$ 120,889	$ 100,614
Term-license		62,487	62,428	29,131
Perpetual license and related		21,373	34,169	42,136
Professional services		33,321	28,760	23,032
Total revenue		270,651	246,246	194,913
Cost of revenue:				
Subscription services		16,875	9,369	8,795
Term-license		425	2,299	1,709
Perpetual license and related		12,987	9,817	9,370
Professional services		20,459	21,072	18,005
Total cost of revenue		50,746	42,557	37,879
Gross profit		219,905	203,689	157,034
Operating expenses:				
Research and development		80,620	65,541	54,377
Sales and marketing		97,387	76,389	61,305
General and administrative		40,854	47,937	32,134
Total operating expenses		218,861	189,867	147,816
Operating income		1,044	13,822	9,218
Financial income, net	18	119,716	68,483	2,179
Income before tax		120,760	82,305	11,397
Tax (income) expense		(45)	10,909	5,616
Net income		$ 120,805	$ 71,396	$ 5,781
Net income (loss) per share:				
Basic and diluted net income (loss) per share attributable to ordinary shareholders		116,111	70,433	(9,344)
Basic net income (loss) per ordinary share		$ 0.64	$ 0.49	$ (0.08)
Diluted net income (loss) per ordinary share		$ 0.59	$ 0.44	$ (0.08)
Weighted average number of ordinary shares used in computing basic net income (loss) per share		182,693,375	144,002,394	123,696,624
Weighted average number of ordinary shares used in computing diluted net income (loss) per share		195,393,558	161,538,579	123,696,624

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except share and per share data)

	Year Ended December 31,		
	2022	2021	2020
Net income	$ 120,805	$ 71,396	$ 5,781
Change in foreign currency translation adjustment	414	995	(695)
Change in unrealized losses on marketable securities:			
Unrealized losses arising during the period	(502)	—	—
Net change (net of tax effect of $189, $—- and $—)	(502)	—	—
Change in unrealized (losses) gain on cash flow hedges:			
Unrealized (losses) gains arising during the period	(3,488)	364	3,017
Less -reclassification adjustment for net losses realized and included in net income	2,535	(1,308)	(1,805)
Net change (net of tax effect of $130, $129 and $165)	(953)	(944)	1,212
Total other comprehensive (loss) income	(1,041)	51	517
Comprehensive income	$ 119,764	$ 71,447	$ 6,298

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

U.S. dollars in thousands (except share and per share data)

	Redeemable convertible preferred shares		Ordinary Shares Amount (**)	Share capital	Additional paid-in capital	Treasury stock	Comprehensive income	Retained earnings	Total
	Shares	Amount							
Balance at December 31, 2019	39,779,261	$ 101,205	123,199,879	$ —*	$ 25,463	$ —	$ 804	$ 32,561	$ 58,828
Net income	—	—	—	—	—	—	—	5,781	5,781
Other comprehensive income	—	—	—	—*	—	—	517	—	517
Share based compensation	—	—	—	—	7,271	—	—	—	7,271
Exercise of share option and vested RSUs	—	—	1,513,404	—	1,492	—	—	—	1,492
Dividend paid	—	—	—	—	—	—	—	(10,000)	(10,000)
Repurchase of ordinary shares	—	—	(41,776)	—*	—	(85)	—	—	(85)
Balance at December 31, 2020	39,779,261	$ 101,205	124,671,507	$ —	$ 34,226	$ (85)	$ 1,321	$ 28,342	$ 63,804
Net income	—	—	—	—	—	—	—	71,396	71,396
Other comprehensive income	—	—	—	—	—	—	51	—	51
Recapitalization transaction with TWC	—	—	20,424,699	—	(213,722)	—	—	—	(213,722)
Issuance costs		—	—	—	(4,866)	—	—	—	(4,866)
Share based compensation	—	—	—	—	6,480	—	—	—	6,480
Exercise of share option and vested RSUs	—	—	2,804,827	—	2,305	—	—	—	2,305
Conversion of preferred shares	(39,779,261)	(101,205)	39,779,261	—	101,205	—	—	—	101,205
Dividend paid	—	—	—	—	(78,700)	—	—	(21,300)	(100,000)
Balance at December 31, 2021	—	$ —	187,680,294	$ —	$ (153,072)	$ (85)	$ 1,372	$ 78,438	$ (73,347)
Net income	—	—	—	—	—	—	—	120,805	120,805
Other comprehensive loss	—	—	—	—	—	—	(1,041)	—	(1,041)
Share based compensation	—	—	—	—	13,708	—	—	—	13,708
Exercise of share options, vested RSUs and ESPP	—	—	5,333,361	—*	13,735	—	—	—	13,735
Exercise of public warrants			500	—*	5	—	—	—	5
Balance at December 31, 2022	—	$ —	193,014,155	$ —	$ (125,624)	$ (85)	$ 331	$ 199,243	$ 73,865

* Less than US$ 1.

** Prior period results have been retroactively adjusted to reflect the 1:1.0422 reverse stock split effected on August 30, 2021. See also Note 13, Shareholders' equity (deficiency), for details.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands (except share and per share data)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income	$ 120,805	$ 71,396	$ 5,781
Adjustments to reconcile net income to net cash provided by operating activities:			
Share based compensation and RSU's	13,708	6,480	7,271
Amortization of premium, discount and accrued interest on marketable securities	(372)	—	—
Depreciation and amortization	9,194	7,007	5,879
Deferred income taxes	(2,392)	(1,638)	(2,818)
Other	—	—	689
Interest income from short term deposits	(684)	—	—
Remeasurement of warrant liability	(36,463)	(11,967)	—
Remeasurement of restricted sponsor shares	(27,180)	(17,635)	—
Remeasurement of price adjustment shares liabilities	(53,220)	(38,271)	—
Changes in Operating lease right-of-use assets	4,667	—	—
Changes in Operating lease liabilities	(5,955)	—	—
Increase in trade receivables	(12,885)	(1,958)	(19,731)
Increase in deferred revenues	38,966	21,804	47,738
(Increase) decrease in prepaid expenses and other current assets	(5,692)	(8,304)	335
Decrease (Increase) in other non-current assets	227	(1,394)	(339)
Increase in inventories	(3,680)	(1,798)	(693)
(Decrease) increase in trade payables	(5,471)	4,239	(1,433)
(Decrease) increase in other accounts payables and accrued expenses	(8,853)	5,107	22,449
(Decrease) increase in other long-term liabilities	(4,143)	2,984	1,382
Net cash provided by operating activities	20,577	36,052	66,510
Cash flows from investing activities:			
Purchases of property and equipment	(6,897)	(5,111)	(6,181)
Cash paid in conjunction with acquisitions, net of acquired cash	—	(20,000)	(15,046)
Purchase of intangible asset	(2,188)	(3,000)	—
Investment in marketable securities	(89,364)	—	—
Proceeds from maturity of marketable securities	22,277	—	—
Investment in short term deposits	(76,000)	(21,000)	(138,500)
Proceeds of short term deposits	60,941	94,337	153,278
Net cash (used in) provided by investing activities	(91,231)	45,226	(6,449)
Cash flows from financing activities:			
Repurchase of common stock	—	—	(85)
Exercise of options	12,628	2,305	1,492
Proceeds from employee share purchase plan, net	1,337	—	—
Exercise of public warrants	5	—	—
Payment of dividend	—	(100,000)	(10,000)
Proceeds from Recapitalization transaction, net	—	29,298	—
Net cash provided by (used in) financing activities	13,970	(68,397)	(8,593)
Net (decrease) increase in cash, cash equivalents and restricted cash	(56,684)	12,881	51,468
Net effect of currency translation on cash, cash equivalents and restricted cash	(1,644)	(754)	695
Cash, cash equivalents and restricted cash at beginning of year	145,973	133,846	81,683

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands (except share and per share data)

Cash and cash equivalents and restricted cash at end of year	$ 87,645	$ 145,973	$ 133,846
Supplemental disclosure of cash flow information:			
Income taxes paid	$ 9,053	$ 8,157	$ 2,911
Supplemental disclosure of Non-cash investment activities:			
Purchase of property and equipment	$ —	$ 814	$ 172
Purchase of Intangible assets	$ 664	$ —	$ —

Note 1. General

a. Cellebrite DI Ltd. (the “Company”), an Israeli company, was incorporated on April 13, 1999 as a private company, and began its operations in July 1999. The Company and its wholly owned subsidiaries delivering a DI suite of solutions comprising software and services for legally sanctioned investigations. The Company’s DI suite of solutions allows users to collect, review, analyze, and manage digital data across the investigative lifecycle with respect to legally sanctioned investigations The Company’s primary shareholder is SUNCORPORATION, a public Company traded in the Japanese market (See also Note 19).

b. On February 28, 2020, the Company completed the acquisition of 100% of the shares of BlackBag Technologies Inc. (“BlackBag”), a US computer collection and review solutions company, for the total base consideration $33,362. See also Note 3a.

c. On April 8, 2021, the Company entered into a Business Combination Agreement and Plan of Merger (the “Merger Agreement”) with TWC Tech Holdings II Corp. (“TWC”), a public listed company in Nasdaq and Cupcake Merger Sub, Inc., a new wholly-owned subsidiary of Cellebrite (the “Merger Sub”) in the USA. TWC is a Special Purpose Acquisition Company (“SPAC”). On August 30, 2021, the Merger was consummated. Upon the terms and subject to the conditions of the Merger Agreement, at the Effective Time, Merger Sub merged with and into TWC, the separate corporate existence of Merger Sub ceased and TWC became the surviving corporation and a wholly-owned subsidiary of the Company (the “Merger”). TWC became a wholly-owned subsidiary of the Company and the security holders of TWC became security holders of the Company.

On the date of Closing of the Merger (the “Closing”) and prior to the Merger becoming effective by acceptance of the Merger Certificate for filing by the Secretary of State of the State of Delaware, and prior to the Company’s Preferred Share conversion into Ordinary Shares as described below, an initial dividend of $21,300 (“Initial Dividend”) and an additional dividend of $78,700 (“Additional Dividend”) were paid to the holders of Company’s Ordinary Shares, Preferred Shares and vested restricted share units (“RSU”) (all the “Company Shareholders”).

Immediately after the payment of the Initial Dividend and the Additional Dividend and prior to the Effective Time each Company Preferred Share was automatically converted into Ordinary Share in accordance with the terms in Cellebrite’s Article of Association.

Immediately following such conversion but prior to the Effective Time, the Company effected a reverse stock split of each Company Ordinary Share into such number of Company Ordinary Shares, which set the Ordinary Share value at $10 (See also Note 13).

Furthermore, Cellebrite issued TWC security holders the following securities at the Effective Time: each Public Share was converted into the right to receive one (1) Ordinary Share (the “Per Share Merger Consideration”).

At the Effective Time each private warrant of TWC and each Public Warrant was converted into a warrant of Cellebrite, exercisable for the amount of Per Share Merger Consideration that the holder thereof would have received if such warrant had been exercisable and exercised immediately prior to the Merger. Additionally, each option and restricted share unit of Cellebrite remain outstanding, subject to adjusted terms to reflect the effect of the Stock Split on Ordinary Shares.

Concurrently with the execution of the Merger Agreement, certain accredited investors (the "PIPE Investors" and each, a "PIPE Investor") entered into share purchase agreements (the "Share Purchase Agreements" and each, a "Share Purchase Agreement") pursuant to which the PIPE Investors committed to purchase Ordinary Shares from certain Cellebrite shareholders at a purchase price of $10.00 per share in an aggregate number equal to 30,000,000 and an aggregate

purchase price of $300,000 (the "PIPE Investments" and each, a "PIPE Investment") on the closing date of August 30, 2021 (the "Closing Date"), which were converted into 30,000,000 Ordinary Shares upon the consummation of the Merger (the "PIPE Shares"). The PIPE Investment closed immediately prior to the Merger.

The merger was accounted as a recapitalization, with no goodwill or other intangible assets recorded, in accordance with U.S. GAAP. Under this method of accounting, the Company has been determined to be the accounting acquirer.

d. On November 11, 2021, the Company completed the acquisition of Digital Clues LTD. ("DC") carved out assets (the "DC Assets"), for a total consideration of $20,000. The DC Assets provide the ability to view, collect, and analyze information from on-line open sources, and produce actionable intelligence. See also Note 3b.

Note 2. Summary of Significant Accounting Policies

A. Basis of presentation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP).

B. Financial statements in United States dollars

The currency of the primary economic environment in which the operations of Cellebrite DI Ltd. and certain subsidiaries are conducted is the U.S. dollar ("dollar"); thus, the dollar is the functional currency of Cellebrite DI Ltd. and certain subsidiaries.

Cellebrite DI Ltd. and certain subsidiaries' transactions and balances denominated in dollars are presented at their original amounts. Non-dollar transactions and balances have been remeasured to dollars in accordance with ASC 830, "Foreign Currency Matters". All transaction gains and losses from remeasurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statements of income as financial income or expenses, as appropriate.

For those subsidiaries whose functional currency has been determined to be a non-dollar currency, assets and liabilities are translated at year-end exchange rates and statement of income items are translated at average exchange rates prevailing during the year. Such translation adjustments are recorded as a separate component of accumulated other comprehensive income (loss) in shareholders' equity (deficiency).

C. Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods and accompanying notes. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include, but are not limited to, the allocation of transaction price among various performance obligation, the fair value of acquired intangible assets and goodwill, share-based compensation, unrecognized tax benefits, marketable securities, fair value measurement of restricted sponsor shares liability, price adjustment shares liability and warrant liabilities.

D. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances were eliminated in consolidation.

E. Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

F. Short Term Bank Deposit

Short-term bank deposits consist of bank deposits with original maturities of more than three months and up to twelve months.

G. Marketable securities

The Company accounts for investments in marketable securities in accordance with ASC No. 320, "Investments—Debt Securities". Management determines the appropriate classification of its investments in the debt securities at the time of purchase and re-evaluates such determination at each balance sheet date.

As of December 31, 2022, all of the Company's marketable securities investments were classified as "available-for-sale" ("AFS") and are carried at fair value. Unrealized gains and losses are reported in a separate component of shareholders' equity (deficiency) in accumulated other comprehensive income, net of taxes. Gains and losses are recognized when realized, on a specific identification basis, in the Company's consolidated statements of income.

The Company's securities are reviewed for impairment in accordance with ASC 320-10-35. If such assets are considered to be impaired, the impairment charge is recognized in earnings when a decline in the fair value of its investments below the cost basis is judged to be other-than-temporary. Factors considered in making such a determination include the duration and severity of the impairment, the reason for the decline in value, the potential recovery period and the Company's intent to sell, including whether it is more likely than not that the Company will be required to sell the investment before recovery of cost basis. For securities with an unrealized loss that the Company intends to sell, or it is more likely than not that the Company will be required to

sell before recovery of their amortized cost basis, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet these criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while declines in fair value related to other factors are recognized in accumulated other comprehensive income (loss). For the year ended December 31, 2022, no other-than-temporary impairment had been recognized

Trade Receivable

Trade receivables are recorded at the invoiced amount net of allowance for doubtful accounts. The allowance for doubtful accounts is based on the Company's assessment of in the collectability of accounts. The Company regularly reviews the adequacy of the allowance for doubtful accounts based on combination of factors, including as assessment of the current customer's aging report, the nature and size of the customer, the financial condition of the customer and the amount of any receivables in dispute.

I. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the "moving average cost" method. Inventory write-downs are provided to cover technological obsolescence, excess inventories and discontinued products.

Inventory write-down is measured as the difference between the cost of the inventory and market based upon assumptions about future demand, and is charged to cost of revenues. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

During the years ended December 31, 2022, 2021 and 2020, the Company recorded inventory write-offs in the amounts of $211, $230 and $150, respectively. Such write-offs were included in cost of revenues.

J. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	%
Computers and software	12.5 – 33
Manufacturing equipment	7
Office furniture and equipment	7– 15
Leasehold improvements	*

*Over the shorter of the expected lease term or estimated useful lives.

K. Impairment of long-lived assets

Long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment whenever facts or circumstances either internally or externally may

indicate that the carrying value of an asset may not be recoverable. If there are indications of an impairment, the Company tests for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. If the asset or asset group is determined to be impaired, any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss.

During the year ended December 31, 2022, 2021 and 2020, no impairment losses have been identified.

L. Leases

On January 1, 2022, the Company adopted ASU No. 2016-02, Leases (ASC 842). The Company determines if an arrangement meets the definition of a lease at the inception of the lease.

Right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease agreement. ROU assets are initially measured at amounts, which represents the discounted present value of the lease payments over the lease, plus any initial direct costs incurred. The lease liability is initially measured at lease commencement date based on the discounted present value of the lease payments over the lease term. The implicit rate within the operating leases is generally not determinable, therefore the Company uses the Incremental Borrowing Rate ("IBR") based on the information available at commencement date in determining the present value of lease payments.

Lease term may include options to extend or terminate the lease when it is reasonably certain that the Company would exercise and extend option and not exercise a termination option. The Company elected to not recognize a lease liability and a ROU asset for leases with a term of twelve months or less. The Company also elected the practical expedient to not separate lease and non-lease components for its leases..

Payments under the Company's lease agreements are primarily fixed, however, certain lease agreements contain variable payments, which are expensed as incurred and not included in the operating lease ROU assets and liabilities.

M. Revenue recognition

The Company's revenues are comprised of four main categories: (a) subscription revenues, including support services (updates, upgrades and technical support) on term-based licenses and perpetual licenses; (b) subscription services from sales of term-based licenses; (c) perpetual licenses and related; and (d) professional services.

The Company recognizes revenue pursuant to the five-step framework contained in ASC 606, Revenue from Contracts with Customers: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract, including whether they are distinct in the context of the contract; (iii) determine the transaction price, including the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligations

The Company sells its products to its customers either directly or indirectly through distribution channels all of whom are considered end users.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services are delivered. The amount of revenue recognized reflects the consideration that the Company expects to receive in exchange for these goods or services.

The Company determines that it has a contract with a customer when each party's rights regarding the products or services to be transferred can be identified, the payment terms for the services can be identified, the Company has determined the customer has the ability and intent to pay, and the contract has commercial substance. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation.

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the products or services either on their own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products and services is separately identifiable from other promises in the contract.

The Company's software licenses either provide its customers a perpetual right to use its software or the right to use its software for only a fixed term, in most cases between a one- and three-year time frame. The Company concluded that the software license is distinct as the customer can benefit from the software on its own.

Support revenue is derived from providing technical customer support services, unspecified software updates and upgrades to customers several times a year, on a when-and-if-available basis. Performance obligations related to software maintenance services generally have a consistent continuous pattern of transfer to a customer during the contract period.

Professional services revenues primarily consist of training and other professional services. Each of these performance obligations provide benefit to the customer on a standalone basis and are distinct in the context of the contract.

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring products or delivery of services to the customer. Payment terms generally are 30 days. The Company applied the practical expedient in ASC 606 and did not evaluate payment terms of one year or less for the existence of a significant financing component. Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities (e.g., sales tax and other indirect taxes). The Company does not offer right of return to its contracts.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price (“SSP”) for each performance obligation. The Company uses judgment in determining the SSP for its products and services. The Company typically assesses the SSP for its products and services on a periodic basis or when facts and circumstances change. To determine SSP, the Company maximizes the use of observable standalone sales and observable data, where available. In instances where performance obligations do not have observable standalone sales, the Company utilizes available information that may include the entity specific factors such as assessment of historical data of bundled sales of software licenses with other promised goods and services, and pricing strategies to estimate the price the Company would charge if the products and services were sold separately.

The Company satisfies performance obligations either over time or at a point in time depending on the nature of the underlying promise. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised good or service to a customer. Revenues related to the license for proprietary software are recognized when the control over the license is provided to the customer and the license term begins. Revenue related

to software update and upgrades are recognized ratably over the service period. Revenues related to other professional services are recognized as services are performed.

N. Contract acquisition cost

The Company capitalizes sales commission as costs of obtaining a contract when they are incremental and if they are expected to be recovered. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. The Company determines whether costs should be deferred based on its sales compensation plans and if the commissions are incremental and would not have occurred absent the customer contract.

Sales commissions for the renewal of a contract are considered commensurate with the sales commissions paid for the acquisition of the initial contract given no substantive difference in commission rates in proportion to their respective contract values.

Amortization of sales commissions are consistent with the pattern of revenue recognition of each performance obligation and are included in sales and marketing expense in the consolidated statements of operations.

The Company periodically reviews these deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. No impairment losses of capitalizes sales commissions were recorded during the periods presented.

Commission expenses for the year ended December 31, 2022, 2021 and 2020 were $10,725, $10,700 and $8,400 respectively.

Assets recognized from the costs incurred to obtain a contract were $6,846 and $5,072 as of December 31, 2022 and 2021, respectively.

O. Research and development costs

Research and development expenses are primarily comprised of costs of the Company’s research and development personnel and other development related expenses. Research and development costs are expensed as incurred, except to the extent that such costs are associated with internal-use software that qualifies for capitalization.

P. Internal use software

Costs incurred to develop internal-use software are capitalized and amortized over the estimated useful life of the software. In accordance with ASC Topic, 350-40, “Internal-Use Software,” capitalization of costs to develop internal-use software begins when preliminary development efforts are successfully completed, the Company has committed project funding and it is probable that the project will be completed, and the software will be used as intended. Costs related to the design or maintenance of internal-use software are expensed as incurred.

Q. Severance pay

a. The Israeli Severance Pay Law, 1963 ("Severance Pay Law"), specifies that employees are entitled to severance payment, following the termination of their employment. Under the Severance Pay Law, the severance payment is calculated as one month salary for each year of employment, or a portion thereof.

The majority of the Company's liability for severance pay is covered by the provisions of Section 14 of the Severance Pay Law ("Section 14"). Under Section 14, employees are entitled to monthly

deposits, at a rate of 8.33% of their monthly salary, made on behalf of the employee with insurance companies. Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees.

As a result, the Company does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Company's balance sheet.

For the year ended December 31, 2022, 2021 and 2020 severance pay expenses amounted to $4,392, $4,067 and $3,340 respectively.

b. The US Subsidiary has a defined contribution plan (the “Contribution Plan”) under the provisions of Section 401(k) of the Internal Revenue Code (the “Code”) which covers eligible U.S. employees as they are defined in the Contribution Plan. Participants may elect to contribute up to a maximum amount prescribed by the Code. The Company, at its discretion, makes matching contributions to the greater of 6% of the participant’s compensation. For the year ended December 31, 2022, 2021 and 2020, the Company made 401(k) plan contributions of approximately $1,711, $1,455 and $877 , respectively.

R. Advertising Expenses

Marketing events expenses and other related marketing expenses are charged to expense as incurred. Marketing expenses for the years 2022, 2021 and 2020 were $5,906, $5,274 and $4,098 respectively.

S. Income taxes

The Company accounts for income taxes in accordance with ASC 740, “Income Taxes”. ASC 740 prescribes the use of the liability method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period of enactment. A valuation allowance is provided, if necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets and deferred tax liabilities are presented under long-term assets.

The Company implements a two-step approach to recognize and measure uncertainty in income taxes. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is greater than 50 percent (cumulative basis) likely to be realized upon settlement. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company classifies interest and penalties related to unrecognized tax benefits as part of income taxes.

T. Stock-Based Compensation

The Company accounts for share-based compensation to employees and non-employees in accordance with ASC 718, “Compensation — Stock Compensation”, (“ASC 718”), which requires companies to estimate the fair value of equity-based payment awards on the date of grants based on the fair value of the awards granted.

The Company grants awards that vest upon the satisfaction of service condition and in certain grant market conditions.

For awards with graded vesting schedule subject to service condition, the Company recognize compensation costs based on the straight line attribution method over the requisite service period of the awards.

The Company estimate the fair value of share options granted using the Black-Scholes-Merton option-pricing model.

The Company used the following weighted-average assumptions for options and RSUs granted to employees and non-employees:

	Year ended December 31,		
	2022	**2021**	**2020**
Contractual period in years	10	10	10
Volatility	43.2% - 51.9%	35.9% - 52.7%	45.1% - 50.2%
Risk free interest rate	2.0% - 4.2%	1.3% - 1.4%	0.1% - 1.0%
Dividend yield	0%	0% - 5%	0% - 5%
Exercise price	$0.00 - $6.60	$0.00 - $8.27	$2.39 - $5.19
Fair value of Ordinary Share	$4.79 - $6.60	$5.41 - $8.27	$1.95 - $5.19
Expected term	6.11	6.11	6.11

The fair value of ESPP was estimated on the grant date using Monte Carlo valuation methodology with the following weighted average assumptions:

	Year Ended December 31,
	2022
Volatility	50.48%-74.32%
Expected term	5-6 months
Risk-free interest rate	1.75%-4.24%
Share price	$4.69-$5.25
Dividend yield	0%

These assumptions and estimates were determined as follows:

Fair value of Ordinary shares — The Company's Ordinary shares have a limited history of being publicly traded. Prior to the consummation of the merger, the fair value was determined by management, with input from valuation reports prepared by third-party valuation specialists. In determining the fair value of ordinary shares subsequent to the consummation of the Merger agreement, the board of directors considered the grant date fair value for share-based awards as of the closing price of our ordinary shares on NASDAQ on the date of grant.

Risk-free interest rate — The Company determined the risk-free interest rate by using a weighted-average equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.

Expected term — The expected term of options granted is based on historical experience and represents the period of time that options granted are expected to be outstanding. Since the Company doesn't have sufficient historical share exercise data to calculate the expected term of the share options. The Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Expected volatility Options and RSUs — Since the Company has a limited trading history of its Ordinary shares, there is not sufficient historical volatility for the expected term of the share options. The expected volatility is derived: (i) historical volatility of comparable companies, in accordance with the expected remaining lives of the option or RSU (ii) historical volatility of the Company's publicly traded shares, commencing August 30, 2021 and (iii) implied volatility of the Company's publicly traded warrants.

Expected Volatility ESPP — was based on Cellebrite s historical share price volatility, on a daily basis, for 6 months.

Expected dividend yield— The Company does not anticipate paying any dividends in the foreseeable future. Thus, the Company used 0% as its expected dividend yield

U. Fair value measurements

The Company accounts for fair value in accordance with ASC 820, "Fair Value Measurements and Disclosures". Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Unobservable inputs for the asset or liability used to measure fair value that are supported by little or no market activity and that re significant to the fair value of the asset or liability at measurement date.

The carrying value of trade receivable and payables and the Company's cash and cash equivalents short-term deposits and marketable securities, approximates fair value due to the short time to expected payment or receipt of cash.

V. Derivative instruments

The Company accounts for derivatives and hedging based on ASC No. 815, "Derivatives and Hedging" ("ASC No. 815"). ASC No. 815 requires the Company to recognize all derivatives on the balance sheets at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship, as well as the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation. If the derivatives meet the definition of a hedge and are designated as such, depending on the nature of the hedge, changes in the fair value of

such derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in accumulated other comprehensive income until the hedged item is recognized in earnings.

The Company has instituted a foreign currency cash flow hedging program using foreign currency forward contracts ("derivative instruments") in order to hedge the exposure to variability in expected future cash flows resulting from changes in related foreign currency exchange rates. The Company hedges portions of its forecasted expenses denominated in NIS. These transactions are designated as cash flow hedges, as defined under ASC 815, "Derivatives and Hedging".

The Company measured the fair value of the contracts in accordance with ASC No. 820 (classified as level 2 of the fair value hierarchy). These contracts met the requirement for cash flow hedge accounting and, as such, gains (losses) on the contracts are recognized initially as component of Accumulated Other Comprehensive Income in the balance sheets and reclassified to the statements of income in the period the related hedged items affect earnings.

As of December 31, 2022 and 2021, the amount recorded in accumulated other comprehensive income from the Company's currency forward, net of tax, was $377 and $577, loss and income, respectively.

As of December 31, 2022, the notional amounts of foreign exchange forward contracts into which the Company entered were $5,598. The foreign exchange forward contracts will expire by August 31, 2023.

The fair value of derivative instruments liabilities and assets balances as of December 31, 2022 and 2021, totaled $652 and $964, respectively.

W. Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC 350, "Intangible — Goodwill and Other", goodwill is not amortized, but rather is subject to an annual impairment test.

ASC 350 requires goodwill to be tested for impairment at the reporting unit level at least annually, the fourth quarter, or between annual tests in certain circumstances, and written down when impaired. Goodwill is tested for impairment by comparing the fair value of the reporting unit with its carrying value. The Company operates in one operating segment, and this segment is the only reporting unit.

ASC 350 allows an entity to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required. If it does result in a more likely than not indication of impairment, the quantitative goodwill impairment test is performed. Alternatively, ASC 350 permits an entity to bypass the qualitative assessment for any reporting unit and proceed directly to performing the quantitative goodwill impairment test. If the carrying value of a reporting unit exceeds its fair value, the Company recognizes an impairment of goodwill for the amount of this excess, in accordance with the guidance in FASB Accounting Standards Update ("ASU") No. 2017-04, Intangibles—Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment.

The Company performs the goodwill impairment test during the fourth quarter of each fiscal year, or more frequently if impairment indicators are present and compares the fair value of the reporting unit with its carrying value. There were no impairment charges to goodwill during the period presented.

X. Intangible assets

Intangible assets are amortized over their estimated useful lives using the straight-line method, at the following annual period ranges:

	Years
Core technology	4- 7
Trade name	4
Customer relationship	10

Each period the Company evaluates the estimated remaining useful lives of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization.

Y. Business combination

The Company applies the provisions of ASC 805, "Business Combination" and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, the Company estimated the future expected cash flows from acquired core technology and acquired trade name from a market participant perspective, useful lives and discount rates. In addition, management makes significant estimates and assumptions, which are uncertain, but believed to be reasonable.

Significant estimates in valuing certain intangible assets include, but are not limited to future expected cash flows from acquired technology and acquired trademarks from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred.

Z. Concentrations of credit risk

Financial instruments that potentially expose the Company and its subsidiaries to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, restricted cash, trade receivables and other receivables. The majority of the Company's cash and cash equivalents are invested in deposits mainly in dollars with major international bank. Generally, these cash and cash equivalents and short term investment may be redeemed upon demand. Management believes that the financial institutions that hold the Company's and its subsidiaries' cash and cash equivalents are institutions with high credit standing, and accordingly, minimal credit risk exists with respect to these assets. The Company's trade receivables are geographically diversified and derived from sales to customers all over the world. The Company mitigates its credit risks by performing an ongoing credit evaluations of its customers' financial conditions. The Company and its subsidiaries generally do not require collateral; however, in certain circumstances, the Company and its subsidiaries may require letters of credit, additional guarantees or advance payments.

AA. Segment reporting

The Company identifies operating segments in accordance with ASC Topic 280, "Segment Reporting" as components of an entity for which discrete financial information is available and is regularly reviewed by the chief operating decision maker, or decision-making group, in making decisions regarding resource allocation and evaluating financial performance. The Company defines the term "chief operating decision maker" to be its chief executive officer. The Company determined it operates in one operating segment and one reportable segment, as its chief operating decision maker reviews financial information presented only on a consolidated basis for purposes of allocating resources and evaluating financial performance.

AB. Segment information

The Company operates in one operating and reportable segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is the Company's CEO, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker allocates resources and assesses performance based upon discrete financial information at the consolidated level.

Revenue by geographical region can be found in the revenue recognition disclosures in Note 16 below. The following table presents the Company's long-lived assets by geographic region, which consist of property and equipment, net and operating lease right-of-use assets:

	December 31,	
	2022	2021
EMEA	$ 26,595	$ 12,859
Americas	5,712	3,468
APAC	605	429
Total long-lived assets	**$ 32,912**	**$ 16,756**

AC. Basic and diluted net income (loss) per share

The Company computes net income per share using the two-class method required for participating securities. The two-class method requires income available to Common shareholders for the period to be allocated between Common shares and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The holders of the Company's participating securities are entitled to dividends that would be distributed to the holders of Common shares, on a pro-rata basis. Diluted earnings per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period.

Basic and diluted income (loss) per share was presented in conformity with the two class method for participating securities for the year ended December 31, 2022, 2021 and 2020, as a result of a dividend distribution.

The potentially dilutive share options to purchase ordinary shares that were excluded from the computation amounted to 14,148,829, 9,995,236 and 31,728,133 for the years ended December 31, 2022, 2021 and 2020, respectively, because including them would have been anti-dilutive.

The Restricted sponsor shares and Price adjustments shares, in the amount of 7,500,000 and 15,000,000, respectively, that are subject to the occurrence of certain conditions, were excluded from the diluted net income per share calculation for the years ended December 31, 2022,

Public warrants and Private warrants in the amount of 20,000,000 and 9,666,667 and 19,999,500 and 9,666,667, respectively, were excluded from the diluted income per share for the years ended December 31, 2022 and 2021, as the inclusion would have been anti-dilutive.

AD. Recently issued accounting pronouncements

As an “Emerging growth company,” the Jumpstart Our Business Startups Act (“JOBS Act”) allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

<u>Recently adopted accounting pronouncements:</u>

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). The final guidance issued by the FASB for convertible instruments eliminates two of the three models in ASC 470-20 that require separate accounting for embedded conversion features. Separate accounting is still required in certain cases. Additionally, among other changes, the guidance eliminates some of the conditions for equity classification in ASC 815-40-25 for contracts in an entity's own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.

The Company early adopted the guidance as of January 1, 2022, and the adoption did not have a material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC 842). The standard requires the recognition of ROU assets and lease liabilities for all leases. The standard requires a modified retrospective transition approach to recognize and measure leases at the initial application.

The Company adopted the standard as of January 1, 2022, using a modified retrospective transition approach and elected to use the effective date as the date of initial application. The Company adopted the ”package of practical expedients”, which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. As a result, the consolidated balance sheets as of December 31, 2021 were not restated, continue to be reported under ASC 840, which did not require recognition of operating lease assets and liabilities on the balance sheets, and are not comparative.

The standard had a material impact on the Company’s consolidated balance sheets which resulted in the recognition of ROU assets and lease liabilities of $17,332 and $18,322, respectively, on January 1, 2022, which included reclassifying deferred rent and rent prepayments as components of the ROU assets.

<u>Recently issued accounting pronouncements not yet adopted:</u>

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in the more timely recognition of losses. The new accounting standard will be effective for the fiscal year beginning on January 1, 2023, including interim periods within that year. The Company`s analysis and evaluation of the new standard and its potential impact on its consolidated financial statements will continue through its effective date in the first quarter of 2023. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

U.S. dollars (in thousands, except share and per share data)

Note 3. Business combination

a. Acquisition of BlackBag Technologies Inc.:

On February 27, 2020, the Company completed the acquisition of 100% of the shares of BlackBag Technologies Inc. ("BlackBag"), a US computer collection and review solutions company, for a total consideration of $33,362. Out of the total consideration, $15,362 was paid in cash at the closing and additional $18,000 will be paid in three installments, $6,000 each year on the first, second and third anniversary of the closing. $13,000 out of the $18,000 are subject to the attainment of certain employee retention and are recognized over two years. Acquisition expenses were $1,848 during 2020 and consist of costs incurred to complete the acquisition and related integration charges. These charges were recorded in general and administrative expenses.

Subsequent to December 31, 2022, the third payment installment was paid.

Upon acquisition, BlackBag became a wholly owned subsidiary of the Company. The acquisition was accounted for as a business combination. The Company recorded trade name, core technology and goodwill in the amounts of $4,000, $3,900 and $9,463, respectively. The estimated useful life of the trade name and core technology are 4 years and 7 years, respectively. The Company recognized $1,546 and $1,289 amortization costs related to these intangible assets for the year ended December 31, 2022 and December 31, 2021, respectively.

b. Acquisition of Digital Clues Carved Out Assets:

On November 11, 2021, the Company completed the acquisition of Digital Clues LTD. ("DC") carved out assets ("DC Assets"), for a total consideration of $20,000 . The DC Assets provide the ability to view, collect, and analyze information form on-line open sources, and produce actionable intelligence. The asset acquisition meets the definition of a business.

The purchase price allocation for the acquisition has been determined as follows:

	Amount
Net assets	$ (890)
Technology	3,347
Customer relationship	177
Goodwill	17,366
Total	$ 20,000

Goodwill is primarily attributable to expected synergies arising from technology integration and expanded product availability to the Company's existing and new customers. Goodwill is deductible for income tax purpose.

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

	Fair Value	Useful Life
	US$ thousands	In years
Core technology	3,347	7
Customer relationship	177	10
Total identifiable intangible assets	$ 3,524	

The Company recorded amortization expenses of $496 and $67 for the years ended December 31, 2022 and 2021, respectively.

Additionally, the Company incurred transaction costs $267 during the year ended December 31, 2021, which were included in general and administrative expenses in the Consolidated Statements of Operations.

U.S. dollars (in thousands, except share and per share data)

Note 4. Intangible assets, net

Definite-lived intangible assets:

	December 31, 2022	December 31, 2021
Original amounts:		
Core technology	$ 13,263	$ 10,411
Trade name	3,900	3,900
Customer relationship	177	177
	17,340	14,488
Accumulated amortization:		
Core technology	3,303	1,470
Trade name	2,763	1,788
Customer relationship	20	2
	6,086	3,260
Intangible assets, net		
	$ 11,254	$ 11,228

a. Amortization expense amounted to $2,826, $1,971 and $1,289 for the years ended December 31, 2022, 2021 and 2020, respectively.

b. The expected future amortization expenses by year related to the intangible assets as of December 31, 2022 are as follows:

2023	$ 3,364
2024	2,555
2025	2,389
2026	1,870
2027 and thereafter	1,076
	$ 11,254

Note 5. Marketable securities

Marketable securities consisted of the following:

	December 31, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value (Level 2)
Corporate bond	$ 20,963	$ —	$ (266)	$ 20,697
Agency bond	24,394	8	(237)	24,165
Treasury bills	7,126	—	(9)	7,117
US Government	10,005	—	(187)	9,818
Municipality	175	—	—	175
Commercial paper	4,796	—	—	4,796
Total	$ 67,459	$ 8	$ (699)	$ 66,768

U.S. dollars (in thousands, except share and per share data)

As of December 31, 2022, no continuous unrealized losses for 12 months or greater were identified.

The following table summarizes the Company's marketable securities by contractual maturities:

	December 31, 2022
Due in 1 year or less	$ 44,643
Due in 1 year through 2 years	22,125
Total	$ 66,768

Note 6. Prepaid expenses and other current assets

	December 31, 2022	December 31, 2021
Advances to suppliers	$ 790	$ 827
Prepaid expenses	7,807	8,927
Government institutions	7,401	1,662
Other	1,087	1,402
	$ 17,085	$ 12,818

Note 7. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 7,451	$ 4,742
Finished goods	2,725	1,769
	$ 10,176	$ 6,511

Note 8. Property and equipment, net

	December 31, 2022	December 31, 2021
Manufacturing equipment	$ 546	$ 526
Furniture and equipment	10,203	8,294
Leasehold improvements	6,674	6,637
Computers and software	27,140	22,735
	44,563	38,192
Less—accumulated depreciation	(27,304)	(21,436)
	$ 17,259	$ 16,756

Depreciation expenses were $6,368, $5,036 and $4,464 in the year ended December 31, 2022, 2021 and 2020, respectively.

Note 9. Other accounts payable and accrued expenses

U.S. dollars (in thousands, except share and per share data)

	December 31, 2022	December 31, 2021
Governmental institution	$ 1,227	$ 2,372
Employees and related expenses	33,495	29,725
Income tax payable	2,853	8,235
Accrued expenses	6,244	12,800
Advances from customers	628	695
Other	1,006	217
	$ 45,453	$ 54,044

Note 10. Derivative Instruments

Company's risk management strategy includes the use of derivative financial instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates.

ASC 815, "Derivatives and Hedging" ("ASC 815"), requires the Company to recognize all of its derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, an entity must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation.

Gains and losses on derivatives instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that are attributable to a particular risk), are recorded in accumulated other comprehensive income (loss) and reclassified into statement of income in the same accounting period in which the designated forecasted transaction or hedged item affects earnings.

The Company entered into option and forward contracts to hedge a portion of anticipated New Israeli Shekel ("NIS") payroll and benefit payments. These derivative instruments are designated as cash flow hedges, as defined by ASC 815 and accordingly are measured at fair value. These transactions are effective and, as a result, gain or loss on the derivative instruments are reported as a component of accumulated other comprehensive income and reclassified as payroll expenses or finance expenses, respectively, at the time that the hedged income/expense is recorded.

	Net Notional amount		Fair value (Level 2 within the fair value hierarchy)	
	December 31		December 31,	
	2022	2021	2022	2021
Option contracts to hedge payroll expenses NIS	$ 31,833	$ 55,016	$ 173	$ 1,051
Forward contracts to hedge payroll expenses NIS	5,598	16,077	(229)	461
	$ 37,431	$ 71,093	$ (56)	$ 1,512

The Company currently hedges its exposure to the variability in future cash flows for a maximum period of one year. As of December 31, 2022, the Company expects to reclassify all of its unrealized gains and losses from accumulated other comprehensive income to earnings during the next twelve months. The fair value of the Company's outstanding derivative instruments at December 31, 2022 and 2021 is summarized below:

U.S. dollars (in thousands, except share and per share data)

		Fair value of derivative instruments	
		December 31,	
	Balance Sheet line item	2022	2021
Derivative liabilities:			
Foreign exchange option contracts	Prepaid expenses and other current assets	$ 173	$ 1,067
Foreign exchange forward contracts	Prepaid expenses and other current assets	—	521
Foreign exchange option contracts	Other account payable	(596)	(563)
Foreign exchange forward contracts	Other account payable	$ (229)	$ (61)

The effect of derivative instruments in cash flow hedging relationship on income and other comprehensive income for the year ended December 31, 2022, 2021 and 2020, is summarized below:

	Amount of gain (loss) recognized in other comprehensive income on derivative, net of tax (effective portion)		
	Year ended December 31,		
	2022	2021	2020
Derivatives in foreign exchange cash flow hedging relationships:			
Forward contracts	$ (643)	$ 110	$ 2,082
Option contracts	(2,845)	254	935
	$ (3,488)	$ 364	$ 3,017

Derivatives in foreign exchange cash flow hedging relationships for the year ended December 31, 2022, 2021 and 2020 , is summarized below:

U.S. dollars (in thousands, except share and per share data)

	Statements of income line item	Amount of gain (loss) reclassified from other comprehensive income into income (expenses), net of tax (effective portion) Year ended December 31, 2022	2021	2020
Option contracts to hedge payroll	Cost of revenues and operating expenses	$ 2,491	$ (657)	$ (473)
Forward contracts to hedge payroll	Cost of revenues, operating expenses and financial expenses	44	(651)	(1,332)
		$ 2,535	$ (1,308)	$ (1,805)

Note 11. Lease

The Company entered into operating leases primarily for offices. The leases have remaining lease terms of up to 8 years, some of which may include options to extend the leases for up to an additional of 1 year.

The components of operating lease costs were as follows:

	Year ended December 31, 2022
Operating lease cost	$ 4,667
Short-term lease cost	799
Variable lease cost	262
Total net lease costs	$ 5,728

Supplemental balance sheet information related to operating leases is as follows:

	Year ended December 31, 2022
Operating lease ROU assets	$ 15,653
Operating lease liabilities, current	$ 5,003
Operating lease liabilities, long-term	$ 10,353
Weighted average remaining lease term (in years)	3.83
Weighted average discount rate	1.57%

U.S. dollars (in thousands, except share and per share data)

Minimum lease payments for the Company's ROU assets over the remaining lease periods as of December 31, 2022, are as follows:

		Operating Leases
Fiscal Years Ending December 31,		
2023	$	5,048
2024		4,586
2025		3,121
2026		1,534
2027 and thereafter		1,640
Total undiscounted lease payments		15,929
Less: imputed interest		(573)
Present value of lease liabilities	$	15,356

As of December 31, 2022, the Company have signed on a new lease agreements in a total amount of s $4,907 for offices in Singapore and United States, which has not yet commenced. The new operating lease commitments will commence on January,1, 2023 and April,1, 2023, respectively with an average lease term of 6.5 years.

Note 12. Commitments and contingencies

From time to time, the Company may be involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated the Company would accrue a liability for the estimated loss. As of December 31, 2022 and 2021, the Company is not involved in any claims or legal proceedings which require accrual of liability for the estimated loss.

Note 13. Shareholders' equity (deficiency)

a. Stock Split

On August 30, 2021, the Company's board of directors approved a 1:1.0422 reverse stock split. As a result, all ordinary shares, Preferred Shares, options for ordinary shares, restricted share units,exercise price and net income (loss) per share amounts were adjusted retroactively for all periods presented in these condensed consolidated financial statements as if the stock split and change in par value had been in effect as of the date of these condensed consolidated interim financial statements.

b. Ordinary Shares

As of December 31, 2022 and 2021, the Company was authorized to issue 3,454,112,863 shares of par value NIS 0.00001 per share ordinary share. The voting, dividend and liquidation rights of the holders of the Company's common share is subject to and qualified by the rights, powers and preferences of the holders of the preferred shares as set forth below.

Common share confers upon its holders the following rights:

i. The right to participate and vote in the Company's general meetings. Each share will entitle its holder, when attending and participating in the voting to one vote;

ii. Dividends or Distribution shall be paid or be made to the holders of Ordinary Shares, shall be in an amount equal the product of the dividend or distribution payable or made on each ordinary share determined as if all preferred shares had been converted into ordinary shares and the number of ordinary shares issuable upon conversion of such preferred share, in each case calculated on the record date for determination of holders entitled to receive such dividend or distribution; and

iii. The right to a share in the distribution of the Company's excess assets upon liquidation pro rata to the par value of the share held by them.

c. Redeemable Convertible Preferred shares rights

On June 17, 2019, the Company issued 39,779,261 Convertible Preferred shares for $2.765 per share (the "Original Issue Price") for the total consideration of $101,205 (net of issuance costs).

On June 17, 2019, IGP Saferworld Limited Partnership (hereinafter: "IGP"), an investment vehicle of IGP Capital, a venture capital firm based in Israel, invested $110 million in the Company, in exchange for the Company's redeemable convertible preferred shares, representing 24.4% of the Company's outstanding ordinary and preferred shares (see also Note 1b and Note 13b). Following the IGP investment, the Company paid to its employees compensation in the amount of $4,034 includes in other expenses in the consolidated statements of operations and comprehensive income (loss).

On August 30, 2021, immediately before the consummation of the Merger with TWC, the Company's Preferred Shares were converted into Ordinary Shares.

d. Acquisition of shares by the Company:

During 2019, the Company acquired 295,000 shares from two of its shareholders, who were employed by the Company at the time of purchase. The shares were acquired in a price representing the fair value and the acquisition was presented as "Treasury stock". The Treasury shares held by the Company were cancelled prior to the IGP investment as details in paragraph 13c. During 2020, the Company acquired 41,776 shares from one of its shareholders, who were employed by the Company at the time of purchase.

e. Option Plan and RSU's:

On August 5, 2021, the Company adopted the 2021 Share Inventive Plan (the "2021 Share Incentive Plan). The 2021 Share Incentive Plan provides for the grant of share options (including incentive share options and non-qualified share options), ordinary shares, RSUs and other share-based awards.

The maximum aggregate number of shares that may be issued pursuant to awards under this 2021 Plan is 28,075,309.

As of December 31, 2022 the aggregate amount of options and RSU outstanding is 26,849,012.

U.S. dollars (in thousands, except share and per share data)

A summary of the Company's option activity and related information is as follows:

	Number of options	Weighted- average exercise price	Weighted- average remaining contractual term (in years)
Outstanding at December 31, 2021	25,487,897	$ 2.837	7.03
Granted	1,305,133	6.266	
Exercised	4,512,564	2.813	
Forfeited	1,822,806	3.629	
Outstanding at December 31, 2022	20,457,660	$ 2.990	6.39
Exercisable at December 31, 2022	15,913,802	$ 2.731	6.00

The weighted average fair values at grant date of options granted for the year ended December 31, 2022 and 2021, were $2.86 and $5.04 per share, respectively.

The total intrinsic value of options exercised during the years 2022 and 2021 was $12,116 and $8,547 respectively.

The aggregate intrinsic value of the outstanding options at December 31, 2022 and 2021, represents the intrinsic value of 18,121,448 and 25,440,041, respectively, outstanding options that are in-the-money as of such dates. The remaining 2,336,212 and 70,678 outstanding options are out-of-the-money as of December 31, 2022 and 2021, respectively, and their intrinsic value was considered as zero.

A summary of the Company's RSUs activity is as follows:

	December 31, 2022
	Number of RSUs
Unvested at beginning of year	2,043,524
Granted	5,912,361
Vested	530,744
Forfeited	1,033,789
Unvested, at end of year	6,391,352

The weighted average fair value at grant date of RSUs granted for the year ended December 31, 2022 and 2021 was $6.02 and $8.27 respectively

The total fair value of shares vested during the years 2022 and 2021 was $3,025 and $927, respectively.

As of December 31, 2022, the Company had approximately $37,562 of unrecognized compensation expense related to non-vested shares options and non-vested RSU's, expected to be recognized over a weighted average period of 3.03 years. The Company did not recognize any tax benefit related to the share-based compensation.

U.S. dollars (in thousands, except share and per share data)

f. 2021 Employee Share Purchase Plan:

On August 5, 2021, the Company adopted the 2021 Employee Share Purchase Plan (“ESPP”).

The aggregate number of Shares that may be issued pursuant to rights granted under the ESPP shall be 1,871,687 Shares. In addition, on the first day of each calendar year beginning on January 1, 2023 and ending on and including January 1, 2033, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the lesser of (a) 1.0% of the Shares outstanding on the last day of the immediately preceding calendar year, as determined on a fully diluted basis, and (b) such smaller number of Shares as may be determined by the Board. If any right granted under the ESPP shall for any reason terminate without having been exercised, the Shares not purchased under such right shall again become available for issuance under the ESPP.

g. Share based compensation costs are recorded in the consolidated statements of operations were as follows:

	Year Ended December 31,		
	2022	**2021**	**2020**
Cost of revenues	$ 1,283	$ 290	$ 304
Research and development	2,974	1,076	1,145
Sales and marketing	5,041	2,332	2,298
General and administrative	4,410	2,782	3,524
	$ 13,708	$ 6,480	$ 7,271

Note 14. Net income (loss) per share

The following table sets forth the computation of basic losses per share:

	Year Ended December 31,		
	2022	**2021**	**2020**
Numerator:			
Net income	$ 120,805	$ 71,396	$ 5,781
Basic net income attributable to Preferred shareholders	—	—	15,125
Basic net income attributable to Restricted sponsor shares	4,694	963	—
Basic net income (loss) attributable to Ordinary shareholders	116,111	70,433	(9,344)
Denominator:			
Weighted average number of Ordinary shares used in computing basic net income (loss) per share	182,693,375	144,002,394	123,696,624

U.S. dollars (in thousands, except share and per share data)

Basic net income (loss) per share of Ordinary shareholders	$ 0.64	$ 0.49	$ (0.08)
Weighted average number of Ordinary shares used in computing diluted net income (loss) per share	195,393,558	161,538,579	123,696,624
Diluted net income (loss) per share of Ordinary shareholders	$ 0.59	$ 0.44	$ (0.08)

Note 15. Fair value measurements

Warrant liability

Upon the closing of the transaction, 20,000,000 Public Warrants and 9,666,667 private warrants, that were both issued by TWC prior to the transaction, were outstanding to purchase the Company's Ordinary Shares. Each warrant entitles the holder to purchase one Company Ordinary Share at a price of $11.50 per share, subject to adjustments. The warrants are exercisable at any time commencing 30 days after the completion of the transaction and expire five years after the Closing Date or earlier upon redemption or liquidation. The Company may redeem the outstanding Public Warrants in whole and not in part at a price of $0.01 per warrant at any time after they become exercisable, provided that the last sale price of the Company Ordinary Shares equals or exceeds $18 per share, subject to adjustments, for any 20 trading-days within a 30 trading-day period ending three business days prior to the date on which the Company sends the notice of redemption to the warrant holders.

The private warrants have similar terms as the Public Warrants, except that the private warrants may be exercised for cash or on a cashless basis at the holder's option and the private warrants will not be redeemed by the Company as long as they are held by the initial purchasers or their permitted transferees, but once they are transferred, they have the same rights as the Public Warrants. As the private warrants include provisions that provide for potential changes to the settlement amounts that are dependent on the characteristics of the holder of the warrant, under ASC Section 815-40, those warrants are not indexed to the Company's Ordinary Shares in the manner contemplated by that Section, so long as they are held by the initial purchasers or their permitted transferees.

The Public Warrants may be exercised with a different mechanism, depending on whether the Company maintains an effective registration statement or not. Since, among other things, the fact whether the Company maintains an effective registration statement effect the settlement provision of the Public Warrants is not an input into the pricing of fixed for fixed option model on equity shares, the Public Warrants are precluded from being indexed to the Company's own share and should be classified as a liability.

The Company has classified the warrants assumed during the Merger (both public and private) as a liability pursuant to ASC 815-40 since the warrants do not meet the equity classification conditions. Accordingly, the Company measured the warrants at their fair value. The warrants liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statement of comprehensive loss.

During the year ended December 31,2022, 500 public warrants were exercised in a total amount of $5.

U.S. dollars (in thousands, except share and per share data)

	Public Warrants (Level 1)	Private Placement Warrants (Level 3)	Total Warrant liability
Balance, December 31, 2021	$ 35,200	$ 21,278	$ 56,478
Change in fair value	(22,240)	(14,223)	(36,463)
Balance, December 31, 2022	$ 12,960	$ 7,055	$ 20,015

The estimated fair value of the private placement warrant liabilities is determined using Level 3 inputs. Inherent in a Black-Scholes valuation model are assumptions related to expected share-price volatility, expiration, risk-free interest rate and dividend yield. The Company estimates the volatility of its common share based on historical volatility of select peer companies that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expiration of the warrants. The dividend yield is based on the historical rate, which the Company anticipates will remain at 0%.

The following table provides quantitative information regarding Level 3 fair value measurements inputs as their measurement dates:

	December 31, 2022	December 31, 2021
Number of private placement warrants	9,666,667	9,666,667
Exercise price	$11.5	$11.5
Share price	$4.36	$8.02
Expiration term (in years)	3.66	4.66
Volatility	52.9%	44.8%
Risk-free Rate	4.13%	1.22%
Dividend yield	0%	0%-5%

Restricted sponsor shares liability and Price adjustment shares liability

7,500,000 Ordinary Shares issued to TWC Tech Holdings II, LLC, out of a total of 13,500,000 shares, are Restricted Sponsor Shares and will vest in 3 tranches of 3,000,000, 3,000,000 and 1,500,000, upon achievement of the triggering events (as defined in the Business Combination Agreement)); if at any time during the Price Adjustment Period the price of Ordinary Shares will be greater than or equal to $12.50, $15.00 and $30.00, respectively, over any twenty trading days within any thirty trading day period. In the event of a post-Closing change of control transaction involving the Company, any Restricted Sponsor Shares not previously vested will vest and will be entitled to participate in the change of control transaction. The probability of such event was considered by the Company. Upon the expiration of the Price Adjustment Period (a period of seven years), any unvested Cellebrite Shares that have not vested as of such time will be forfeited. The Company security holders shall be entitled to vote their unvested Restricted Sponsor Shares and receive dividends and other distribution, and to have all other economic rights, in each case, with respect to such Restricted Sponsor Shares while they remain unvested.

Holders of the Ordinary Shares and vested RSUs, in each case as of immediately prior to the Effective Time, are eligible to receive up to 15,000,000 Ordinary Shares that will vest in 3 tranches of 5,000,000 upon achievement of the triggering events (if at any time during the Price Adjustment Period the price of Ordinary Shares will be greater than or equal to $12.50, $15.00 and $17.50, respectively, over any 20 trading-days within any 30 trading-day period.) or upon a Change of Control (as defined in Business Combination Agreement) before the five (5) year anniversary of the Closing Date.

U.S. dollars (in thousands, except share and per share data)

The restricted Sponsor shares liability and Price adjustment shares are measured at fair value using Level 3 inputs.

The Company has determined that the price adjustment shares, and the restricted sponsor shares are freestanding financing instruments since those rights are legally detachable and separately exercisable. The Company has determined that the price adjustment rights, and the restricted sponsor shares are not indexed to Company's stock since if a change of control occurs, all the shares underlying the price adjustment shares and the restricted sponsor shares will be issued regardless of the company's stock price. Therefore, the Company accounted for the price adjustment shares and for the restricted sponsor shares as a liability measured at fair value through earnings.

	Restricted sponsor shares (level 3)	Price adjustment shares (level 3)	Total
Balance, December 31, 2021	$ 44,712	$ 79,404	$ 124,116
Change in fair value of restricted sponsor shares and price adjustment shares	(27,180)	(53,220)	(80,400)
Balance, December 31, 2022	$ 17,532	$ 26,184	$ 43,716

The following table provides quantitative information regarding Level 3 fair value measurements inputs as their measurement dates:

	December 31, 2022		December 31, 2021	
	Restricted sponsor shares	Price adjustment shares	Restricted sponsor shares	Price adjustment shares
Number of shares	7,500,000	15,000,000	7,500,000	15,000,000
Share price	$12.5-$30.0	$12.5-$17.5	$12.5-$30.0	$12.5-$17.5
Remaining exercise period	5.66	3.66	6.66	4.66
Share value	$1.17-$2.63	$1.32-$2.0	$3.69-$6.61	$4.42-$5.92

Note 16. Revenues

Disaggregation of Revenues

The following table provides information about disaggregated revenue by geographical areas

U.S. dollars (in thousands, except share and per share data)

	Year Ended December 31,		
	2022	2021	2020
EMEA	$ 92,749	$ 88,441	$ 65,807
America	141,920	126,929	100,835
APAC	35,982	30,876	28,271
Total	$ 270,651	$ 246,246	$ 194,913

Contract Balances

The following table provides information about accounts receivable, contract assets, and contract liabilities from contracts with customers:

	December 31, 2022	December 31, 2021
Contract liabilities, current	$ 152,709	$ 122,983
Contract liabilities, non-current	42,173	36,426

Contract assets consist of unbilled accounts receivable, which occur when a right to consideration for the Company's performance under the customer contract occurs before invoicing to the customer. The increase in contract balances is consistent with the increase in the overall operation of the Company.

Contract liabilities consist of deferred revenue. Revenue is deferred when the Company invoices in advance of performance under a contract. The current portion of the deferred revenue balance is recognized as revenue during the 12-month period after the balance sheet date. The non current portion of the deferred revenue balance is recognized as revenue following the 12-month period after the balance sheet date. Of the $159,409 and $138,982 of deferred revenue as of December 31, 2021 and December 31, 2020, respectively, the Company recognized $104,868 and $97,823 as revenue during the year ended December 31, 2022 and 2021, respectively.

Remaining Performance Obligations

The Company's remaining performance obligations are comprised of product and services revenue not yet delivered. As of December 31, 2022 and December 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was $276,409 and $231,666 respectively, which consists of both billed consideration in the amount of $194,882 and $159,409 respectively, and unbilled consideration in the amount of $81,527 and $72,257 respectively, that the Company expects to recognize as revenue. As of December 31, 2022, the Company expects to recognize the majority of its remaining performance obligations as revenue in the year ended December 31, 2023.

Note 17. Taxes on income

A. Israeli taxation

1. Corporate tax rates in Israel:

   The tax rates relevant to corporations in Israel in the years 2022, 2021 and 2020 is 23%. However, the effective tax rate reported by a company that derives income from a Preferred Enterprise or Preferred Technological Enterprise (as discussed below) is lower.

2. **Tax benefits under the Law for Encouragement of Capital Investments, 1959 (“the Investment Law”) Approved/Beneficiary Enterprise**

   Pursuant to the Investment Law, the Company was awarded “Approved Enterprise” and “Beneficiary Enterprise” status under the government alternative benefits path beginning in 2003 until 2018 (included). During this period the Company was entitled to beneficial tax rates of 0% – 10%. The Company decided to terminate its “Approved” and ”Beneficiary Enterprise” status early and enjoy beneficial tax rates under the “preferred technological enterprise” status effective beginning 2019.

   In the event of distribution of dividends from income taxable at 0% tax rate (the “Trapped Earnings”) as part of the Approved Enterprise or Beneficiary Enterprise statuses, the amount distributed will be subject to corporate tax at the rate ordinarily applicable to the Approved or Beneficiary Enterprise’s.

   During the year ended December 31, 2021, the Company distributed approximately $71,000 attributable to all of the Company’s Trapped Earnings and recorded a related income tax expense of approximately $7,000.

   During October 2022, a final ruling was signed by the Company and the ITA, according to which, the Company paid approximately $4,900.

3. **Tax benefits under the Law for Encouragement of Preferred Enterprise and Preferred Technology Enterprise**

   On May 16, 2017 the Knesset Finance Committee approved Encouragement of Capital Investment Regulations (Preferred Technological Income and Capital Gain of Technological Enterprise) — 2017 (hereinafter: “the Regulations”), which provides rules for applying the “Preferred Technological Enterprise” tax benefit track including the formula that provides the mechanism for allocating the technological income eligible for the benefits

   Commencing in 2019 the Company elected the Preferred Technology Enterprise status to apply under the Law for the Encouragement of Capital Investments (the “Investment Law”). The approval is currently in affect for the tax years 2019 to 2023. The Company expects to continue to meet the conditions to be entitled to the “Preferred Technological Enterprise” status beyond 2023.

   Income subject to the Preferred Technology Enterprise status is taxed at reduced tax rate of 12% and income from manufacturing activity in Area A is taxed at reduced tax rate of 7.5%.

4. **Foreign Exchange Regulations:**

   Under the Foreign Exchange Regulations, the Company calculates its Israeli tax liability in U.S. dollars according to certain orders. The tax liability, as calculated in U.S. dollars is translated into NIS according to the exchange rate as of December 31 of each year.

B. Income taxes on non-Israeli subsidiaries:

U.S. dollars (in thousands, except share and per share data)

The Company’s subsidiaries incorporated in the US, Germany, Singapore, Australia, Brazil, UK, France, Canada, Japan and India are taxed according to tax laws in the countries of their residence. The Company’s effective tax rate depends on the geographical mix of where its profits are earned. In the year 2022, the Company’s U.S. subsidiary is subject to combined federal and state income taxes of 24% and the subsidiaries in Germany and Singapore are subject to corporation tax at a rate of approximately 33% and 17% respectively. As of December 31, 2022, the Company had approximately $33,663 undistributed earnings of its subsidiaries.

These undistributed earnings were designated as indefinitely reinvested.

In the event of a distribution of those earnings in the form of dividends, a sale of the subsidiaries, or certain other transactions, we may be liable for income taxes, subject to an adjustment, if any, for foreign tax credits and foreign withholding taxes payable to certain foreign tax authorities

C. Deferred taxes

Deferred taxes recognized for the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and such amounts for income tax purposes. Significant components of the deferred tax liabilities and assets are as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Deferred research and development cost	$ 4,410	$ 3,556
Employee related liabilities	2,023	842
Intangible assets	991	1,125
Goodwill	2,851	2,773
Deferred revenues	2,167	1,765
Carryforward loss	1,826	—
Operating lease liability	2,094	—
Issuance costs	675	1,347
Marketable securities	189	—
Derivative instruments	52	—
Other	765	1,068
Total deferred tax assets	18,043	12,476
Deferred tax liabilities:		
Deferred costs	1,946	1,324
Intangible assets	497	545
Goodwill	237	180
Property and equipment	777	438
Operating lease right-of-use assets	2,022	—
Derivative instruments	—	79
Other	53	110
Total deferred tax liabilities	5,532	2,676
Total deferred tax assets, net	$ 12,511	$ 9,800

U.S. dollars (in thousands, except share and per share data)

A reconciliation of the amount that would result from applying the Company's statutory tax rate in Israel to income before income tax expense to the reported amount of income tax expense allocated to continuing operations is as follows:

	Year Ended December 31,		
	2022	**2021**	**2020**
Income before income taxes expense, as reported in the consolidated statements of operations	$ 120,760	$ 82,305	$ 11,397
Statutory tax rate in Israel	23 %	23 %	23 %
Theoretical taxes on income	27,775	18,930	2,621
Foreign subsidiaries taxed at different tax rates	104	167	81
Preferred tax rates in Israel	(12,121)	(7,598)	(72)
Remeasurement of liability instruments	(14,024)	(8,145)	—
Non-deductible expense	400	1,363	1,501
Taxes in respect of prior years	103	(125)	78
Intercompany transfer of intangible assets	—	—	1,324
Tax on dividend distributed from trapped earnings	(2,369)	7,068	—
Other	87	(751)	83
Actual tax (income) expense	$ (45)	$ 10,909	$ 5,616

Income before income tax expense is comprised as follows:

	Year Ended December 31,		
	2022	**2021**	**2020**
Domestic	$ 110,187	$ 71,434	$ 4,348
Foreign	10,573	10,871	7,049
	$ 120,760	$ 82,305	$ 11,397

Tax (income) expense allocated to continuing operations is comprised as follows:

U.S. dollars (in thousands, except share and per share data)

	Year Ended December 31,		
	2022	2021	2020
Current:			
Israel	$ (2,573)	$ 9,665	$ 4,549
Foreign	4,920	2,882	3,885
Total current tax expense:	2,347	12,547	8,434
Deferred:			
Israel	(85)	(10)	(3,729)
Foreign	(2,307)	(1,628)	911
Total deferred tax benefit	(2,392)	(1,638)	(2,818)
Total tax (income) expense	$ (45)	$ 10,909	$ 5,616

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits is as follows:

	December 31, 2022	December 31, 2021
Unrecognized tax benefits, beginning of year	$ 3,238	$ 2,007
Decreases in tax positions for prior years	(452)	—
Increases in tax positions for current year	287	1,231
Unrecognized tax benefits, end of year	$ 3,073	$ 3,238

Interest expense recognized related to uncertain tax positions amounted to $129 , $92 and $25 in 2022 , 2021 and 2020, respectively. Total accrued interest as of December 31, 2022 and 2021 was $297 and $168, respectively, and were included in accrued expenses.

The Company currently does not expect unrecognized tax benefits to change significantly over the next 12 months, except in the case of settlements with tax authorities, the likelihood and timing of which is difficult to estimate.

The Company's income tax assessments in Israel through the year 2017 are considered final.

The Company is subject to income tax in other jurisdictions outside of Israel, of which the major jurisdiction is the U.S. The Company's operation in the US is subject to potential examination for tax years 2019 and afterwards.

Timing of the resolution of audits is highly uncertain and therefore, as of December 31, 2022, the Company cannot estimate the change in unrecognized tax benefits resulting from these audit within the next 12 months.

Note 18. Financial income, net

U.S. dollars (in thousands, except share and per share data)

	Year Ended December 31,		
	2022	2021	2020
Financial income:			
Interest on deposits	$ 1,603	$ 847	$ 2,710
Foreign currency translation differences	1,736	51	780
Remeasurement of liability instruments	116,863	67,873	—
Other	741	276	112
Financial expenses:			
Bank charges	(187)	(166)	(197)
Changes in exchange rates	(891)	(245)	(1,226)
Other	(149)	(153)	—
	$ 119,716	$ 68,483	$ 2,179

Note 19. Transactions and Balances with Related Parties

SUN Corporation, the Company's primary shareholder is also a reseller of the Company in the Japanese market.

A. Transactions with SUN Corporation

	Year Ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Revenues	3,586	3,678	1,865

B. Balances with SUN Corporation

	December 31, 2022	December 31, 2021
Trade receivables	122	214

THE COMPANIES LAW, 1999

A LIMITED LIABILITY COMPANY

ARTICLES OF ASSOCIATION
OF
CELLEBRITE DI LTD.

As Adopted on August 5th, 2021

PRELIMINARY

1. DEFINITIONS; INTERPRETATION.

(a) In these Articles, the following terms (whether or not capitalized) shall bear the meanings set forth opposite them, respectively, unless the subject or context requires otherwise.

"Affiliate"	shall mean (i) with respect to any entity, any entity or individual which, either itself or via one or more intermediaries, controls, is controlled by or is under common control with, such entity; (ii) with respect to an entity which is an investment fund organized as a limited partnership, any of its general or limited partners, and any affiliated limited partnership managed by the same management company or managing general partner of such entity or any entity or individual which, via one or more intermediaries, controls, is controlled by, or is under common control with, such management company or managing general partner, or (iii) with respect to any investment fund organized as a limited liability company, the members of any limited liability company and/or affiliated limited liability companies managed by the same management company or managing member of such limited liability company or by any entity or individual which, via one or more intermediaries, controls, is controlled by, or is under common control with, such management company or managing member. The term "control" as used in this definition shall mean the holding of the majority of the shares of such party, or the power to appoint the majority of the directors of such party or the power to direct the management and policies of such party, through contractual means or otherwise.
"Articles"	shall mean these Articles of Association, as amended from time to time.
"Board of Directors"	shall mean the Board of Directors of the Company.
"Chairperson"	shall mean the Chairperson of the Board of Directors, or the Chairperson of the General Meeting, as the context implies;
"Class I SUN Director"	shall mean the Director designated by SUN to serve in the class of directors designated as Class I pursuant to Article 39, including his or her alternate director in accordance with Articles 38 through 41 and Article 43.
"Class II SUN Director"	shall mean the Director designated by SUN to serve in the class of directors designated as Class II pursuant to Article 39, including his or her alternate director in accordance with Articles 38 through 41 and Article 43.
"Class I Sun Director Term"	shall mean the period commencing on the date hereof and ending on the date on which the SUN Parties beneficially own in the aggregate less than 20% but at least 10% of the issued and outstanding Shares, as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares.
"Class II SUN Director Term"	shall mean the period commencing on the date hereof and ending on the date on which the SUN Parties cease to beneficially own in the aggregate at least 20% of

	the issued and outstanding Shares, as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares.
"Class II TWCT Director"	shall mean the Director designated by TWCT to serve in the class of directors designated as Class II pursuant to Article 39, including his or her alternate director in accordance with Articles 38 through 41 and Article 43.
"Class III TWCT Director"	shall mean the Director designated by TWCT to serve in the class of directors designated as Class III pursuant to Article 39, including his or her alternate director in accordance with Articles 38 through 41 and Article 43.
"Class II TWCT Director Term"	shall mean the period commencing on the date hereof and ending on the earlier of (i) the date immediately following the 2023 AGM and (ii) the date on which the TWCT Parties beneficially own in the aggregate less than two-thirds (2/3) of the number of Shares beneficially owned by the TWCT Parties on the date hereof, as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares.
"Class III TWCT Director Term"	shall mean the period commencing on the date hereof and ending on the earlier of (i) the date immediately prior to the 2027 AGM and (ii) the date on which the TWCT Parties beneficially own in the aggregate less than one-third (1/3) of the number of Shares beneficially owned by the TWCT Parties on the date hereof, as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares.
"Company"	shall mean Cellebrite DI Ltd.
"Companies Law"	shall mean the Israeli Companies Law, 5759-1999 and the regulations promulgated thereunder. The Companies Law shall include reference to the Companies Ordinance (New Version), 5743-1983, of the State of Israel, to the extent in effect according to the provisions thereof.
"Director(s)"	shall mean the member(s) of the Board of Directors holding office at a given time.
"Economic Competition Law"	shall mean the Israeli Economic Competition Law, 5758-1988 and the regulations promulgated thereunder.
"External Director(s)"	shall have the meaning provided for such term in the Companies Law.
"General Meeting"	shall mean an Annual General Meeting or Special General Meeting of the Shareholders (each as defined in Article 23 of these Articles), as the case may be.
"IGP"	shall mean IGP Saferworld, Limited Partnership.
"IGP Director"	shall mean the Director designated by IGP to serve in the class of directors designated as Class II pursuant to Article 39, including his or her alternate director in accordance with Articles 38 through 41 and Article 43.
"IGP Director Term"	shall mean the period commencing on the date hereof and ending on the date on which the IGP Parties cease to beneficially own in the aggregate at least 10% of the issued and outstanding Shares, as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares.
"IGP Parties"	shall mean each of IGP and any Affiliate thereof.

"NIS"	shall mean New Israeli Shekels.
"Office"	shall mean the registered office of the Company at a given time.
"Office Holder" or "Officer"	shall have the meaning provided for such term in the Companies Law.
"Securities Law"	shall mean the Israeli Securities Law 5728-1968 and the regulations promulgated thereunder.
"Shareholder(s)"	shall mean the shareholder(s) of the Company, at any given time.
"SUN"	shall mean SUN CORPORATION, a Japanese listed company.
"SUN Parties"	shall mean each of SUN and any Affiliate thereof.
"TWCT"	TWC Tech Holdings II, LLC, a Delaware limited liability company.
"TWCT Parties"	shall mean the "Sponsor Parties" as defined in the Investor Rights Agreement of the Company dated as of April 8, 2021, by and among the Company, certain equityholders of TWC Tech Holdings II Corp set forth on Schedule A thereto, SUN and IGP and the equityholders of the Company designated on Schedule B thereto.

(b) Unless the context shall otherwise require: words in the singular shall also include the plural, and vice versa; any pronoun shall include the corresponding masculine, feminine and neuter forms; the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation"; the words "herein", "hereof" and "hereunder" and words of similar import refer to these Articles in their entirety and not to any part hereof; all references herein to Articles or clauses shall be deemed references to Articles or clauses of these Articles; any references to any agreement or other instrument or law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); any reference to "law" shall include any law ('din') as defined in the Interpretation Law, 5741-1981 and any applicable supranational, national, federal, state, local, or foreign statute or law and shall be deemed also to refer to all rules and regulations promulgated thereunder; any reference to a "day" or a number of "days" (without any explicit reference otherwise, such as to business days) shall be interpreted as a reference to a calendar day or number of calendar days; any reference to a business day or business days shall mean each calendar day other than any calendar day on which commercial banks in New York, New York or Tel-Aviv, Israel are authorized or required by applicable law to close; reference to a month or year means according to the Gregorian calendar; any reference to a "Person" shall mean any individual, partnership, corporation, limited liability company, association, estate, any political, governmental, regulatory or similar agency or body or other legal entity; and reference to "written" or "in writing" shall include written, printed, photocopied, typed, any electronic communication (including email, facsimile, signed electronically (in Adobe PDF, DocuSign or any other format)) or produced by any visible substitute for writing, or partly one and partly another, and signed shall be construed accordingly.

(c) The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction or interpretation of any provision hereof.

(d) The specific provisions of these Articles shall supersede the provisions of the Companies Law to the extent permitted thereunder.

LIMITED LIABILITY

2. The Company is a limited liability company and each Shareholder's liability for the Company's debts is therefore limited (in addition to any liabilities under any contract) to the payment of the full amount (par value (if any) and premium) such Shareholder was required to pay the Company for such Shareholder's Shares (as defined below) and which amount has not yet been paid by such Shareholder.

COMPANY'S OBJECTIVES

3. OBJECTIVES.

The Company's objectives are to carry on any business, and do any act, which is not prohibited by law.

4. DONATIONS.

The Company may donate a reasonable amount of money (in cash or in kind, including the Company's securities) to worthy purposes such as the Board of Directors may determine in its discretion, even if such donations are not made on the basis or within the scope of business considerations of the Company.

SHARE CAPITAL

5. AUTHORIZED SHARE CAPITAL.

(a) The authorized share capital of the Company shall consist of is NIS 34,541.12863, divided into 3,454,112,863 Ordinary Shares par value NIS 0.00001 per share (the "Shares").

(b) The Shares shall rank pari passu in all respects. The Shares may be redeemable to the extent set forth in Article 18.

6. INCREASE OF AUTHORIZED SHARE CAPITAL.

(a) The Company may, from time to time, by a Shareholders' resolution, whether or not all of the shares then authorized have been issued, and whether or not all of the shares theretofore issued have been called up for payment, increase its authorized share capital by increasing the number of shares it is authorized to issue. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.

(b) Except to the extent otherwise provided in such resolution, any new shares included in the authorized share capital increase as aforesaid shall be subject to all of the provisions of these Articles that are applicable to shares that are included in the existing share capital.

7. SPECIAL OR CLASS RIGHTS; MODIFICATION OF RIGHTS.

(a) The Company may, from time to time, by a Shareholders' resolution, provide for shares with such preferred or deferred rights or other special rights and/or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution.

(b) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles, may be modified or cancelled by the Company by a resolution of the General Meeting of the holders of all shares as one class, without any required separate resolution of any class of shares.

(c) The provisions of these Articles relating to General Meetings shall apply, mutatis mutandis, to any separate General Meeting of the holders of the shares of a particular class, it being clarified that the requisite quorum at any such separate General Meeting shall be two or more Shareholders present in person or by proxy and holding not less than thirty-three and one-third percent (33⅓%) of the issued shares of such class, provided, however, that if such separate General Meeting of the holders of the particular class was initiated and convened pursuant to a resolution adopted by the Board of Directors and at the time of such meeting the Company is a "foreign private issuer" under the US securities laws, the requisite quorum at any such separate General Meeting shall be two or more Shareholders present in person or by proxy and holding not less than twenty five percent (25%) of the issued shares of such class.

(d) Unless otherwise provided by these Articles, an increase in the authorized share capital, the creation of a new class of shares, an increase in the authorized share capital of a class of shares, or the issuance of additional shares thereof out of the authorized and unissued share capital, shall not be deemed, for purposes of this Article 7, to modify or derogate or cancel the rights attached to previously issued shares of such class or of any other class.

8. CONSOLIDATION, DIVISION, CANCELLATION AND REDUCTION OF SHARE CAPITAL.

(a) The Company may, from time to time, by or pursuant to an authorization of a Shareholders' resolution, and subject to applicable law:

(i) consolidate all or any part of its issued or unissued authorized share capital into shares of a per share par value which is larger, equal to or smaller than the per share par value of its existing shares;

(ii) divide or sub-divide its shares (issued or unissued) or any of them, into shares of smaller or the same par value (subject, however, to the provisions of the Companies Law), and the resolution whereby any share is divided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, in contrast to others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company may attach to unissued or new shares;

(iii) cancel any authorized shares which, at the date of the adoption of such resolution, have not been issued to any person nor has the Company made any commitment, including a conditional commitment, to issue such shares, and reduce the amount of its share capital by the amount of the shares so canceled; or

(iv) reduce its share capital in any manner.

(b) With respect to any consolidation of issued shares and with respect to any other action which may result in fractional shares, the Board of Directors may settle any difficulty which may arise with regard thereto, as it deems fit, and, in connection with any such consolidation or other action which could result in fractional shares, may, without limiting its aforesaid power:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated (and the par value of any such consolidated shares);

(ii) issue, in contemplation of or subsequent to such consolidation or other action, shares sufficient to preclude or remove fractional share holdings;

(iii) redeem such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iv) round up, round down or round to the nearest whole number, any fractional shares resulting from the consolidation or from any other action which may result in fractional shares; or

(v) cause the transfer of fractional shares by certain Shareholders of the Company to other Shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees of such fractional shares to pay the transferors thereof the fair value thereof, and the Board of Directors is hereby authorized to act in connection with such transfer, as agent for the transferors and transferees of any such fractional shares, with full power of substitution, for the purposes of implementing the provisions of this sub-Article 8(b)(v).

9. ISSUANCE OF SHARE CERTIFICATES, REPLACEMENT OF LOST CERTIFICATES.

(a) To the extent that the Board of Directors determines that all shares shall be certificated or, if the Board of Directors does not so determine, to the extent that any Shareholder requests a share certificate or the Company's transfer agent so requires, share certificates shall be issued under the corporate seal of the Company or its written, typed or stamped name and shall bear the signature of one Director, the Company's Chief Executive Officer, or any person or persons authorized therefor by the Board of Directors. Signatures may be affixed in any mechanical or electronic form, as the Board of Directors may prescribe.

(b) Subject to the provisions of Article 9(a), each Shareholder shall be entitled to one numbered certificate for all of the shares of any class registered in his or her name. Each certificate shall specify the serial numbers of the shares represented thereby and may also specify the amount paid up thereon. The Company (as determined by an officer of the Company to be designated by the Chief Executive Officer) shall not refuse a request by a Shareholder to obtain several certificates in place of one certificate, unless such request is, in the opinion of such officer, unreasonable. Where a Shareholder has sold or transferred a portion of such Shareholder's shares, such Shareholder shall be entitled to receive a certificate in respect of such Shareholder's remaining shares, provided that the previous certificate is delivered to the Company before the issuance of a new certificate.

(c) A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register of Shareholders in respect of such co-ownership.

(d) A share certificate which has been defaced, lost or destroyed, may be replaced, and the Company shall issue a new certificate to replace such defaced, lost or destroyed certificate upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as the Board of Directors in its discretion deems fit.

10. REGISTERED HOLDER.

Except as otherwise provided in these Articles or the Companies Law, the Company shall be entitled to treat the registered holder of each share as the absolute owner thereof, and accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by the Companies Law, be obligated to recognize any equitable or other claim to, or interest in, such share on the part of any other person.

11. ISSUANCE AND REPURCHASE OF SHARES.

(a) The unissued shares from time to time shall be under the control of the Board of Directors (and, to the extent permitted by law, any Committee thereof), which shall have the power to issue or otherwise dispose of shares and of securities convertible or exercisable into or other rights to acquire from the Company to such persons, on such terms and conditions (including, inter alia, price, with or without premium, discount or commission, and terms relating to calls set forth in Article 13 hereof), and at such times, as the Board of Directors (or the Committee, as the case may be) deems fit, and the power to give to any person the option to acquire from the Company any shares or securities convertible or exercisable into or other rights to acquire from the Company on such terms and conditions (including, inter alia, price, with or without premium, discount or commission), during such time as the Board of Directors (or the Committee, as the case may be) deems fit.

(b) The Company may at any time and from time to time, subject to the Companies Law, repurchase or finance the purchase of any shares or other securities issued by the Company, in such manner and under such terms as the Board of Directors shall determine, whether from any one or more Shareholders. Such purchase shall not be deemed as payment of dividends and as such, no Shareholder will have the right to require the Company to purchase his or her shares or offer to purchase shares from any other Shareholders.

12. PAYMENT IN INSTALLMENT.

If pursuant to the terms of issuance of any share, all or any portion of the price thereof shall be payable in installments, every such installment shall be paid to the Company on the due date thereof by the then registered holder(s) of the share or the person(s) then entitled thereto.

13. CALLS ON SHARES.

(a) The Board of Directors may, from time to time, as it, in its discretion, deems fit, make calls for payment upon Shareholders in respect of any sum (including premium) which has not been paid up in respect of shares held by such Shareholders and which is not, pursuant to the terms of issuance of such shares or otherwise, payable at a fixed time, and each Shareholder shall pay the amount of every call so made upon him or her (and of each installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board of Directors, as any such times may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board of Directors (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all the shares in respect of which such call was made.

(b) Notice of any call for payment by a shareholder shall be given in writing to such shareholder not less than fourteen (14) days prior to the time of payment fixed in such notice, and shall specify the time and place of payment, and the person to whom such payment is to be made. Prior to the time for any such payment fixed in a notice of a call given to a shareholder, the Board of Directors may in its absolute discretion, by notice in writing to such shareholder, revoke such call in whole or in part, extend the time fixed for payment thereof, or designate a different place of payment or person to whom payment is to be made. In the event of a call payable in installments, only one notice thereof need be given.

(c) If pursuant to the terms of issuance of a share or otherwise, an amount is made payable at a fixed time (whether on account of the par value of such share or by way of premium), such amount shall be payable at such time as if it were payable by virtue of a call made by the Board of Directors and for which notice was given in accordance with paragraphs (a) and (b) of this Article 13, and the provision of these Articles with regard to calls (and the non-payment thereof) shall be applicable to such amount or such installment (and the non-payment thereof).

(d) Joint holders of a share shall be jointly and severally liable to pay all calls for payment in respect of such share and all interest payable thereon.

(e) Any amount called for payment which is not paid when due shall bear interest from the date fixed for payment until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in Israel), and payable at such time(s) as the Board of Directors may prescribe.

(f) Upon the issuance of shares, the Board of Directors may provide for differences among the holders of such shares as to the amounts and times for payment of calls for payment in respect of such shares.

14. PREPAYMENT.

With the approval of the Board of Directors, any Shareholder may pay to the Company any amount not yet payable in respect of his or her shares, and the Board of Directors may approve the payment by the Company of interest on any such amount until the same would be payable if it had not been paid in advance, at such rate and time(s) as may be approved by the Board of Directors. The Board of Directors may at any time cause the Company to repay all or any part of the money so advanced, without premium or penalty. Nothing in this Article 14 shall derogate from the right of the Board of Directors to make any call for payment before or after receipt by the Company of any such advance.

15. FORFEITURE AND SURRENDER.

(a) If any Shareholder fails to pay an amount payable by virtue of a call, installment or interest thereon as provided for in accordance herewith, on or before the day fixed for payment of the same, the Board of Directors may at any time after the day fixed for such payment, so long as such amount (or any portion thereof) or interest thereon (or any portion thereof) remains unpaid, forfeit all or any of the shares in respect of which such payment was called for. All expenses incurred by the Company in attempting to collect any such amount or interest thereon, including, without limitation, attorneys' fees and costs of legal proceedings, shall be added to, and shall, for all purposes (including the accrual of interest thereon) constitute a part of, the amount payable to the Company in respect of such call.

(b) Upon the adoption of a resolution as to the forfeiture of a Shareholder's share, the Board of Directors shall cause notice thereof to be given to such Shareholder, which notice shall state that, in the event of the failure to pay the entire amount so payable by a date specified in the notice (which date shall be not less than fourteen (14) days after the date such notice is given and which may be extended by the Board of Directors), such shares shall be ipso facto forfeited, provided, however, that, prior to such date, the Board of Directors may cancel such resolution of forfeiture, but no such cancellation shall stop the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

(c) Without derogating from Articles 51 and 55 hereof, whenever shares are forfeited as herein provided, all dividends, if any, theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.

(d) The Company, by resolution of the Board of Directors, may accept the voluntary surrender of any share.

(e) Any share forfeited or surrendered as provided herein, shall become the property of the Company as a dormant share, and the same, subject to the provisions of these Articles, may be sold, re-issued or otherwise disposed of as the Board of Directors deems fit.

(f) Any person whose shares have been forfeited or surrendered shall cease to be a shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 13(e) above, and the Board of Directors, in its discretion, may, but shall not be obligated to, enforce or collect the payment of such amounts, or any part thereof, as it shall deem fit. In the event of such forfeiture or surrender, the Company, by resolution of the Board of Directors, may accelerate the date(s) of payment of any or all amounts then owing to the Company by the person in question (but not yet due) in respect of all shares owned by such Shareholder, solely or jointly with another.

(g) The Board of Directors may at any time, before any share so forfeited or surrendered shall have been sold, re-issued or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it deems fit, but no such nullification shall stop the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article 15.

16. LIEN.

(a) Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each Shareholder (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his or her debts, liabilities and engagements to the Company arising from any amount payable by such Shareholder in respect of any unpaid or partly paid share, whether or not such debt, liability or engagement has matured. Such lien shall extend to all dividends from time to time declared or paid in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

(b) The Board of Directors may cause the Company to sell a share subject to such a lien when the debt, liability or engagement giving rise to such lien has matured, in such manner as the Board of Directors deems fit, but no such sale shall be made unless such debt, liability or engagement has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such Shareholder, his or her executors or administrators.

(c) The net proceeds of any such sale, after payment of the costs and expenses thereof or ancillary thereto, shall be applied in or toward satisfaction of the debts, liabilities or engagements of such shareholder in respect of such share (whether or not the same have matured), and the remaining proceeds (if any) shall be paid to the Shareholder, his or her executors, administrators or assigns.

17. SALE AFTER FORFEITURE OR SURRENDER OR FOR ENFORCEMENT OF LIEN.

Upon any sale of a share after forfeiture or surrender or for enforcing a lien, the Board of Directors may appoint any person to execute an instrument of transfer of the share so sold and cause the purchaser's name to be entered in the Register of Shareholders in respect of such share. The purchaser shall be registered as the shareholder and shall not be bound to see to the regularity of the sale proceedings, or to the application of the proceeds of such sale, and after his or her name has been entered in the Register of Shareholders in respect of such share, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

18. REDEEMABLE SHARES.

The Company may, subject to applicable law, issue redeemable shares or other securities and redeem the same upon terms and conditions to be set forth in a written agreement between the Company and the holder of such shares or in their terms of issuance.

TRANSFER OF SHARES

19. REGISTRATION OF TRANSFER.

No transfer of shares shall be registered unless a proper writing or instrument of transfer (in any customary form or any other form satisfactory to the Board of Directors or an officer of the Company to be designated by the Chief Executive Officer) has been submitted to the Company (or its transfer agent), together with any share certificate(s) and such other evidence of title as the Board of Directors or an officer of the Company to be designated by the Chief Executive Officer may require. Notwithstanding anything to the contrary herein, shares registered in the name of The Depository Trust Company or its nominee shall be transferrable in accordance with the policies and procedures of The Depository Trust Company. Until the transferee has been registered in the Register of Shareholders in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board of Directors, may, from time to time, prescribe a fee for the registration of a transfer, and may approve other methods of recognizing the transfer of shares in order to facilitate the trading of the Company's shares on the Nasdaq Stock Market or on any other stock exchange on which the Company's shares are then listed for trading.

20. SUSPENSION OF REGISTRATION.

The Board of Directors may, in its discretion to the extent it deems necessary, close the Register of Shareholders of registration of transfers of shares for a period determined by the Board of Directors, and no registrations of transfers of shares shall be made by the Company during any such period during which the Register of Shareholders is so closed.

TRANSMISSION OF SHARES

21. DECEDENTS' SHARES.

Upon the death of a Shareholder, the Company shall recognize the custodian or administrator of the estate or executor of the will, and in the absence of such, the lawful heirs of the Shareholder, as the only holders of the right for the shares of the deceased Shareholder, after receipt of evidence to the entitlement thereto, as determined by the Board of Directors or an officer of the Company to be designated by the Chief Executive Officer.

22. RECEIVERS AND LIQUIDATORS.

(a) The Company may recognize any receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate Shareholder, and a trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganization of, or similar proceeding with respect to a Shareholder or its properties, as being entitled to the shares registered in the name of such Shareholder.

(b) Such receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate Shareholder and such trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganization of, or similar proceedings with respect to a Shareholder or its properties, upon producing such evidence as the Board of Directors (or an officer of the Company to be designated by the Chief Executive Officer) may deem sufficient as to his or her authority to act in such capacity or under this Article, shall with the consent of the Board of Directors or an officer of the Company to be designated by the Chief Executive Officer (which the Board of Directors or such officer may grant or refuse in its absolute discretion), be registered as a Shareholder in respect of such shares, or may, subject to the regulations as to transfer herein contained, transfer such shares.

GENERAL MEETINGS

23. GENERAL MEETINGS.

(a) An annual General Meeting ("Annual General Meeting") shall be held at such time and at such place, either within or outside of the State of Israel, as may be determined by the Board of Directors.

(b) All General Meetings other than Annual General Meetings shall be called "Special General Meetings". The Board of Directors may, at its discretion, convene a Special General Meeting at such time and place, within or outside of the State of Israel, as may be determined by the Board of Directors.

(c) If so determined by the Board of Directors, an Annual General Meeting or a Special General Meeting may be held through the use of any means of communication approved by the Board of Directors, provided all of the participating Shareholders can hear each other simultaneously. A resolution approved by use of means of communications as aforesaid, shall be deemed to be a resolution lawfully adopted at such general meeting and a Shareholder shall be deemed present in person at such general meeting if attending such meeting through the means of communication used at such meeting.

24. RECORD DATE FOR GENERAL MEETING.

Notwithstanding any provision of these Articles to the contrary, and to allow the Company to determine the Shareholders entitled to notice of or to vote at any General Meeting or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or grant of any rights, or entitled to exercise any rights in respect of or to take or be the subject of any other action, the Board of Directors may fix a record date for the General Meeting, which shall not be more than the maximum period and not less than the minimum period permitted by law. A determination of Shareholders of record entitled to notice of or to vote at a General Meeting shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

25. SHAREHOLDER PROPOSAL REQUEST.

(a) Any Shareholder or Shareholders of the Company holding at least the required percentage under the Companies Law of the voting rights of the Company which entitles such Shareholder(s) to require the Company to include a matter on the agenda of a General Meeting (the "Proposing Shareholder(s)") may request, subject to the Companies Law, that the Board of Directors include a matter on the agenda of a General Meeting to be held in the future, provided that the Board of Directors determines that the matter is appropriate to be considered at a General Meeting (a "Proposal Request"). In order for the Board of Directors to consider a Proposal Request and whether to include the matter stated therein in the agenda of a General Meeting, notice of the Proposal Request must be timely delivered in accordance with applicable law, and the Proposal Request must comply with the requirements of these Articles (including this Article 25) and any applicable law and stock exchange rules and regulations. The Proposal Request must be in writing, signed by all of the Proposing Shareholder(s) making such request, delivered, either in person or by registered mail, postage prepaid, and received by the Secretary (or, in the absence thereof, by the Chief Executive Officer of the Company). To be considered timely, a Proposal Request must be received within the time periods prescribed by applicable law. The announcement of an adjournment or postponement of a General Meeting shall not commence a new time period (or extend any time period) for the delivery of a Proposal Request as described above. In addition to any information required to be included in accordance with applicable law, a Proposal Request must include the following: (i) the name, address, telephone number, fax number and email address of the Proposing Shareholder (or each Proposing Shareholder, as the case may be) and, if an entity, the name(s) of the person(s) that controls or manages such entity; (ii) the number of Shares held by the Proposing Shareholder(s), directly or indirectly (and, if any of such Shares are held indirectly, an explanation of how they are held and by whom), which shall be in such number no less than as is required to qualify as a Proposing Shareholder, accompanied by evidence satisfactory to the Company of the record holding of such Shares by the Proposing Shareholder(s) as of the date of the Proposal Request; (iii) the matter requested to be included on the agenda of a General Meeting, all information related to such matter, the reason that such matter is proposed to be brought before the General Meeting, the complete text of the resolution that the Proposing Shareholder proposes to be voted upon at the General Meeting, and a representation that the Proposing Shareholder(s) intend to appear in person or by proxy at the meeting; (iv) a description of all arrangements or understandings between the Proposing Shareholders and any other Person(s) (naming such Person or Persons) in connection with the matter that is requested to be included on the agenda and a declaration signed by all Proposing Shareholder(s) of whether any of them has a personal interest in the matter and, if so, a description in reasonable detail of such personal interest; (v) a description of all Derivative Transactions (as defined below) by each Proposing Shareholder(s) during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions; and (vi) a declaration that all of the information that is required under the Companies Law and any other applicable law and stock exchange rules and regulations to be provided to the Company in connection with such matter, if any, has been provided to the Company. The Board of Directors, may, in its discretion, to the extent it deems necessary, request that the Proposing Shareholder(s) provide additional information necessary so as to include a matter in the agenda of a General Meeting, as the Board of Directors may reasonably require.

A "Derivative Transaction" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proposing Shareholder or any of its Affiliates, whether of record or beneficial: (1) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company, (2) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company, (3) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (4) which provides the right to vote or increase or decrease the voting power of, such Proposing Shareholder, or any of its Affiliates, with respect to any shares or other securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proposing Shareholder in the securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proposing Shareholder is, directly or indirectly, a general partner or managing member.

(b) The information required pursuant to this Article shall be updated as of (i) the record date of the General Meeting, (ii) five business days before the General Meeting, and (iii) as of the General Meeting, and any adjournment or postponement thereof.

(c) The provisions of Articles 25(a) and 25(b) shall apply, mutatis mutandis, to any matter to be included on the agenda of a Special General Meeting which is convened pursuant to a request of a Shareholder duly delivered to the Company in accordance with the Companies Law.

(d) Notwithstanding anything to the contrary herein, this Article 25 may only be amended, replaced or suspended by a resolution adopted at a General Meeting by a supermajority of at least 65% of the total voting power of the Shareholders.

26. NOTICE OF GENERAL MEETINGS; OMISSION TO GIVE NOTICE.

(a) The Company is not required to give notice of a General Meeting, subject to any mandatory provision of the Companies Law.

(b) The accidental omission to give notice of a General Meeting to any Shareholder, or the non-receipt of notice sent to such Shareholder, shall not invalidate the proceedings at such meeting or any resolution adopted thereat.

(c) No Shareholder present, in person or by proxy, at any time during a General Meeting shall be entitled to seek the cancellation or invalidation of any proceedings or resolutions adopted at such General Meeting on account of any defect in the notice of such meeting relating to the time or the place thereof, or any item acted upon at such meeting.

(d) In addition to any places at which the Company may make available for review by Shareholders the full text of the proposed resolutions to be adopted at a General Meeting, as required by the Companies Law, the Company may add additional places for Shareholders to review such proposed resolutions, including an internet site.

PROCEEDINGS AT GENERAL MEETINGS

27. QUORUM.

(a) No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the quorum required under these Articles for such General Meeting or such adjourned meeting, as the case may be, is present when the meeting proceeds to business.

(b) In the absence of contrary provisions in these Articles, the requisite quorum for any General Meeting shall be two or more Shareholders (not in default in payment of any sum referred to in Article 13 hereof) present in person or by proxy and holding shares conferring in the aggregate at least thirty-three and one-third percent (33⅓%) of the voting power of the Company, provided, however, that with respect to any General Meeting that was initiated by and convened pursuant to a resolution adopted by the Board of Directors and at the time of such General Meeting the Company is a "foreign private issuer" under the US securities laws, the requisite quorum shall be two or more Shareholders (not in default in payment of any sum referred to in Article 13 hereof) present in person or by proxy and holding shares conferring in the aggregate at least twenty five percent (25%) of the voting power of the Company. A proxy may be deemed to be two (2) or more Shareholders pursuant to the number of Shareholders represented by the proxy holder.

(c) If within half an hour from the time appointed for the meeting a quorum is not present, then without any further notice the meeting shall be adjourned either (i) to the same day in the next week, at the same time and place, (ii) to such day and at such time and place as indicated in the notice of such meeting, or (iii) to such day and at such time and place as the Chairperson of the General Meeting shall determine (which may be earlier or later than the date pursuant to clause (i) above). No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. At such adjourned meeting, if the original meeting was convened pursuant to a request under Section 63 of the Companies Law, one or more shareholders, present in person or by proxy, and holding the number of shares required for making such request, shall constitute a quorum, but in any other case any shareholder (not in default as aforesaid) present in person or by proxy, shall constitute a quorum.

28. CHAIRPERSON OF GENERAL MEETING.

The Chairperson of the Board of Directors shall preside as Chairperson of every General Meeting of the Company. If at any meeting the Chairperson is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling or unable to act as Chairperson, any of the following may preside as Chairperson of the meeting (and in the following order): a Director designated by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Secretary or any person designated by any of the foregoing. If at any such meeting none of the foregoing persons is present or all are unwilling or unable to act as Chairperson, the Shareholders present (in person or by proxy) shall choose a Shareholder or its proxy present at the meeting to be Chairperson. The office of Chairperson shall not, by itself, entitle the holder thereof to vote at any General Meeting nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairperson to vote as a Shareholder or proxy of a Shareholder if, in fact, the Chairperson is also a Shareholder or such proxy).

29. ADOPTION OF RESOLUTIONS AT GENERAL MEETINGS.

(a) Except as required by the Companies Law or these Articles, including, without limitation, Article 39 below, a resolution of the Shareholders shall be adopted if approved by the holders of a simple majority of the voting power represented at the General Meeting in person or by proxy and voting thereon, as one class, and disregarding abstentions from the count of the voting power present and voting. Without limiting the generality of the foregoing, a resolution with respect to a matter or action for which the Companies Law prescribes a higher majority or pursuant to which a provision requiring a higher majority would have been deemed to have been incorporated into these Articles, but for which the Companies Law allows these Articles to provide otherwise (including, Sections 327 and 24 of the Companies Law), shall be adopted by a simple majority of the voting power represented at the General Meeting in person or by proxy and voting thereon, as one class, and disregarding abstentions from the count of the voting power present and voting.

(b) Every question submitted to a General Meeting shall be decided by a show of hands, but the Chairperson of the General Meeting may determine that a resolution shall be decided by a written ballot. A written ballot may be implemented before the proposed resolution is voted upon or immediately after the declaration by the Chairperson of the results of the vote by a show of hands. If a vote by written ballot is taken after such declaration, the results of the vote by a show of hands shall be of no effect, and the proposed resolution shall be decided by such written ballot.

(c) A defect in convening or conducting a General Meeting, including a defect resulting from the non-fulfillment of any provision or condition set forth in the Companies Law or these Articles, including with regard to the manner of convening or conducting the General Meeting, shall not disqualify any resolution passed at the General Meeting and shall not affect the discussions or decisions which took place thereat.

(d) A declaration by the Chairperson of the General Meeting that a resolution has been carried unanimously, or carried by a particular majority, or rejected, and an entry to that effect in the minute book of the Company, shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

30. POWER TO ADJOURN.

A General Meeting, the consideration of any matter on its agenda, or the resolution on any matter on its agenda, may be postponed or adjourned, from time to time and from place to place: (i) by the Chairperson of a General Meeting at which a quorum is present (and he shall do so if directed by the General Meeting, with the consent of the holders of a majority of the voting power represented in person or by proxy and voting on the question of adjournment), but no business shall be transacted at any such adjourned meeting except business which might lawfully have been transacted at the meeting as originally called, or a matter on its agenda with respect to which no resolution was adopted at the meeting originally called; or (ii) by the Board of Directors (whether prior to or at a General Meeting).

31. VOTING POWER.

Subject to the provisions of Article 32(a) and to any provision hereof conferring special rights as to voting, or restricting the right to vote, every Shareholder shall have one vote for each share held by the Shareholder of record, on every resolution, without regard to whether the vote thereon is conducted by a show of hands, by written ballot, or by any other means.

32. VOTING RIGHTS.

(a) No Shareholder shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls then payable by him or her in respect of his or her shares in the Company have been paid.

(b) A company or other corporate body being a Shareholder of the Company may duly authorize any person to be its representative at any meeting of the Company or to execute or deliver a proxy on its behalf. Any person so authorized shall be entitled to exercise on behalf of such Shareholder all the power, which the Shareholder could have exercised if it were an individual. Upon the request of the Chairperson of the General Meeting, written evidence of such authorization (in form acceptable to the Chairperson) shall be delivered to him or her.

(c) Any Shareholder entitled to vote may vote either in person or by proxy (who need not be a Shareholder of the Company), or, if the Shareholder is a company or other corporate body, by representative authorized pursuant to Article (b) above.

(d) If two or more persons are registered as joint holders of any share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s). For the purpose of this Article 32(d), seniority shall be determined by the order of registration of the joint holders in the Register of Shareholders.

(e) If a Shareholder is a minor, under protection, bankrupt or legally incompetent, or in the case of a corporation, is in receivership or liquidation, it may, subject to all other provisions of these Articles and any documents or records required to be provided under these Articles, vote through his, her or its trustees, receiver, liquidator, natural guardian or another legal guardian, as the case may be, and the persons listed above may vote in person or by proxy.

PROXIES

33. INSTRUMENT OF APPOINTMENT.

(a) An instrument appointing a proxy shall be in writing and shall be substantially in the following form:

"I		of	
	(Name of Shareholder)		(Address of Shareholder)
Being a shareholder of Cellebrite DI Ltd. hereby appoints			
		of	
	(Name of Proxy)		(Address of Proxy)
as my proxy to vote for me and on my behalf at the General Meeting of the Company to be held on the ___ day of _______, _______ and at any adjournment(s) thereof.			
Signed this ____ day of ___________, ______.			
(Signature of Appointor)"			

or in any usual or common form or in such other form as may be approved by the Board of Directors. Such proxy shall be duly signed by the appointor of such person's duly authorized attorney, or, if such appointor is company or other corporate body, in the manner in which it signs documents which binds it together with a certificate of an attorney with regard to the authority of the signatories.

(b) Subject to the Companies Law, the original instrument appointing a proxy or a copy thereof certified by an attorney (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at its Office, at its principal place of business, or at the offices of its registrar or transfer agent, or at such place as notice of the meeting may specify) not less than forty eight (48) hours (or such shorter period as the notice shall specify) before the time fixed for such meeting. Notwithstanding the above, the Chairperson shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept instruments of proxy until the beginning of a General Meeting. A document appointing a proxy shall be valid for every adjourned meeting of the General Meeting to which the document relates.

34. EFFECT OF DEATH OF APPOINTER OF TRANSFER OF SHARE AND OR REVOCATION OF APPOINTMENT.

(a) A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the prior death or bankruptcy of the appointing Shareholder (or of his or her attorney-in-fact, if any, who signed such instrument), or the transfer of the share in respect of which the vote is cast, unless written notice of such matters shall have been received by the Company or by the Chairperson of such meeting prior to such vote being cast.

(b) Subject to the Companies Law, an instrument appointing a proxy shall be deemed revoked (i) upon receipt by the Company or the Chairperson, subsequent to receipt by the Company of such instrument, of written notice signed by the person signing such instrument or by the Shareholder appointing such proxy canceling the appointment thereunder (or the authority pursuant to which such instrument was signed) or of an instrument appointing a different proxy (and such other documents, if any, required under Article 33(b) for such new appointment), provided such notice of cancellation or instrument appointing a different proxy were so received at the place and within the time for delivery of the instrument revoked thereby as referred to in Article 33(b) hereof, or (ii) if the appointing Shareholder is present in person at the meeting for which such instrument of proxy was delivered, upon receipt by the Chairperson of such meeting of written notice from such Shareholder of the revocation of such appointment, or if and when such Shareholder votes at such meeting. A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the revocation or purported cancellation of the appointment, or the presence in person or vote of the appointing Shareholder at a meeting for which it was rendered, unless such instrument of appointment was deemed revoked in accordance with the foregoing provisions of this Article 34(b) at or prior to the time such vote was cast.

BOARD OF DIRECTORS

35. POWERS OF THE BOARD OF DIRECTORS.

(a) The Board of Directors may exercise all such powers and do all such acts and things as the Board of Directors is authorized by law or as the Company is authorized to exercise and do and are not hereby or by law required to be exercised or done by the General Meeting. The authority conferred on the Board of Directors by this Article 35 shall be subject to the provisions of the Companies Law, these Articles and any regulation or resolution consistent with these Articles adopted from time to time at a General Meeting, provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board of Directors which would have been valid if such regulation or resolution had not been adopted.

(b) Without limiting the generality of the foregoing, the Board of Directors may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board of Directors, in its absolute discretion, shall deem fit, including without limitation, capitalization and distribution of bonus shares, and may invest any sum so set aside in any manner and from time to time deal with and vary such investments and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or re-designate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board of Directors may from time to time think fit.

36. EXERCISE OF POWERS OF THE BOARD OF DIRECTORS.

(a) A meeting of the Board of Directors at which a quorum is present in accordance with Article 45 shall be competent to exercise all the authorities, powers and discretion vested in or exercisable by the Board of Directors.

(b) A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a majority of the Directors present, entitled to vote and voting thereon when such resolution is put to a vote.

(c) The Board of Directors may adopt resolutions, without convening a meeting of the Board of Directors, in writing or in any other manner permitted by the Companies Law.

37. DELEGATION OF POWERS.

(a) The Board of Directors may, subject to the provisions of the Companies Law, delegate any or all of its powers to committees (in these Articles referred to as a "Committee of the Board of Directors", or

"Committee"), each consisting of one or more persons (who may or may not be Directors), and it may from time to time revoke such delegation or alter the composition of any such Committee. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board of Directors, subject to applicable law. No regulation imposed by the Board of Directors on any Committee and no resolution of the Board of Directors shall invalidate any prior act done or pursuant to a resolution by the Committee which would have been valid if such regulation or resolution of the Board of Directors had not been adopted. The meetings and proceedings of any such Committee of the Board of Directors shall, mutatis mutandis, be governed by the provisions herein contained for regulating the meetings of the Board of Directors, to the extent not superseded by any regulations adopted by the Board of Directors. Unless otherwise expressly prohibited by the Board of Directors, in delegating powers to a Committee of the Board of Directors, such Committee shall be empowered to further delegate such powers. Notwithstanding anything else herein to the contrary but subject to applicable law and the rules of any stock exchange on which the Shares are then listed, until the end of the Class I SUN Director Term, the Class I SUN Director (or, if applicable, and at the discretion of SUN, the Class II SUN Director), shall be appointed to any Committee including any future M&A Committee, if such will be set up by the Board of Directors (unless otherwise agreed by the written consent of a majority of the Shares held by the SUN Holders); any amendment to this sentence of Article 37(a) shall also require the written consent of a majority of the Shares held by the SUN Holders. Notwithstanding anything else herein to the contrary but subject to applicable law and the rules of any stock exchange on which the Shares are then listed, until the end of the Class III TWCT Director Term, the Class III TWCT Director (or, if applicable, and at the discretion of TWCT, the Class II TWCT Director), shall be appointed to any Committee to which the Board of Directors delegated any of its powers (which, for the sake of clarity, does not include the audit committee or compensation committee of the Board of Directors, unless otherwise decided by the Board of Directors) or to any future M&A Committee, if such will be set up by the Board of Directors (unless otherwise agreed by the written consent of a majority of the Shares held by the TWCT Parties); any amendment to this sentence of Article 37(a) shall also require the written consent of a majority of the Shares held by the TWCT Parties.

(b) The Board of Directors may from time to time appoint a Secretary to the Company, as well as Officers, agents, employees and independent contractors, as the Board of Directors deems fit, and may terminate the service of any such person. The Board of Directors may, subject to the provisions of the Companies Law, determine the powers and duties, as well as the salaries and compensation, of all such persons.

(c) The Board of Directors may from time to time, by power of attorney or otherwise, appoint any person, company, firm or body of persons to be the attorney or attorneys of the Company at law or in fact for such purposes(s) and with such powers, authorities and discretions, and for such period and subject to such conditions, as it deems fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board of Directors deems fit, and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him or her.

38. <u>Number of Directors</u>.

(a) The Board of Directors shall consist of such number of Directors (not less than three (3) nor more than eleven (11), including the External Directors, if any were elected) as may be fixed from time to time by resolution of the Board of Directors.

(b) Notwithstanding the foregoing, (i) during the Class II SUN Director Term, two members of the Board shall be appointed, removed and replaced by the SUN Holders, one of whom shall be the Class I SUN Director and one of whom shall be the Class II SUN Director, and (ii) during the Class I SUN Director Term, one member of the Board, who shall be the Class I SUN Director, shall be appointed, removed and replaced by the SUN Holders, provided, in each case, that any appointment hereunder (x) is subject to the board composition rules under applicable law and the rules of any stock exchange on which the Shares are then listed; and (y) shall be reasonably acceptable to the Board of Directors.

(c) Notwithstanding the foregoing, (i) during the Class II TWCT Director Term, two members of the Board shall be appointed, removed and replaced by TWCT, one of whom shall be the Class II TWCT Director and one of whom shall be the Class III TWCT Director and (ii) during the Class III TWCT Director Term (following expiration of the Class II TWCT Director Term), one member of the Board, who shall be the Class III TWCT Director, shall be appointed, removed and replaced by the TWCT, provided, in each case, that any appointment hereunder is subject to the independence rules of any stock exchange on which the Shares are then listed and shall be reasonably acceptable to the Board of Directors.

(d) Notwithstanding the foregoing, during the IGP Director Term, one member of the Board shall be appointed, removed and replaced by the IGP Holders, which director shall be a Class II Director, provided that any appointment hereunder is subject to the board composition rules under applicable law and the rules of any stock exchange on which the Shares are then listed and shall be reasonably acceptable to the Board of Directors.

(e) Notwithstanding anything to the contrary herein, this Article 38 may only be amended or replaced by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company's shareholders, provided that (i) any amendment to Article 38(b) or this Article 38(e)(i) shall also require the written consent of a majority of the Shares held by the SUN Holders, (ii) any amendment to Article 38(c) or this Article 38(e)(ii) shall also require the written consent of a majority of the Shares held by the TWCT Parties and (iii) any amendment to Article 38(d) or this Article 38(e)(iii) shall also require the written consent of a majority of the Shares held by the IGP Holders.

39. ELECTION AND REMOVAL OF DIRECTORS.

(a) Subject to Articles 38 and 41, the Directors, excluding the External Directors, if any were elected, shall be classified, with respect to the term for which they each severally hold office, into three classes, as nearly equal in number as practicable, hereby designated as Class I, Class II and Class III, with each of the Class I SUN Director, Class II SUN Director, Class II TWCT Director, Class III TWCT Director and IGP Director, as applicable, assigned to their respective classes. The Board of Directors may assign members of the Board of Directors already in office to such classes at the time such classification becomes effective.

(i) The term of office of the initial Class I directors shall expire at the Annual General Meeting to be held in 2022 (the "2022 AGM") and when their successors are elected and qualified,

(ii) The term of office of the initial Class II directors shall expire at the first Annual General Meeting following the Annual General Meeting referred to in clause (i) above (the "2023 AGM") and when their successors are elected and qualified, and

(iii) The term of office of the initial Class III directors shall expire at the first Annual General Meeting following the Annual General Meeting referred to in clause (ii) above (the "2024 AGM") and when their successors are elected and qualified,

(b) Subject to Article 38, at each Annual General Meeting, commencing with the Annual General Meeting to be held in 2022, a Nominee or Alternate Nominee (each as defined below) elected at such Annual General Meeting to serve as a Director in a Class whose term shall have expired at such Annual General Meeting shall be elected to hold office until the third Annual General Meeting next succeeding his or her election and until his or her respective successor shall have been elected and qualified. Notwithstanding anything to the contrary, each Director shall serve until his or her successor is elected and qualified or until such earlier time as such Director's office is vacated.

(c) If the number of Directors (excluding External Directors, if any were elected) that comprises the Board of Directors is hereafter changed by the Board of Directors, any newly created directorships or decrease in directorships shall be so apportioned by the Board of Directors among the classes as to make all classes as nearly equal in number as is practicable, provided that no decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director and that no decrease in the number of Directors constituting the Board of Directors can limit TWCT's right to appoint the Class II TWCT Director or the Class III TWCT Director, SUN's right to appoint the Class I SUN Director or the Class II SUN Director or IGP's right to appoint the IGP Director.

(d) Prior to every General Meeting of the Company at which Directors are to be elected, and subject to clauses (a) and (h) of this Article, the Board of Directors (or a Committee thereof) shall select, by a resolution adopted by a majority of the Board of Directors (or such Committee), a number of Persons to be proposed to the Shareholders for election as Directors at such General Meeting (the "Nominees").

(e) Any Proposing Shareholder requesting to include on the agenda of a General Meeting a nomination of a Person to be proposed to the Shareholders for election as Director (such person, an "Alternate Nominee"), may make such request provided that it complies with this Article 39(e), Article 25 and applicable law. Unless otherwise determined by the Board of Directors, a Proposal Request relating to an Alternate Nominee is deemed to be a matter that is appropriate to be considered only at an Annual General Meeting. In addition to any information required to be included in accordance with applicable law, such a Proposal Request shall include information required pursuant to Article 25, and shall also set forth: (i) the name, address, telephone number, fax number and email address of the Alternate Nominee and all citizenships and residencies of the Alternate Nominee; (ii) a description of all arrangements, relations or understandings during the past three (3) years, and any other material relationships, between the Proposing Shareholder(s) or any of its Affiliates and each Alternate Nominee; (iii) a declaration signed by the Alternate Nominee that he or she consents to be named in the Company's notices and proxy materials and on the Company's proxy card relating to the General Meeting, if provided or published, and that he or she, if elected, consents to serve on the Board of Directors and to be named in the Company's disclosures and filings; (iv) a declaration signed by each Alternate Nominee as required under the Companies Law and any other applicable law and stock exchange rules and regulations for the appointment of such an Alternate Nominee and an undertaking that all of the information that is required under law and stock exchange rules and regulations to be provided to the Company in connection with such an appointment has been provided (including, information in respect of the Alternate Nominee as would be provided in response to the applicable disclosure requirements under Form 20-F (or Form 10-K, if applicable) or any other applicable form prescribed by the U.S. Securities and Exchange Commission (the "SEC")); (v) a declaration made by the Alternate Nominee of whether he or she meets the criteria for an independent director and, if applicable, External Director of the Company under the Companies Law and/or under any applicable law, regulation or stock exchange rules, and if not, then an explanation of why not; and (vi) any other information required at the time of submission of the Proposal Request by applicable law, regulations or stock exchange rules. In addition, the Proposing Shareholder(s) and each Alternate Nominee shall promptly provide any other information reasonably requested by the Company, including a duly completed director and officer questionnaire, in such form as may be provided by the Company, with respect to each Alternate Nominee. The Board of Directors may refuse to acknowledge the nomination of any person not made in compliance with the foregoing. The Company shall be entitled to publish any information provided by a Proposing Shareholder or Alternate Nominee pursuant to this Article 39(e) and Article 25, and the Proposing Shareholder and Alternate Nominee shall be responsible for the accuracy and completeness thereof.

(f) The Nominees or Alternate Nominees shall be elected by a resolution adopted at the General Meeting at which they are subject to election. Notwithstanding Articles 25(a) and 25(c), in the event of a Contested Election, the method of calculation of the votes and the manner in which the resolutions will be presented to the General Meeting shall be determined by the Board of Directors in its discretion. In the event that the Board of Directors does not or is unable to make a determination on such matter, then the method described in clause (ii)(iii) below shall apply. The Board of Directors may consider, among other things, the following methods: (i) election of competing slates of Director nominees (determined in a manner approved by the Board of Directors) by a majority of the voting power represented at the General Meeting in person or by proxy and voting on such competing slates, (ii) election of individual Directors by a plurality of the voting power represented at the General Meeting in person or by proxy and voting on the election of Directors (which shall mean that the nominees receiving the largest number of "for" votes will be elected in such Contested Election), (iii) election of each nominee by a majority of the voting power represented at the General Meeting in person or by proxy and voting on the election of Directors, provided that if the number of such nominees exceeds the number of Directors to be elected, then as among such elected nominees the election shall be by plurality of the voting power as described above, and (iv) such other method of voting as the Board of Directors deems appropriate, including use of a "universal proxy card" listing all Nominees and Alternate Nominees by the Company. For the purposes of these Articles, election of Directors at a General Meeting shall be considered a "Contested Election" if the aggregate number of Nominees and Alternate Nominees at such meeting exceeds the total number of Directors to be elected at such meeting, with the determination thereof being made by the Secretary (or, in the absence thereof, by the Chief Executive Officer of the Company) as of the close of the applicable notice of nomination period under Article 25 or under applicable law, based on whether one or more notice(s) of nomination were timely filed in accordance with Article 25, this Article 39 and applicable law; provided, however, that the determination that an election is a Contested Election shall not be determinative as to the validity of any such notice of nomination; and provided, further, that, if, prior to the time the Company mails its initial proxy statement in connection with such election of Directors, one or more notices of nomination of an Alternate Nominee are withdrawn such that the number of candidates for election as Director no longer exceeds the number of Directors to be elected, the election shall not be considered a Contested Election. At any General Meeting at which Directors are to be elected, each Shareholder shall be entitled to cast a number of votes with respect to nominees for election to the Board of Directors up to the total number of Directors to be elected at such meeting. Shareholders shall not be entitled to cumulative voting in the election of Directors.

(g) Notwithstanding anything to the contrary herein, this Article 39 and Article 42(e) may only be amended, replaced or suspended by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company's shareholders.

(h) Notwithstanding anything to the contrary in these Articles, the election, qualification, removal or dismissal of External Directors, if so elected, shall be only in accordance with the applicable provisions set forth in the Companies Law.

40. COMMENCEMENT OF DIRECTORSHIP.

Without derogating from Article 39, the term of office of a Director shall commence as of the date of his or her appointment or election, or on a later date if so specified in his or her appointment or election.

41. CONTINUING DIRECTORS IN THE EVENT OF VACANCIES.

The Board of Directors (and, if so determined by the Board of Directors, the General Meeting) may at any time and from time to time appoint any person as a Director to fill a vacancy (whether such vacancy is due to a Director no longer serving or due to the number of Directors serving being less than the maximum number stated in Article 38 hereof). In the event of one or more such vacancies in the Board of Directors, the continuing Directors may continue to act in every matter, provided, however, that if the number of Directors serving is less than the minimum number provided for pursuant to Article 38 hereof, they may only act in an emergency or to fill the office of a Director which has become vacant up to a number equal to the minimum number provided for pursuant to Article 38 hereof, or in order to call a General Meeting of the Company for the purpose of electing Directors to fill any or all vacancies. The office of a Director that was appointed by the Board of Directors to fill any vacancy shall only be for the remaining period of time during which the Director whose service has ended was filled would have held office, or in case of a vacancy due to the number of Directors serving being less than the maximum number stated in Article 38 hereof the Board of Directors shall determine at the time of appointment the class pursuant to Article 39 to which the additional Director shall be assigned. Notwithstanding the foregoing, (a) (i) during the Class II SUN Director Term, the filling of a vacancy in the seat on the Board of Directors held by the Class I SUN Director or Class II SUN Director shall be made in accordance with Article 38(b) and (ii) during the Class I SUN Director Term, the filling of a vacancy in the seat on the Board of Directors held by the Class I TWCT Director shall be made in accordance with Article 38(b); (b) (i) during the Class II TWCT Director Term, the filling of a vacancy in the seat on the Board of Directors held by the Class II TWCT Director or Class III TWCT Director shall be made in accordance with Article 38(c)and (ii) during the Class III TWCT Director Term, the filling of a vacancy in the seat on the Board of Directors held by the Class III TWCT Director shall be made in accordance with Article 38(c) and (c) during the IGP Director Term, the filling of a vacancy in the seat on the Board of Directors held by the IGP Director shall be made in accordance with Article 38(d). Notwithstanding anything to the contrary herein, this Article 41 may only be amended, replaced or suspended by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company's shareholders, provided that (i) any amendment to clause (a) of the preceding sentence of this Article 41(a) or this clause (i) shall also require the written consent of a majority of the Shares held by the SUN Holders, (ii) any amendment to clause (b) of the preceding sentence of this Article 41 or this clause (ii) shall also require the written consent of a majority of the Shares held by the TWCT Parties and (iii) any amendment to clause (c) of the preceding sentence of this Article 41 or this clause (iii) shall also require the written consent of a majority of the Shares held by the IGP Holders.

42. VACATION OF OFFICE.

The office of a Director shall be vacated and he shall be dismissed or removed:

(a) ipso facto, upon his or her death;

(b) if he or she is prevented by applicable law from serving as a Director;

(c) if the Board of Directors determines that due to his or her mental or physical state he or she is unable to serve as a director;

(d) if his or her directorship expires pursuant to these Articles and/or applicable law;

(e) (other than with respect to a Class I SUN Director, Class II SUN Director, Class II TWCT Director, Class III TWCT Director or IGP Director, the removal of each of whom is subject to Section 38(b), (c) and (d), as applicable) by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company's Shareholders (with such removal becoming effective on the date fixed in such resolution);

(f) by his or her written resignation, such resignation becoming effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later; or

(g) with respect to an External Director, if so elected, and notwithstanding anything to the contrary herein, only pursuant to applicable law.

(i) So long as there is a Class I SUN Director or Class II SUN Director, any amendment to this Article 42 shall require the written consent of a majority of the Shares held by the SUN Holders; (ii) So long as there is a Class II TWCT Director or Class III TWCT Director, any amendment to this Article 42 shall require the written consent of a majority of the Shares held by the TWCT Parties; and (iii) So long as there is an IGP Director, any amendment to this Article 42 shall require the written consent of a majority of the Shares held by the IGP Holders.

43. CONFLICT OF INTERESTS; APPROVAL OF RELATED PARTY TRANSACTIONS.

(a) Subject to the provisions of applicable law and these Articles, no Director shall be disqualified by virtue of his or her office from holding any office or place of profit in the Company or in any company in which the Company shall be a shareholder or otherwise interested, or from contracting with the Company as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided, nor, other than as required under the Companies Law, shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such Director's holding that office or of the fiduciary relations thereby established, but the nature of his or her interest, as well as any material fact or document, must be disclosed by him or her at the meeting of the Board of Directors at which the contract or arrangement is first considered, if his or her interest then exists, or, in any other case, at no later than the first meeting of the Board of Directors after the acquisition of his or her interest.

(b) Subject to the Companies Law and these Articles, a transaction between the Company and an Office Holder, and a transaction between the Company and another entity in which an Office Holder of the Company has a personal interest, in each case, which is not an Extraordinary Transaction (as defined by the Companies Law), shall require only approval by the Board of Directors or a Committee of the Board of Directors. Such authorization, as well as the actual approval, may be for a particular transaction or more generally for specific type of transactions.

PROCEEDINGS OF THE BOARD OF DIRECTORS

44. MEETINGS.

(a) The Board of Directors may meet and adjourn its meetings and otherwise regulate such meetings and proceedings as the Board of Directors thinks fit.

(b) A meeting of the Board of Directors shall be convened by the Secretary upon instruction of the Chairperson or upon a request of at least two Directors which is submitted to the Chairperson or in any event that such meeting is required by the provisions of the Companies Law. In the event that the Chairperson does not instruct the Secretary to convene a meeting upon a request of at least two Directors within seven (7) days of such request, then such two Directors may convene a meeting of the Board of Directors. Any meeting of the Board of Directors shall be convened upon not less than two (2) days' notice, unless such notice is waived in writing by all of the Directors as to a particular meeting or by their attendance at such meeting or unless the matters to be discussed at such meeting are of such urgency and importance that notice is reasonably determined by the Chairperson as ought to be waived or shortened under the circumstances.

(c) Notice of any such meeting shall be given orally, by telephone, in writing or by mail, facsimile, email or such other means of delivery of notices as the Company may apply, from time to time.

(d) Notwithstanding anything to the contrary herein, failure to deliver notice to a Director of any such meeting in the manner required hereby may be waived by such Director, and a meeting shall be deemed to have been duly convened notwithstanding such defective notice if such failure or defect is waived prior to action being taken at such meeting, by all Directors entitled to participate at such meeting to whom notice was not duly given as aforesaid. Without derogating from the foregoing, no Director present at any time during a meeting of the Board of Directors shall be entitled to seek the cancellation or invalidation of any proceedings or resolutions adopted at such meeting on account of any defect in the notice of such meeting relating to the date, time or the place thereof or the convening of the meeting.

45. QUORUM.

Until otherwise unanimously decided by the Board of Directors, a quorum at a meeting of the Board of Directors shall be constituted by the presence in person or by any means of communication of a majority of the Directors then in office who are lawfully entitled to participate and vote in the meeting. No business shall be transacted at a meeting of the Board of Directors unless the requisite quorum is present (in person or by any means of communication on the condition that all participating Directors can hear each other simultaneously) when the meeting proceeds to business. If within 30 minutes from the time appointed for a meeting of the Board of Directors a quorum is not present, the meeting shall stand adjourned at the same place and time 48 hours thereafter unless the Chairperson has determined that there is such urgency and importance that a shorter period is required under the circumstances. If an adjourned meeting is convened in accordance with the foregoing and a quorum is not present within 30 minutes of the announced time, the requisite quorum at such adjourned meeting shall be any two (2) Directors, if the number of Directors then serving is up to five (5), and any three (3) Directors, if the number of Directors then serving is more than five (5), in each case who are lawfully entitled to participate in the meeting and who are present at such adjourned meeting. At an adjourned meeting of the Board of Directors the only matters to be considered shall be those matters which might have been lawfully considered at the meeting of the Board of Directors originally called if a requisite quorum had been present, and the only resolutions to be adopted are such types of resolutions which could have been adopted at the meeting of the Board of Directors originally called.

46. CHAIRPERSON OF THE BOARD OF DIRECTORS.

The Board of Directors shall, from time to time, elect one of its members to be the Chairperson of the Board of Directors, remove such Chairperson from office and appoint in his or her place. The Chairperson of the Board of Directors shall preside at every meeting of the Board of Directors, but if there is no such Chairperson, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting or if he is unwilling to take the chair, the Directors present shall choose one of the Directors present at the meeting to be the Chairperson of such meeting. The office of Chairperson of the Board of Directors shall not, by itself, entitle the holder to a second or casting vote.

47. VALIDITY OF ACTS DESPITE DEFECTS.

All acts done or transacted at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of the participants in such meeting or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

CHIEF EXECUTIVE OFFICER

48. CHIEF EXECUTIVE OFFICER.

The Board of Directors shall from time to time appoint one or more persons, whether or not Directors, as Chief Executive Officer of the Company who shall have the powers and authorities set forth in the Companies Law, and may confer upon such person(s), and from time to time modify or revoke, such titles and such duties and authorities of the Board of Directors as the Board of Directors may deem fit, subject to such limitations and restrictions as the Board of Directors may from time to time prescribe. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board of Directors may from time to time (subject to any additional approvals required under, and the provisions of, the Companies Law and of any contract between any such person and the Company) fix their salaries and compensation, remove or dismiss them from office and appoint another or others in his, her or their place or places.

MINUTES

49. MINUTES.

Any minutes of the General Meeting or the Board of Directors or any Committee thereof, if purporting to be signed by the Chairperson of the General Meeting, the Board of Directors or a Committee thereof, as the case may be, or by the Chairperson of the next succeeding General Meeting, meeting of the Board of Directors or meeting of a Committee, as the case may be, shall constitute prima facie evidence of the matters recorded therein.

DIVIDENDS

50. DECLARATION OF DIVIDENDS.

The Board of Directors may from time to time declare, and cause the Company to pay dividends as permitted by the Companies Law. The Board of Directors shall determine the time for payment of such dividends and the record date for determining the shareholders entitled thereto.

51. AMOUNT PAYABLE BY WAY OF DIVIDENDS.

Subject to the provisions of these Articles and subject to the rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to dividends, any dividend paid by the Company shall be allocated among the Shareholders (not in default in payment of any sum referred to in Article 13 hereof) entitled thereto on a pari passu basis in proportion to their respective holdings of the issued and outstanding Shares in respect of which such dividends are being paid.

52. INTEREST.

No dividend shall carry interest as against the Company.

53. PAYMENT IN SPECIE.

If so declared by the Board of Directors, a dividend declared in accordance with Article 50 may be paid, in whole or in part, by the distribution of specific assets of the Company or by distribution of paid up shares, debentures or other securities of the Company or of any other companies, or in any combination thereof, in each case, the fair value of which shall be determined by the Board of Directors in good faith.

54. IMPLEMENTATION OF POWERS.

The Board of Directors may settle, as it deems fit, any difficulty arising with regard to the distribution of dividends, bonus shares or otherwise, and in particular, to issue certificates for fractions of shares and sell such fractions of shares in order to pay their consideration to those entitled thereto, or to set the value for the distribution of certain assets and to determine that cash payments shall be paid to the Shareholders on the basis of such value, or that fractions whose value is less than NIS 0.01 shall not be taken into account. The Board of Directors may instruct to pay cash or convey these certain assets to a trustee in favor of those people who are entitled to a dividend, as the Board of Directors shall deem appropriate.

55. DEDUCTIONS FROM DIVIDENDS.

The Board of Directors may deduct from any dividend or other moneys payable to any Shareholder in respect of a share any and all sums of money then payable by him or her to the Company on account of calls or otherwise in respect of shares of the Company and/or on account of any other matter of transaction whatsoever.

56. RETENTION OF DIVIDENDS.

(a) The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share on which the Company has a lien, and may apply the same in or toward satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

(b) The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share in respect of which any person is, under Articles 21 or 22, entitled to become a Shareholder, or which any person is, under said Articles, entitled to transfer, until such person shall become a Shareholder in respect of such share or shall transfer the same.

57. UNCLAIMED DIVIDENDS.

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment of any unclaimed dividend or such other moneys into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of one (1) year (or such other period determined by the Board of Directors) from the date of declaration of such dividend, and any such other moneys unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, provided, however, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company. The principal (and only the principal) of any unclaimed dividend of such other moneys shall be if claimed, paid to a person entitled thereto.

58. MECHANICS OF PAYMENT.

Any dividend or other moneys payable in cash in respect of a share, less the tax required to be withheld pursuant to applicable law, may, as determined by the Board of Directors in its sole discretion, be paid by check or warrant sent through the post to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, to any one of such Persons or his or her bank account or the person who the Company may then recognize as the owner thereof or entitled thereto under Article 21 or 22 hereof, as applicable, or such person's bank account), or to such person and at such other address as the person entitled thereto may by writing direct, or in any other manner the Board of Directors deems appropriate. Every such check or warrant or other method of payment shall be made payable to the order of the person to whom it is sent, or to such person as the person entitled thereto as aforesaid may direct, and payment of the check or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such check shall be sent at the risk of the Person entitled to the money represented thereby.

ACCOUNTS

59. BOOKS OF ACCOUNT.

The Company's books of account shall be kept at the Office of the Company, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors. No Shareholder, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as explicitly conferred by law or authorized by the Board of Directors. The Company shall make copies of its annual financial statements available for inspection by the shareholders at the principal offices of the Company. The Company shall not be required to send copies of its annual financial statements to the Shareholders.

60. AUDITORS.

The appointment, authorities, rights and duties of the auditor(s) of the Company, shall be regulated by applicable law, provided, however, that in exercising its authority to fix the remuneration of the auditor(s), the Shareholders in General Meeting may act (and in the absence of any action in connection therewith shall be deemed to have so acted) to authorize the Board of Directors (with right of delegation to a Committee thereof or to management) to fix such remuneration subject to such criteria or standards, and if no such criteria or standards are so provided, such remuneration shall be fixed in an amount commensurate with the volume and nature of the services rendered by such auditor(s). The General Meeting may, if so recommended by the Board of Directors, appoint the auditors for a period that may extend until the third Annual General Meeting after the Annual General Meeting in which the auditors were appointed.

61. FISCAL YEAR.

The fiscal year of the Company shall be the 12 months period ending on December 31 of each calendar year.

SUPPLEMENTARY REGISTERS

62. SUPPLEMENTARY REGISTERS.

Subject to and in accordance with the provisions of Sections 138 and 139 of the Companies Law, the Company may cause supplementary registers to be kept in any place outside Israel as the Board of Directors may think fit, and, subject to all applicable requirements of law, the Board of Directors may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

EXEMPTION, INDEMNITY AND INSURANCE

63. INSURANCE.

Subject to the provisions of the Companies Law with regard to such matters, the Company may enter into a contract for the insurance of the liability, in whole or in part, of any of its Office Holders imposed on such Office Holder due to an act performed by or an omission of the Office Holder in the Office Holder's capacity as an Office Holder of the Company arising from any matter permitted by law, including the following:

(a) a breach of duty of care to the Company or to any other person;

(b) a breach of his or her duty of loyalty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that act that resulted in such breach would not prejudice the interests of the Company;

(c) a financial liability imposed on such Office Holder in favor of any other person; and

(d) any other event, occurrence, matters or circumstances under any law with respect to which the Company may, or will be able to, insure an Office Holder, and to the extent such law requires the inclusion of a provision permitting such insurance in these Articles, then such provision is deemed to be included and incorporated herein by reference (including, without limitation, in accordance with Section 56h(b)(1) of the Securities Law, if and to the extent applicable, and Section 50P of the Economic Competition Law).

64. INDEMNITY.

(a) Subject to the provisions of the Companies Law, the Company may retroactively indemnify an Office Holder of the Company to the maximum extent permitted under applicable law, including with respect to the following liabilities and expenses, provided that such liabilities or expenses were imposed on such Office Holder or incurred by such Office Holder due to an act performed by or an omission of the Office Holder in such Office Holder's capacity as an Office Holder of the Company:

(i) a financial liability imposed on an Office Holder in favor of another person by any court judgment, including a judgment given as a result of a settlement or an arbitrator's award which has been confirmed by a court;

(ii) reasonable litigation expenses, including legal fees, expended by the Office Holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, or in connection with a financial sanction, provided that (1) no indictment (as defined in the Companies Law) was filed against such Office Holder as a result of such investigation or proceeding; and (2) no financial liability in lieu of a criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding or if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent;

(iii) reasonable litigation costs, including legal fees, expended by an Office Holder or which were imposed on an Office Holder by a court in proceedings filed against the Office Holder by the Company or in its name or by any other person or in a criminal charge in respect of which the Office Holder was acquitted or in a criminal charge in respect of which the Office Holder was convicted for an offence which did not require proof of criminal intent; and

(iv) any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to, indemnify an Office Holder, and to the extent such law requires the inclusion of a provision permitting such indemnity in these Articles, then such provision is deemed to be included and incorporated herein by reference (including, without limitation, in accordance with Section 56h(b)(1) of the Israeli Securities Law, if and to the extent applicable, and Section 50P(b)(2) of the RTP Law).

(b) Subject to the provisions of the Companies Law, the Company may undertake to indemnify an Office Holder, in advance, with respect to those liabilities and expenses described in the following Articles:

(i) Sub-Article 64(a)(ii) to 64(a)(iv); and

(ii) Sub-Article 64(a)(i), provided that:

(1) the undertaking to indemnify is limited to such events which the Directors shall deem to be foreseeable in light of the operations of the Company at the time that the undertaking to indemnify is made and for such amounts or criterion which the Directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances; and

(2) the undertaking to indemnify shall set forth such events which the Directors shall deem to be foreseeable in light of the operations of the Company at the time that the undertaking to indemnify is made, and the amounts and/or criterion which the Directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances.

65. EXEMPTION.

Subject to the provisions of the Companies Law, the Company may, to the maximum extent permitted by law, exempt and release, in advance, any Office Holder from any liability for damages arising out of a breach of a duty of care.

66. GENERAL.

(a) Any amendment to the Companies Law or any other applicable law adversely affecting the right of any Office Holder to be indemnified, insured or exempt pursuant to Articles 63 to 65 and any amendments to Articles 63 to 65 shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify, insure or exempt an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.

(b) The provisions of Articles 63 to 65 (i) shall apply to the maximum extent permitted by law (including, the Companies Law, the Securities Law and the Economic Competition Law); and (ii) are not intended, and shall not be interpreted so as to restrict the Company, in any manner, in respect of the procurement of insurance and/or in respect of indemnification (whether in advance or retroactively) and/or exemption, in favor of any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder; and/or any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law.

WINDING UP

67. WINDING UP.

If the Company is wound up, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion to the number of issued and outstanding shares held by each Shareholder.

NOTICES

68. NOTICES.

(a) Any written notice or other document may be served by the Company upon any Shareholder either personally, by facsimile, email or other electronic transmission, or by sending it by prepaid mail (airmail if sent internationally) addressed to such Shareholder at his or her address as described in the Register of Shareholders or such other address as the Shareholder may have designated in writing for the receipt of notices and other documents.

(b) Any written notice or other document may be served by any Shareholder upon the Company by tendering the same in person to the Secretary or the Chief Executive Officer of the Company at the principal office of the Company, by facsimile transmission, or by sending it by prepaid registered mail (airmail if posted outside Israel) to the Company at its Office.

(c) Any such notice or other document shall be deemed to have been served:

(i) in the case of mailing, forty-eight (48) hours after it has been posted, or when actually received by the addressee if sooner than forty-eight hours after it has been posted, or

(ii) in the case of overnight air courier, on the next business day following the day sent, with receipt confirmed by the courier, or when actually received by the addressee if sooner than three business days after it has been sent;

(iii) in the case of personal delivery, when actually tendered in person, to such addressee;

(iv) in the case of facsimile, email or other electronic transmission, on the first business day (during normal business hours in place of addressee) on which the sender receives automatic electronic confirmation by the addressee's facsimile machine that such notice was received by the addressee or delivery confirmation from the addressee's email or other communication server.

(d) If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some other respect, to comply with the provisions of this Article 68.

(e) All notices to be given to the Shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Shareholders, and any notice so given shall be sufficient notice to the holders of such share.

(f) Any Shareholder whose address is not described in the Register of Shareholders, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

(g) Notwithstanding anything to the contrary contained herein, notice by the Company of a General Meeting, containing the information required by applicable law and these Articles to be set forth therein, which is published within the time otherwise required for giving notice of such meeting, in either or several of the following manners (as applicable) shall be deemed to be notice of such meeting duly given, for the purposes of these Articles, to any Shareholder whose address as registered in the Register of Shareholders (or as designated in writing for the receipt of notices and other documents) is located either inside or outside the State of Israel:

(i) if the Company's shares are then listed for trading on a national securities exchange in the United States or quoted in an over-the-counter market in the United States, publication of notice of a General Meeting pursuant to a report or schedule filed with, or furnished to, the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and/or

(ii) on the Company's internet site.

(h) The mailing or publication date and the record date and/or date of the meeting (as applicable) shall be counted among the days comprising any notice period under the Companies Law and the regulations thereunder.

AMENDMENT

69. AMENDMENT.

Any amendment of these Articles shall require, in addition to the approval of the General Meeting of shareholders in accordance with these Articles, also the approval of the Board of Directors with the affirmative vote of a majority of the then serving Directors.

FORUM FOR ADJUDICATION OF DISPUTES

70. FORUM FOR ADJUDICATION OF DISPUTES.

Unless the Company consents in writing to the selection of an alternative forum, with respect to any causes of action arising under the U.S. Securities Act of 1933, as amended, against any person or entity, including such claims brought against the Company, its directors, officers, employees, advisors, attorneys, accountants, or underwriters, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the U.S. Securities Act of 1933, as amended; and (b) unless the Company consents in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's shareholders, or (iii) any action asserting a claim arising pursuant to any provision of the Companies Law or the Securities Law. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of the Company shall be deemed to have notice of and consented to these provisions.

"MARKET STAND-OFF" AGREEMENT

71. LOCK-UP PROVISIONS.

(a) Certain Definitions. The following terms shall have the meanings as defined below for all purposes of this Section 71:

(i) "Applicable Holder" means TWTC Parties, SUN, IGP, Yossi Carmil, Dana Garner and any other Person selling Shares in the PIPE Investment (as defined in the Merger Agreement), and each Person to whom any of the foregoing Persons transfers any Shares (excluding any PIPE Shares (as defined in the Merger Agreement) or Shares acquired in the public market after the Closing Date) prior to expiration of the Lock-Up Period.

(ii) "Lock-Up Period" shall mean the period beginning on the Closing Date (as defined in the Merger Agreement) and ending on the earlier of (i) the date that is 180 days after the Closing Date and (ii) the consummation of a bona fide liquidation, merger, stock exchange, reorganization, tender offer, change of control or other similar transaction which results in all of the Company's shareholders having the right to exchange their Shares for cash, securities or other property subsequent to the Closing Date, so long as the Company's shareholders as of immediately prior to such transaction hold less than 50% of the equity interests of the acquiror, successor entity or surviving entity (as applicable).

(iii) "Lock-Up Shares" shall mean the Shares (including any Shares issued upon exercise or settlement of options or other equity securities) held by any Shareholder and their respective Permitted Transferees immediately following the Closing (excluding (1) any PIPE Shares, (2) Shares acquired in the public market, and (3) Shares received by stockholders of the SPAC (excluding the TWTC Parties) pursuant to the Merger Agreement or the exercise of any Company Warrants (as defined in the Merger Agreement)), provided that 15% of the Shares (which shall be equitably adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares occurring on or after the Closing) held by any Shareholder that is not an Applicable Holder (including any Shares issued upon exercise or settlement of options or other equity securities) which would otherwise be Lock-Up Shares shall not be Lock-Up Shares.

(iv) "Merger Agreement" shall mean the Business Combination Agreement and Plan of Merger, dated as of April 8, 2021 (as amended or supplemented from time to time, the) by and among the Company, Merger Sub (as defined in the Merger Agreement) and TWC Tech Holdings II Corp., a Delaware corporation ("SPAC").

(v) "Permitted Transfer" means any Transfer of Shares (including Lock-Up Shares), Company Warrants (i) to (A) any officer or director of SPAC, the Company or TWCT, (B) any Affiliates or family members of the Transferring Shareholder or the officers or directors of a Transferring Shareholder, the SPAC, Company or the TWCT Parties, or (C) any direct or indirect partners, members or equity holders of TWCT or a Shareholder who is an investment fund or a fund manager or its Affiliates or any related investment funds or vehicles controlled or managed by such Persons or their respective Affiliates (including, for the avoidance of doubt, where any such Person, including the Sponsor Parties, is a partnership, to its general partner or a successor partnership or fund, or any other funds managed by such partnership); (ii) in the case of an individual, by gift to a member of the individual's immediate family or to a trust, the beneficiary of which is a member of the individual's immediate family or an Affiliate of such Person, or to a charitable organization; (iii) in the case of an individual, by virtue of laws of descent and distribution upon death of the individual; (iv) in the case of an individual, pursuant to a qualified domestic relations order, divorce settlement, divorce decree or separation agreement; (v) to a nominee or custodian of a Person to whom a Transfer would be permitted under clauses (i) through (iv) above; (vi) in connection with any bona fide mortgage, encumbrance or pledge to a financial institution in connection with any bona fide loan or debt transaction or enforcement thereunder, including foreclosure thereof; (vii) in connection with any legal, regulatory or other order; (viii) to the SPAC, the Company or TWCT; (ix) in connection with the exercise of stock options, including through a "net" or "cashless" exercise, or receipt of shares upon vesting of restricted stock units granted pursuant to an equity incentive plan; (x) forfeitures of Shares to satisfy tax withholding requirements upon the vesting of equity-based awards granted pursuant to an equity incentive plan, or (xi) solely with respect to the Applicable Holders, (A) following the occurrence of a Triggering Event or (B) in connection with (but subject to the completion of) a bona fide liquidation, merger, stock exchange, reorganization, tender offer or Change of Control (as defined in the Merger Agreement) approved by the Board of Directors or a duly authorized Committee thereof or other similar transaction which results in all of the Shareholders having the right to exchange their Shares for cash, securities or other property subsequent to the Closing Date; provided, however, that (1) in the case of clauses (i) through (vi) such transferees must enter into a written agreement with the Company agreeing to be bound by the transfer restrictions set forth in this Section 71 (to the extent applicable), and (2) solely for purposes of this Section 71, no more than thirty percent (30%) of the Lock-Up Shares issued to each Applicable Holder (which number of Lock-Up Shares shall be equitably adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares occurring on or after the Closing) may be Transferred pursuant to clause (xi)(A). In addition, up to fifteen percent (15%) of the Shares (including Shares issued upon exercise or settlement of options or other equity securities) as of the Closing Date held by each Person who is not an Applicable Holder and who holds Lock-Up Shares as of the Closing Date (which number of Shares shall be equitably adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares occurring on or after the Closing) may be Transferred following the occurrence of a Triggering Event.

(vi) "Permitted Transferee" shall mean any Person to whom a Shareholder is permitted to Transfer Lock-Up Shares prior to the expiration of the Lock-Up Period pursuant to a Permitted Transfer.

(vii) "PIPE Shares" shall mean Shares sold in the PIPE Investment (as defined in the Merger Agreement).

(viii) "Transfer" shall mean, with respect to any Person, (A) the sale or assignment of, offer to sell, contract or agreement to sell, hypothecate, pledge, grant of any option to purchase or otherwise dispose of or agreement to dispose of, directly or indirectly, or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16 of the Exchange Act, in each case with respect to any security owned, including ownership of record or the power to vote (including, without limitation, by proxy or power of attorney), by such Person, (B) the entry into any swap or other arrangement that transfers to another Person, in whole or in part, any of the economic consequences of ownership of any security owned by such Person, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (C) the public announcement of any intention to effect any transaction specified in clause (A) or (B).

(ix) "Triggering Event" means that the VWAP (as defined in the Merger Agreement) of the Shares is greater than or equal to $15.00 over any twenty (20) Trading Days (as defined in the Merger Agreement) within any thirty (30) Trading Day period at any time commencing 90 days following the Closing, (which shall be equitably adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combination, exchange of shares or other like change or transaction with respect to the Shares occurring on or after the Closing).

(b) Subject to Section 71(c) below, no Shareholder shall Transfer any Lock-Up Shares until the end of the Lock-Up Period.

(c) Notwithstanding the provisions set forth in Section 71(b), each Shareholder or its respective Permitted Transferees may Transfer the Lock-Up Shares during the Lock-Up Period pursuant to a Permitted Transfer.

(d) Notwithstanding the provisions set forth in Section 71(b), each Shareholder or its respective Permitted Transferees may enter into a written plan meeting the requirements of Rule 10b5-1 under the Exchange Act (a "Rule 10b5-1 Plan") relating to the sale of any Lock-Up Shares provided that the securities subject to such plan may not be transferred until after the expiration of the Lock-Up Period; provided, further, that no filing by the undersigned, the Company or any other person under the Exchange Act or other public announcement in connection with the establishment or existence of such plan shall be required or shall be made voluntarily prior to the expiration of the Lock-Up Period.

(e) In order to enforce this Section 71, the Company may impose stop-transfer instructions with respect to the Lock-Up Shares until the end of the Lock-Up Period.

(f) For the avoidance of doubt, each Shareholder shall retain all of its rights as a shareholder of the Company with respect to the Lock-Up Shares during the Lock-Up Period, including, without limitation, the right to vote any Lock-Up Shares that such Shareholder is entitled to vote, the right to receive dividends and other distributions (whether payable in the form of cash, stock or other assets), and to have all other economic rights (including, without limitation, the right to receive any consideration payable upon conversion or exchange).

(g) If any Applicable Holder is granted a release or waiver from any lock-up restriction (such Applicable Holder, a "Triggering Holder") imposed in connection with the Closing (whether pursuant to a contract or hereunder) prior to the expiration of the Lock-up Period, then all other Applicable Holders shall also be granted an early release from its obligations hereunder on the same terms and on a pro-rata basis with respect to such number of Lock-Up Shares rounded down to the nearest whole security equal to the product of (i) the total percentage of Lock-Up Shares held by the Triggering Holder immediately following the consummation of the Closing that are being released from the lock-up restriction multiplied by (ii) the total number of Lock-Up Shares held by the undersigned immediately following the consummation of the Closing.

* * *

Exhibit 2.4

DESCRIPTION OF THE REGISTRANT'S SECURITIES

REGISTERED PURSUANT TO SECTION 12 OF THE

SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

As of December 31, 2021, Cellebrite DI Ltd. had two classes of securities registered under Section 12(b) of the Securities Exchange Act of 1934, as amended, due to their listing on the Nasdaq Global Market: our ordinary shares, NIS 0.00001 par value ("Ordinary Shares"), and our warrants to purchase Ordinary Shares ("Warrants"). References herein to "we," "us," "our" and the "Company" refer to Cellebrite DI Ltd. and not to any of its subsidiaries. The following description is a description of the material terms of the amended and restated articles of association (the "Amended Articles") and may not contain all of the information that is important to you, and we therefore refer you to the Amended Articles, a copy of which is filed with the Securities and Exchange Commission ("SEC") as Exhibit 1.1 to this annual report on Form 20-F.

Share Capital

As of December 31, 2021, our authorized share capital consists of 3,454,112,863 Ordinary Shares, par value ILS 0.00001, of which 187,680,294 shares are issued and outstanding.

Our board of directors may determine the issue prices and terms for such shares or other securities, and may further determine any other provision relating to such issue of shares or securities. We may also issue and redeem redeemable securities on such terms and in such manner as our board of directors shall determine.

All of our outstanding Ordinary Shares are validly issued, fully paid and non-assessable. Our Ordinary Shares are not redeemable and do not have any preemptive rights.

Registration Number and Purposes of the Company

We are registered with the Israeli Registrar of Companies. Our registration number is 51-276657-7. Our affairs are governed by the Amended Articles, applicable Israeli law and the Israeli Companies Law (the "Companies Law"). Our purpose as set forth in the Amended Articles is to carry on any business, and do any act, which is not prohibited by law.

Voting Rights

All Ordinary Shares have identical voting and other rights in all respects.

Transfer of Shares

Our fully paid Ordinary Shares are issued in registered form and, except as otherwise set forth under the Amended Articles, may be freely transferred under such Amended Articles, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of Nasdaq. The ownership or voting of our Ordinary Shares by non-residents of Israel is not restricted in any way by the Amended Articles or the laws of the State of Israel, except for ownership by nationals of some countries that are considered enemies of Israel under the applicable legislation (currently being Iran, Syria and Lebanon) and as may be restricted pursuant to laws relating to our regulatory licenses.

Election of Directors

Under the Amended Articles, our board of directors must consist of not less than three but no more than eleven directors. Pursuant to the Amended Articles, five directors (excluding external directors) were appointed by the Sponsor, SUNCORPORATION and IGP, with the Sponsor and

SUNCORPORATION each having appointed two members and IGP having appointed one. Other directors were appointed by a simple majority vote of holders of our Ordinary Shares, having participated and voted at an annual general meeting of our shareholders, according to the provisions set out in the Amended Articles, which set out that (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a majority of the voting power represented at the general meeting in person or by proxy and voting on the election of directors provided that if the number of nominees so elected exceeds the number of directors that are proposed by the board of directors to be elected, then as among such elected nominees the election shall be by a plurality of the votes cast. In addition, our directors are divided into three classes, one class being elected each year at the annual general meeting of our shareholders, and serve on our board of directors until the third annual general meeting following such election or re-election or until they are removed by a vote of 65% of the total voting power of our shareholders (subject to the appointment rights of the Sponsor, SUNCORPORATION and IGP) at a general meeting of our shareholders or upon the occurrence of certain events in accordance with the Companies Law and the Amended Articles. In addition, the Amended Articles provide that vacancies on our board of directors may be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in the Amended Articles, until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our Ordinary Shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. The Amended Articles do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements (less the amount of previously distributed dividends, if not reduced from the earnings), provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and, if applicable, the court determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our Ordinary Shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our Ordinary Shares, proceeds from the sale of the Ordinary Shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are considered enemies of Israel under the applicable legislation (currently being Iran, Syria and Lebanon).

Registration Rights

Certain of our shareholders are entitled to certain registration rights under the terms of our Shareholders' Rights Agreement.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year and no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in the Amended Articles as special general meetings. Our board of directors may call special general meetings of our shareholders whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special general meeting of our shareholders upon the written request of (i) any two or more of our directors, (ii) one-quarter or more of the serving members of our board of directors or (iii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our outstanding issued shares and 1% or more of our outstanding voting power or (b) 5% or more of our outstanding voting power.

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting of shareholders may request that the board of directors include a matter in the agenda of a general meeting of shareholders to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting. The Amended Articles contain procedural requirements and disclosure items with respect to the submission of shareholder proposals for general meetings.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of shareholders are the shareholders of record on a date to be decided by the board of directors, which, as a company listed on an exchange outside Israel, may be between four and 40 (forty) days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of shareholders:

- amendments to our articles of association;
- appointment, terms of service or and termination of service of our auditors;
- appointment of directors, including external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger;
- voluntary liquidation; and
- the exercise of our board of directors' powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to shareholders at least 21 days prior to the meeting and, if the agenda of the meeting includes (among other things) the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting. Under the Companies Law and the Amended Articles, shareholders are not permitted to take action by way of written consent in lieu of a meeting.

Quorum

Pursuant to the Amended Articles, holders of our Ordinary Shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting of shareholders.

The quorum required for our general meetings of shareholders consists of at least two shareholders present in person or by proxy who hold or represent between them at least 25% (or 33.33%, if the meeting is not convened by our board) of the total outstanding voting rights, within half an hour of the time fixed for the commencement of the general meeting. A general meeting adjourned for lack of a quorum shall be adjourned either to the same day in the next week, at the same time and place, to such day and at such time and place as indicated in the notice to such meeting, or to such day and at such time and place as the chairperson of the meeting shall determine. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders, present in person or by proxy and holding the number of shares required to call the meeting as described above.

Vote Requirements

The Amended Articles provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by the Amended Articles (as amended from time to time). Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder's relative (even if such terms are not extraordinary) and (iii) certain compensation-related matters described in our Annual Report under "Board Practices — Compensation Committee — Compensation Policy under the Companies Law." Pursuant to the Companies Law, controlling shareholder for that purpose includes, inter alia, a holder of 25% or more of the voting rights if no other person holds 50% or more of the voting rights. Under the Amended Articles, the alteration of the rights, privileges, preferences or obligations of Ordinary Shares requires the approval of a simple majority of all of the Ordinary Shares voting at a shareholder meeting.

Under the Amended Articles, the approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors from office (excluding a Sponsor Director, a SUN Director and IGP Director), or to amend the provision requiring the approval of at least 65% of the total voting power of our shareholders to remove any of our directors from office, or certain other provisions regarding our staggered board, shareholder proposals, the size of our board and plurality voting in contested elections. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders holding at least 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register (including with respect to material shareholders), our Amended Articles, our financial statements, other documents as provided in the Companies Law, and any document we are required by law to file publicly with the Israeli Registrar of Companies or the Israeli Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to any action or transaction with a related party which requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or a patent or that the document's disclosure may otherwise impair our interests.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition an Israeli court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to petition the court for appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's voting rights or the company's issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer. Shares purchased in contradiction to the full tender offer rules under the Companies Law will have no rights and will become dormant shares.

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if (i) the acquisition occurs in the context of a private placement by the company that received shareholders' approval as a private placement whose purpose is to give the purchaser 25% or more of the voting rights in the company, if there is no person who holds 25% or more of the voting rights in the company or as a private placement whose purpose is to give the purchaser 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) the acquisition was from a shareholder holding 25% or more of the voting rights in the company and resulted in the purchaser becoming a holder of 25% or more of the voting rights in the company, or (iii) the acquisition was from a shareholder holding more than 45% of the voting rights in the company and resulted in the purchaser becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person's relatives and entities under their control).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors has with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding shares of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare and sign a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company, or by a person or entity holding 25% or more of the voting rights at the general meeting of shareholders of the other merging company, or by a person or entity holding the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the general meeting of shareholders (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights of the other party or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging company, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-Takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our Ordinary Shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. No preferred shares are authorized under the Amended Articles. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their Ordinary Shares. The authorization and designation of a class of preferred shares will require an amendment to the Amended Articles, which requires the prior approval of the holders of a majority of the voting power attached to our issued and outstanding shares at a general meeting of shareholders. The convening of the meeting, the shareholders entitled to participate and the vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and the Amended Articles, as described above in "— Shareholder Meetings." In addition, as disclosed under "— Election of Directors," we have a classified board structure, which effectively limits the ability of any investor or potential investor or group of investors or potential investors to gain control of our board of directors.

Borrowing Powers

Pursuant to the Companies Law and the Amended Articles, our board of directors may exercise all powers and take all actions that are not required under law or under the Amended Articles to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

The Amended Articles enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting of shareholders. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Exclusive Forum

The Amended Articles provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act, however, creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. While Delaware and certain U.S. state courts have determined that such exclusive forum provisions are facially valid, a shareholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to these provisions; however, we note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Notwithstanding the foregoing, the Amended Articles provide that the exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder.

The Amended Articles also provide that unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a breach of a fiduciary duty owed by any of our directors, officers or other employees to the Company or our shareholders or any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law. Israeli courts typically enforce exclusive jurisdiction provisions. However, in some cases parties have successfully challenged such provisions. Therefore, there is no absolute assurance that such provision will be enforced by an Israeli court.

Transfer Agent and Registrar

The transfer agent and registrar for our Ordinary Shares is American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, NY 11219, and its telephone number is (800) 937-5549.

Listing.

Our Ordinary Shares are listed on Nasdaq under the ticker symbol "CLBT".

Description of Warrants

Public Warrants

Each whole Warrant entitles the registered holder to purchase one Ordinary Share, at a price of $11.50 per share, subject to adjustment as discussed below, at any time commencing on September 29, 2021. Pursuant to the Warrant Agreement, dated as of August 30, 2021, by and between the Company and American Stock Transfer & Trust Company, LLC (the "Amended and Restated Warrant Agreement"), a warrant holder may exercise its Warrants only for a whole number of Ordinary Shares. This means only a whole Warrant may be exercised at a given time by a warrant holder. The Warrants will expire on August 30, 2026, five years after the completion of our Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption.

Cellebrite will not be obligated to deliver any Ordinary Shares pursuant to the exercise of a Warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the Ordinary Shares issuable upon exercise of the Warrants is then effective and a current prospectus relating to those Ordinary Shares is available, subject to Cellebrite satisfying its registration obligations. No Warrant will be exercisable for cash or on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act, and Cellebrite will not be obligated to issue any Ordinary Share to holders seeking to exercise their Warrants, unless the issuance of the Ordinary Shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. During any period when Cellebrite will have failed to maintain an effective registration statement, warrant holders will be able to, until such time when there is an effective registration statement, exercise their Warrants on a cashless basis, provided that such exemption is available. If that exemption, or another exemption, is not available, warrant holders will not be able to exercise their warrants on a cashless basis.

Redemption of Warrants

Redemption of Warrants when the price per Ordinary Share equals or exceeds $18.00.

Cellebrite will be able to call the Warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per Warrant;

- upon a minimum of 30 days' prior written notice of redemption, or the 30-day redemption period, to each warrant holder; and
- if, and only if, the closing price of Ordinary Shares equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which Cellebrite sends the notice of redemption to the warrant holders.

If and when the Warrants become redeemable pursuant to the foregoing redemption conditions, Cellebrite will be able to exercise its redemption right even if Cellebrite is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Cellebrite will establish the last of the foregoing redemption conditions to prevent a redemption call unless there is at the time of the call a significant premium to the exercise price of the Warrants. If the foregoing redemption conditions are satisfied and Cellebrite issues a notice of redemption of the Warrants, each warrant holder will be entitled to exercise their Warrants prior to the scheduled redemption date. However, the price of the Ordinary Shares may fall below the $18.00 redemption trigger price as well as the $11.50 exercise price of the Warrants after the redemption notice is issued.

Redemption of Warrants when the price per Ordinary Share equals or exceeds $10.00.

Cellebrite will be able to call the Warrants for redemption:

- in whole and not in part;
- at a price of $0.10 per Warrant;
- upon a minimum of 30 days' prior written notice of redemption, provided that holders will be able to exercise their Warrants on a cashless basis prior to redemption and receive that number of Ordinary Shares determined by reference to the table below, based on the redemption date and the fair market value (as defined below) of one Ordinary Share, and except as otherwise described below;
- if, and only if, the closing price of an Ordinary Share equals or exceeds $10.00 per share (as adjusted for adjustments to the number of Ordinary Shares issuable upon exercise or the exercise price of a Warrant as described below under the section titled "— Anti-Dilution Adjustments") on the trading day prior to the date on which Cellebrite sends the notice of redemption to the warrant holders; and
- if, and only if, the closing price of an Ordinary Share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which Cellebrite sends the notice of redemption to the warrant holders is less than $18.00 per share (as adjusted for share splits, share dividends, reorganizations, recapitalizations and the like), then the Warrants held by the Sponsor must also concurrently be called for redemption on the same terms (except as described herein with respect to a holder's ability to cashless exercise its Warrants) as the Warrants held by public warrant holders.

Beginning on the date the notice of redemption is given until the Warrants are redeemed or exercised, holders may elect to exercise their Warrants on a cashless basis. The numbers in the table below represent the number of Ordinary Shares that a warrant holder will receive upon such cashless exercise in connection with a redemption by Cellebrite pursuant to this redemption feature, based on the "fair market value" of an Ordinary Share on the corresponding redemption date (assuming holders elect to exercise their Warrants and such warrants are not redeemed for $0.10 per warrant), determined for these purposes based on the volume weighted average price of an Ordinary Share for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of Warrants, and the number of months that the corresponding redemption date precedes the expiration date of the Warrants, each as set forth in the table below. Cellebrite will provide its warrant holders with the final fair market value no later than one business day immediately following the 10 trading day period described above ends.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of Ordinary Shares issuable upon exercise of a Warrant or the exercise price of a Warrant is adjusted as set forth below under the section titled "— Anti-Dilution Adjustments". If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the Warrant after such adjustment and the denominator of which is the price of the Warrant immediately prior to such adjustment. In such an event, the number of Ordinary Shares in the table below shall be adjusted by multiplying such share amounts by a fraction, the numerator of which is the number of Ordinary Shares deliverable upon exercise of a Warrant immediately prior to such adjustment and the denominator of which is the number of Ordinary Shares deliverable upon exercise of a Warrant as so adjusted. If the exercise price of a Warrant is adjusted, (a) in the case of an adjustment pursuant to the fifth paragraph under the section titled "— Anti-Dilution Adjustments" below, the adjusted share prices in the column headings will equal the unadjusted share price multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issuance Price (each as defined in the Amended and Restated Warrant Agreement) as set forth under the section below titled "— Anti-Dilution Adjustments" and the denominator of which is $10.00 and (b) in the case of an adjustment pursuant to the second paragraph under the section titled "— Anti-Dilution Adjustments" below, the adjusted share prices in the column headings will equal the unadjusted share price less the decrease in the exercise price of a Warrant pursuant to such exercise price adjustment.

Redemption date (period to expiration of Warrants)	Fair Market Value of Ordinary Share								
	<10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	>18.00
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of Ordinary Shares to be issued for each Warrant exercised will be determined by a straight-line interpolation between the number of Ordinary Shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume weighted average price of an Ordinary Share for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the Warrants is $11.00 per share, and at such time there are 57 months until the expiration of the Warrants, holders may choose to, in connection with this redemption feature, exercise their Warrants for 0.277 Ordinary Shares for each whole Warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of the Ordinary Shares for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the Warrants is $13.50 per share, and at such time there are 38 months until the expiration of the Warrants, holders may choose to, in connection with this redemption feature, exercise their Warrants for 0.298 Ordinary Shares for each whole Warrant. In no event will the Warrants be exercisable on a cashless basis in connection with this redemption feature for more than 0.361 Ordinary Shares per warrant (subject to adjustment). Finally, as reflected in the table above, if the Warrants are out of the money and about to expire, they cannot be exercised on a cashless basis in connection with a redemption by Cellebrite pursuant to this redemption feature, since they will not be exercisable for any Ordinary Shares.

This redemption feature differs from the typical warrant redemption features used in some other business combinations, which typically only provide for a redemption of warrants for cash (other than the warrants held by the sponsor entity) when the trading price for the underlying Ordinary Share equals or exceeds one specified higher per share price (such as $18.00 per Ordinary Share, as described in our Annual Report) for a specified period of time. This redemption feature is structured to allow for all of the outstanding Ordinary Share to be redeemed when the Ordinary Shares are trading at or above $10.00 per share, which may be at a time when the trading price of Ordinary Shares is below the exercise price of the Warrants. Cellebrite will establish this redemption feature to provide itself with the flexibility to redeem the Warrants without such warrants having to reach the $18.00 per share threshold set forth above under the section titled "Redemption of Warrants when the price per Ordinary Share equals or exceeds $18.00." Holders choosing to exercise their Warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of Ordinary Shares for their Warrants based on an option pricing model with a fixed volatility input as of the of this Annual Report. This redemption right provides Cellebrite with an additional mechanism by which to redeem all of the outstanding Warrants, and therefore have certainty as to our capital structure as the Warrants would no longer be outstanding and would have been exercised or redeemed. Cellebrite will be required to pay the applicable redemption price to warrant holders if Cellebrite chooses to exercise this redemption right and it will allow Cellebrite to quickly proceed with a redemption of the Warrants if Cellebrite determines it is in its best interest to do so. As such, Cellebrite would redeem the Warrants in this manner when Cellebrite believes it is in its best interest to update its capital structure to remove the Warrants and pay the redemption price to the warrant holders.

As stated above, Cellebrite can redeem the Warrants when the Ordinary Shares are trading at a price starting at $10.00 per share, which is below the exercise price of $11.50 per share, because it will provide certainty with respect to its capital structure and cash position while providing warrant holders with the opportunity to exercise their Warrants on a cashless basis for the applicable number of Ordinary Shares. If Cellebrite chooses to redeem the Warrants when the Ordinary Shares are trading at a price per share below the exercise price of the Warrants, this could result in the warrant holders receiving fewer Ordinary Shares than they would have received if they had chosen to wait to exercise their Warrants for Ordinary Shares if and when such Ordinary Shares were trading at a price higher than the exercise price of $11.50 per share.

No fractional Ordinary Shares will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, Cellebrite will round down to the nearest whole number of the number of Ordinary Shares to be issued to the holder.

Subject to applicable law, any action, proceeding or claim against Cellebrite arising out of or relating in any way to the Amended and Restated Warrant Agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and Cellebrite irrevocably submits to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Redemption Procedures and Cashless Exercise

If Cellebrite calls the Warrants for redemption as described above, its management will have the option to require all holders that wish to exercise Warrants to do so on a cashless basis. In determining whether to require all holders to exercise their Warrants on a cashless basis, Cellebrite management will consider, among other factors, Cellebrite's cash position, the number of Warrants that are outstanding and the dilutive effect on Cellebrite shareholders of issuing the maximum number of Ordinary Shares issuable upon the exercise of the Warrants. In such event, each holder would pay the exercise price by surrendering the Warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the Warrants, multiplied by the excess of the "fair market value" (as defined below) over the exercise price of the Warrants by (y) the fair market value, which, for purposes of this paragraph, shall mean the average last reported sale price of the Ordinary Shares for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants. If Cellebrite management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of Ordinary Shares to be received upon exercise of the Warrants, including the fair market value in such case. Requiring a cashless exercise in this manner will reduce the number of Ordinary Shares to be issued and thereby lessen the dilutive effect of a warrant redemption. Cellebrite believes this feature is an attractive option to Cellebrite if it does not need the cash from the exercise of the Warrants after the Business Combination. If Cellebrite calls the Warrants for redemption and its management does not take advantage of this option, the Sponsor and its permitted transferees would still be entitled to exercise their Warrants for cash or on a cashless basis using the same formula described above that other warrant holders would have been required to use had all warrant holders been required to exercise their Warrants on a cashless basis.

A holder of a Warrant may notify Cellebrite in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such Warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the transfer agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the Ordinary Shares outstanding immediately after giving effect to such exercise.

Anti-Dilution Adjustments

If the number of Ordinary Shares is increased by a stock dividend payable in Ordinary Shares, or by a split-up of Ordinary Shares or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of Ordinary Shares issuable on exercise of each Warrant will be increased in proportion to such increase in the outstanding Ordinary Shares. A rights offering to holders of Ordinary Shares entitling holders to purchase Ordinary Shares at a price less than the fair market value will be deemed a stock dividend of a number of Ordinary Shares equal to the product of (1) the number of Ordinary Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Ordinary Shares) multiplied by (2) one minus the quotient of (x) the price per share of Ordinary Shares paid in such rights offering divided by (y) the fair market value. For these purposes (1) if the rights offering is for securities convertible into or exercisable for Ordinary Shares, in determining the price payable for Ordinary Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (2) fair market value means the volume weighted average price of Ordinary Shares as reported during the ten trading day period ending on the trading day prior to the first date on which the Ordinary Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if Cellebrite, at any time while the Warrants are outstanding and unexpired, pays a dividend or makes a distribution in cash, securities or other assets to the holders of Ordinary Shares on account of such Ordinary Shares (or other shares of our capital stock into which the Warrants are convertible), other than (a) as described above or (b) certain ordinary cash dividends, then the Warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each Ordinary Share in respect of such event.

If the number of outstanding Ordinary Shares is decreased by a consolidation, combination, reverse stock split or reclassification of Ordinary Shares or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of Ordinary Shares issuable on exercise of each Warrant will be decreased in proportion to such decrease in outstanding Ordinary Shares.

Whenever the number of Ordinary Shares purchasable upon the exercise of the Warrants is adjusted, as described above, the Warrant exercise price will be adjusted by multiplying the Warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of Ordinary Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of Ordinary Shares so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding Ordinary Shares (other than those described above or that solely affects the par value of such Ordinary Shares), or in the case of any merger or consolidation of Cellebrite with or into another corporation (other than a consolidation or merger in which Cellebrite is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding Ordinary Shares), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of Cellebrite as an entirety or substantially as an entirety in connection with which Cellebrite is dissolved, the holders of the Warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the Ordinary Shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the Warrants would have received if such holder had exercised their Warrants immediately prior to such event. However, if such holders were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such consolidation or merger, then the kind and amount of securities, cash or other assets for which each Warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by such holders in such consolidation or merger that affirmatively make such election, and if a tender, exchange or redemption offer has been made to and accepted by such holders (other than a tender, exchange or redemption offer made by Cellebrite in connection with redemption rights held by Cellebrite shareholders as provided for in our amended and restated articles of association) under circumstances in which, upon completion of such tender or exchange offer, the maker thereof, together with members of any group (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) of which such maker is a part, and together with any affiliate or associate of such maker (within the meaning of Rule 12b-2 under the Exchange Act) and any members of any such group of which any such affiliate or associate is a part, own beneficially (within the meaning of Rule 13d-3 under the Exchange Act) more than 50% of the outstanding Ordinary Shares, the holder of a Warrant will be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a shareholder if such warrant holder had exercised the Warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Ordinary Shares held by such holder had been purchased pursuant to such tender or exchange offer, subject to adjustments (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in the Amended and Restated Warrant Agreement. Additionally, if less than 70% of the consideration receivable by the holders of Ordinary Shares in such a transaction is payable in the form of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the Warrant properly exercises the Warrant within 30 days following public disclosure of such transaction, the Warrant exercise price will be reduced as specified in the Amended and Restated Warrant Agreement based on the per share consideration minus Black-Scholes Warrant Value (as defined in the Amended and Restated Warrant Agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the Warrants when an extraordinary transaction occurs during the exercise period of the Warrants pursuant to which the holders of the Warrants otherwise do not receive the full potential value of the Warrants in order to determine and realize the option value component of the Warrant. This formula is to compensate the warrant holder for the loss of the option value portion of the warrant due to the requirement that the warrant holder exercise the Warrant within 30 days of the event. Cellebrite believes that the Black-Scholes model is a commonly accepted pricing model for estimating fair market value where no quoted market price for an instrument is available.

The Warrants will be issued in registered form under the Amended and Restated Warrant Agreement. You should review a copy of the Amended and Restated Warrant Agreement, which was filed as an exhibit to Cellebrite's registration statement on Form F-4, for a description of the terms and conditions applicable to the Warrants. The Amended and Restated Warrant Agreement provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding Warrants (not taking into account Warrants held by the Sponsor) to make any change that adversely affects the interests of the registered holders of Warrants.

The Warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the transfer agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to Cellebrite, for the number of Warrants being exercised. The warrant holders do not have the rights or privileges of holders of Ordinary Shares and any voting rights until they exercise their Warrant and receive Ordinary Shares. After the issuance of Ordinary Shares upon exercise of the Warrant, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

Private Placement Warrants

The private placement warrants (including the Ordinary Shares issuable upon exercise of such warrants) were not transferable, assignable or salable until 30 days after the completion of the Business Combination (except, among other limited exceptions, to Cellebrite officers and directors and other persons or entities affiliated with the Sponsors) and they are not redeemable by Cellebrite so long as they are held by the Sponsors, members of the Sponsors or their permitted transferees. The Sponsors or their permitted transferees, will have the option to exercise the private placement warrants on a cashless basis. Except as described below, the private placement warrants have terms and provisions that are identical to those of the public warrants. If the private placement warrants are held by holders other than the Sponsors or their permitted transferees, the private placement warrants will be redeemable by Cellebrite and exercisable by the holders on the same basis as the public warrants.

If holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the warrants, multiplied by the excess of the fair market value of Ordinary Shares over the exercise price of the warrants by (y) the fair market value. The "fair market value" shall mean the average reported closing price of the Ordinary Shares for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

Exhibit 4.9

COMPENSATION POLICY

Cellebrite DI Ltd.

Compensation Policy for Executive Officers and Directors

(As Adopted by the Shareholders on August 30, 2021)

1. Introduction

This document sets forth the Compensation Policy for Executive Officers and Directors (this "Compensation Policy" or "Policy") of Cellebrite DI Ltd. ("Cellebrite" or the "Company") in accordance with the requirements of the Companies Law, 5759-1999 (the "Companies Law").

Compensation is a key component of Cellebrite's overall human capital strategy to attract, retain, reward, and motivate highly skilled individuals that will enhance Cellebrite's value and otherwise assist Cellebrite to reach its business and financial long-term goals. Accordingly, the structure of this Policy is established to tie the compensation of officers and directors to Cellebrite's goals and performance.

For purposes of this Policy, "Executive Officers" shall mean "Office Holders" as such term is defined in Section 1 of the Companies Law, excluding, unless otherwise expressly indicated herein, Cellebrite's directors.

This policy is subject to applicable law and is not intended and should not be interpreted as limiting or derogating from provisions of applicable law to the extent not permitted by such law.

This Policy shall apply to compensation agreements and arrangements which will be approved after the date on which this Policy is adopted and shall serve as Cellebrite's Compensation Policy for five (5) years, commencing as of its adoption, unless amended earlier.

The Compensation Committee and the Board of Directors of Cellebrite (the "Compensation Committee" and the "Board", respectively) shall review and reassess this Policy from time to time, as required by the Companies Law.

2. Objectives

Cellebrite's objectives and goals in setting this Policy are to attract, motivate and retain highly experienced leaders who will contribute to Cellebrite's success and enhance shareholder value, while demonstrating professionalism in a highly achievement-oriented culture that is based on merit and rewards excellent performance in the long term, and embedding Cellebrite's core values as part of a motivated behavior. To that end, this Policy is designed, among others:

2.1. To closely align the interests of the Executive Officers with those of Cellebrite's shareholders in order to enhance shareholder value;

2.2. To align a significant portion of the Executive Officers' compensation with Cellebrite's short and long-term goals and performance;

2.3. To provide the Executive Officers with a structured compensation package, including competitive salaries, performance-motivating cash and equity incentive programs and benefits, and to be able to present to each Executive Officer an opportunity to advance in a growing organization;

2.4. To strengthen the retention and the motivation of Executive Officers in the long term;

2.5. To provide appropriate awards in order to incentivize superior individual excellency and corporate performance; and

2.6. To maintain consistency among Executive Officers in the way Executive Officers are compensated.

3. Compensation Instruments

Compensation instruments under this Policy may include the following:

3.1. Base salary;

3.2. Benefits;

3.3. Cash bonuses;

3.4. Equity-based compensation;

3.5. Change of control terms; and

3.6. Retirement and termination terms.

4. Overall Compensation - Ratio Between Fixed and Variable Compensation

4.1. This Policy aims to balance the mix of "Fixed Compensation" (comprised primarily of base salary and benefits) and "Variable Compensation" (comprised primarily of cash bonuses and equity-based compensation) in order to, among other things, appropriately incentivize Executive Officers to meet Cellebrite's short and long-term goals while taking into consideration the Company's need to manage a variety of business risks.

4.2. The value of the total annual bonus and equity based compensation opportunity of each Executive Officer shall not exceed 95% of the value of the total compensation package of such Executive Officer on an annual basis, as determined based on the accounting principles used by the Cellebrite for its financial statements or such other method as determined by the Compensation Committee or the Board.

5. Inter-Company Compensation Ratio

5.1. In the process of drafting this Policy, Cellebrite's Board and Compensation Committee have examined the ratio between employer cost associated with the engagement of the Executive Officers and directors, and the average and median employer cost associated with the engagement of Cellebrite's other employees (including contractor employees as defined in the Companies Law) (the "Ratio").

5.2. The possible ramifications of the Ratio on the daily working environment in Cellebrite were examined and will continue to be examined by Cellebrite from time to time in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in Cellebrite.

B. <u>Base Salary and Benefits</u>

6. Base Salary

6.1. A base salary provides stable compensation to Executive Officers and allows Cellebrite to attract and retain competent executive talent and maintain a stable management team. The base salary varies among Executive Officers, and is individually determined according to the educational background, prior vocational experience, qualifications, role at the company, business responsibilities and the past performance of each Executive Officer.

6.2. Since a competitive base salary is essential to Cellebrite's ability to attract and retain highly skilled professionals, Cellebrite will seek to establish a base salary that is competitive with base salaries paid to Executive Officers in a peer group of other companies operating in technology sectors which are similar in their characteristics to Cellebrite, as much as possible, while considering, among others, such companies' size and characteristics including (but not limited to) their revenues, profitability rates, growth rates, market capitalization, number of employees and operating arena (in Israel or globally), the list of which shall be reviewed and approved by the Compensation Committee at least every two years. To that end, Cellebrite shall utilize as a reference, comparative market data and practices, which will include a compensation survey that compares and analyses the level of the overall compensation package offered to an Executive Officer of the Company with compensation packages in similar positions to that of the relevant officer in such companies. Such compensation survey may be conducted internally or through an external independent consultant.

6.3. The Compensation Committee and the Board may periodically consider and approve base salary adjustments for Executive Officers. The main considerations for salary adjustment are similar to those used in initially determining the base salary, but may also include change of role or responsibilities, recognition for professional achievements, regulatory or contractual requirements, budgetary constraints or market trends, or such other factors as determined by the Compensation Committee or the Board. The Compensation Committee and the Board will also consider the previous and existing compensation arrangements of the Executive Officer whose base salary is being considered for adjustment.

7. Benefits

7.1. The following benefits may be granted to the Executive Officers in order, among other things, to comply with legal requirements:

7.1.1. Vacation days in accordance with market practice;

7.1.2. Sick days in accordance with market practice;

7.1.3. Convalescence pay according to applicable law;

7.1.4. Monthly remuneration for a study fund, as allowed by applicable law and with reference to Cellebrite's practice and the practice in peer group companies (including contributions on bonus payments);

7.1.5. Cellebrite may contribute on behalf of the Executive Officer to an insurance policy, a pension fund or retirement fund, as allowed or required by applicable law and with reference to Cellebrite's policies and procedures and the practice in similar companies (including contributions on bonus payments); and

7.1.6. Cellebrite shall contribute on behalf of the Executive Officer towards work disability insurance and life insurance, as allowed or required by applicable law and with reference to Cellebrite's policies and procedures and the practice in similar companies (including contributions on bonus payments).

7.2. Non-Israeli Executive Officers may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed. Such customary benefits shall be determined based on the methods described in Section 6.2 of this Policy (with the necessary changes and adjustments).

7.3. In events of relocation or repatriation of an Executive Officer to another geography, such Executive Officer may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which he or she is employed or additional payments to reflect adjustments in cost of living. Such benefits may include reimbursements, stipends or other payments for out-of-pocket one-time payments and other ongoing expenses, such as housing allowance, car allowance, home leave visit, tax equalization payments, and other similar costs.

7.4. Cellebrite may offer additional benefits to its Executive Officers to the extent such benefits are reasonable and necessary or comparable to customary market practices, such as, but not to limited: home office expenses, cell phone, company car and travel benefits, reimbursement of business travel (including a daily stipend when traveling) and other business related expenses, insurances, other benefits (such as newspaper subscriptions, academic and professional studies), etc., provided, however, that such additional benefits shall be determined in accordance with Cellebrite's policies and procedures

C. Cash Bonuses

8. Cash Bonuses - The Objective

8.1. Compensation in the form of an annual or other periodic cash bonus is an important element in aligning the Executive Officers' compensation with Cellebrite's objectives and business goals. Therefore, Cellebrite's compensation philosophy reflects a pay-for-performance element, in which bonus payout eligibility and levels are generally determined based on actual financial or operational results, as well as individual performance.

8.2. A cash bonus may be awarded to an Executive Officer upon the attainment of pre-set periodic objectives and individual targets determined by the Compensation Committee (and, if required by law, by the Board) at the beginning of each calendar or fiscal year or bonus period, or upon engagement, in case of newly-hired Executive Officers, or upon establishment of a new bonus program, taking into account Cellebrite's short and long-term goals, as well as its compliance and risk management policies. The Compensation Committee and the Board shall also determine applicable minimum thresholds that must be met for entitlement to a cash bonus (all or any portion thereof) and the formula for calculating any such cash bonus payout. In special circumstances, as determined by the Compensation Committee and the Board (e.g., regulatory changes, significant changes in Cellebrite's business environment, a significant organizational change, a significant merger and acquisition events, or other similar events etc.), the Compensation Committee and the Board may modify the objectives relative weights and the amount of bonus payouts (including decreasing such amounts to zero) during the applicable bonus period.

8.3. In the event the employment of an Executive Officer is terminated prior to the end of a bonus period, the Company may (but shall not be obligated to) pay such Executive Officer a full cash bonus for the applicable period (based on achievement of bonus targets during such period) or a prorated one, or no bonus.

8.4. The actual cash bonus with respect to a bonus period to be awarded to Executive Officers shall be recommended by the chief executive officer (the "CEO") and approved by the Compensation Committee and the Board.

9. Annual Cash Bonuses - The Formula

Executive Officers other than the CEO

9.1. The annual cash bonus opportunity of Cellebrite's Executive Officers, other than the CEO, will generally be based on performance objectives and a discretionary evaluation of the Executive Officer's overall performance by the CEO and subject to minimum thresholds. The performance objectives will be determined by Cellebrite's CEO and approved by the Compensation Committee and the Board at the commencement of each calendar year (or upon engagement, in case of newly hired Executive Officers or in special circumstances as determined by the Compensation Committee and the Board) on the basis of, but not limited to, company, division and individual objectives. The performance objectives and the weight to be assigned to each achievement in the overall evaluation, will be based on overall company performance measures, which may be based on actual financial and operational results, such as (but not limited to) revenues, operating income and cash flow and may further include, divisional or personal objectives which may include operational objectives, such as (but not limited to) market share, initiation of new markets and operational efficiency, customer focused objectives, project milestones objectives and investment in human capital objectives, such as employee satisfaction, employee retention and employee training and leadership programs. In addition, a less significant portion of the annual cash bonus opportunity granted to a Cellebrite Executive Officers, other than the CEO, and in any event not more than 40% of the annual cash bonus, may be based on a discretionary evaluation of such Executive Officer's overall performance by the CEO. based on quantitative and qualitative criteria or such other criteria as determined by the Compensation Committee and the Board.

9.2. The maximum annual cash bonus that an Executive Officer, other than the CEO, will be entitled to receive for any given calendar year, will not exceed 200% of such Executive Officer's annual base salary.

CEO

9.3. The annual cash bonus opportunity of Cellebrite's CEO will be mainly based on performance measurable objectives and subject to minimum thresholds as provided in Section 8.2 above. Such performance measurable objectives will be determined annually by the Compensation Committee and the Board at the commencement of each calendar year (or upon engagement, in case of newly hired CEO or in special circumstances as determined by Compensation Committee the Board) and will be based on company and personal objectives. The performance measurable objectives which include the objectives and the weight to be assigned to each achievement in the overall evaluation, will be based on overall company performance measures, which may be based on actual financial and operational results, such as (by way of example and not by way of limitation) revenues, sales, operating income, cash flow or Company's annual operating plan and long-term plan.

9.4. In addition, a less significant portion of the annual cash bonus opportunity granted to Cellebrite's CEO, and in any event not more than 25% of the annual cash bonus, may be based on a discretionary evaluation of the CEO's overall performance by the Compensation Committee and the Board based on quantitative and qualitative criteria or such other criteria as determined by the Compensation Committee and the Board.

9.5. The target annual cash bonus that the CEO will be entitled to receive for any given fiscal year, will not exceed 100% of his or her annual base salary.

9.6. The maximum annual cash bonus that the CEO will be entitled to receive for any given calendar year, will not exceed 200% of his or her annual base salary.

10. Other Bonuses

10.1. Special Bonus. Cellebrite's may grant its Executive Officers a special bonus as an award for special achievements (such as in connection with mergers and acquisitions, offerings, achieving target budget or business plan under exceptional circumstances or special recognition in case of retirement) or as a retention award at the CEO's discretion (and in the CEO's case, at the Compensation Committee's and the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "Special Bonus"). The Special Bonus will not exceed 150% of the Executive Officer's annual base salary. A Special Bonus can be paid, in whole or in part, in equity in lieu of cash and the value of any such equity component of a Special Bonus shall be determined in accordance with Section 13.3 below.

10.2. Signing Bonus. Cellebrite may grant a newly-recruited Executive Officer a signing bonus at the CEO's discretion (and in the CEO's case, at the Compensation Committee's and the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "Signing Bonus"). The Signing Bonus will not exceed 200% of the Executive Officer's annual base salary.

10.3. Relocation/ Repatriation Bonus. Cellebrite may grant its Executive Officers a special bonus in the event of relocation or repatriation of an Executive Officer to another geography (the "Relocation Bonus"). The Relocation bonus will include customary benefits associated with such relocation and its monetary value will not exceed 200% of the Executive Officer's annual base salary.

10.4. Periodic Bonus. The Board may grant Executive Officers, other than the CEO, periodic cash bonus opportunities (other than the annual cash bonus opportunity described in Section 9) in accordance with the terms of Section 8, but subject to the ratio limitation described in Section 9.2.

11. **Compensation Recovery ("Clawback")**

11.1. In the event of an accounting restatement, Cellebrite shall be entitled to recover from its Executive Officers the bonus compensation or performance-based equity compensation in the amount in which such compensation exceeded what would have been paid under the financial statements, as restated, provided that a claim is made by Cellebrite prior to the second anniversary of fiscal year end of the restated financial statements.

11.2. Notwithstanding the aforesaid, the compensation recovery will not be triggered in the following events:

11.2.1. The financial restatement is required due to changes in the applicable financial reporting standards; or

11.2.2. The Compensation Committee has determined that Clawback proceedings in the specific case would be impossible, impractical or not commercially or legally efficient.

11.3. Nothing in this Section 11 derogates from any other "Clawback" or similar provisions regarding disgorging of profits imposed on Executive Officers by virtue of applicable laws or a separate contractual obligation.

D. <u>Equity Based Compensation</u>

12. The Objective

12.1. The equity-based compensation for Cellebrite's Executive Officers is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the Executive Officers' interests with the long-term interests of Cellebrite and its shareholders, and to strengthen the retention and the motivation of Executive Officers in the long term. In addition, since equity-based awards are structured to vest over several years, their incentive value to recipients is aligned with longer-term strategic plans.

12.2. The equity-based compensation offered by Cellebrite is intended to be in a form of share options and/or other equity-based awards, such as restricted stock unit awards, in accordance with the Company's equity incentive plan in place as may be updated from time to time.

12.3. All equity-based incentives granted to Executive Officers (other than bonuses paid in equity in lieu of cash) shall be subject to vesting periods in order to promote long-term retention of the awarded Executive Officers. Unless determined otherwise in a specific award agreement approved by the Compensation Committee and the Board, grants to Executive Officers other than non-employee directors shall vest gradually over a period of between one (1) to four (4) years or based on performance. The exercise price of options shall be determined in accordance with Cellebrite's policies, the main terms of which shall be disclosed in the annual report of Cellebrite.

12.4. All other terms of the equity awards shall be in accordance with Cellebrite's equity incentive plans and other related practices and policies. Accordingly Board may, following approval by the Compensation Committee, extend the period of time for which an award is to remain exercisable and make provisions with respect to the acceleration of the vesting period of any Executive Officer's awards, including, without limitation, in connection with a corporate transaction involving a change of control, and may otherwise modify or amend outstanding awards in accordance with Cellebrite's equity incentive plans and other related practices and policies, subject to any additional approval as may be required by the Companies Law.

13. General Guidelines for the Grant of Awards

13.1. Equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the Executive Officer, and such other criteria as determined by the Compensation Committee and the Board.

13.2. In determining the equity-based compensation granted to each Executive Officer, the Compensation Committee and Board shall consider the factors specified in Section 13.1 above, and in any event the total fair market value of any annual equity-based compensation at the time of grant shall not exceed: (i) with respect to the CEO - the higher of (w) 500% of his or her annual base salary or (x) 0.5% of the Company's fair market value; and (ii) with respect to each of the other Executive Officers - the higher of (y) 300% of his or her annual base salary or (z) 0.35% of the Company's fair market value.

13.3. The fair market value of the equity-based compensation for the Executive Officers will be determined by multiplying the number of shares underlying the grant by the market price of Cellebrite's ordinary shares on or around the time of the grant or according to other acceptable valuation practices at the time of grant, in each case, as determined by the Compensation Committee and the Board.

13.4. The Committee and/or the Board may adopt and maintain minimum shareholding requirements applicable to Executive Officers, such as an appropriate ratio between holdings and base salary, to encourage long-term holding of shares and/or equity and alignment with shareholder interest.

E. Retirement and Termination of Service Arrangements

14. Advanced Notice Period

Cellebrite may provide an Executive Officer, according to his/her seniority in the Company, his/her contribution to the Company's goals and achievements and the circumstances of retirement, a prior notice of termination (or equivalent value in cash and other severance benefits) of up to eighteen (18) months in the case of the CEO and twelve (12) months in the case of other Executive Officers, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation. Such advance notice may or may not be provided in addition to severance, provided, however, that the Compensation Committee shall take into consideration the Executive Officer's entitlement to advance notice in establishing any entitlement to severance and vice versa.

15. Adjustment Period

Cellebrite may provide an additional adjustment period (or equivalent value in cash and other severance benefits) of up to twelve (12) months to the CEO and of up to nine (9) months to any other Executive Officer, according to his/her seniority in the Company, his/her contribution to the Company's goals and achievements and the circumstances of retirement, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation.

16. Additional Retirement and Termination Benefits

Cellebrite may provide additional retirement and terminations benefits and payments as may be required by applicable law (e.g., mandatory severance pay under Israeli labor laws), or which will be comparable to customary market practices.

17. Non-Compete Grant

Upon termination of employment and subject to applicable law, Cellebrite may grant to its Executive Officers a non-compete cash or equity award as an incentive to refrain from competing with Cellebrite for a defined period of time. The terms and conditions of the non-compete grant shall be decided by the Board and the grant date value of such grant (as determined in accordance with generally accepted accounting principles or such other method as determined by the Board) shall not exceed such Executive Officer's monthly base salary multiplied by twelve (12). The Board shall consider the existing entitlements of the Executive Officer in connection with the consideration of any non-compete grant.

18. Limitation Retirement and Termination of Service Arrangements

The total non-statutory payments under Section 14-17 above shall not exceed the Executive Officer's monthly base salary multiplied by twenty-four (24). The limitation under this Section 18 does not apply to benefits and payments provided under other chapters of this Policy.

F. Exculpation, Indemnification and Insurance

19. Exculpation

Cellebrite may exempt its directors and Executive Officers in advance for all or any of his/her liability for damage in consequence of a breach of the duty of care vis-a-vis Cellebrite, to the fullest extent permitted by applicable law.

20. Insurance and Indemnification

20.1. Cellebrite may indemnify its directors and Executive Officers to the fullest extent permitted by applicable law, for any liability and expense that may be imposed on the director or the Executive Officer, as provided in the indemnity agreement between such individuals and Cellebrite, all subject to applicable law and the Company's articles of association.

20.2. Cellebrite will provide directors' and officers' liability insurance (the **"Insurance Policy")** for its directors and Executive Officers as follows:

20.2.1. The limit of liability of the insurer shall not exceed the greater of $200 million or 50% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval of the Insurance Policy by the Compensation Committee; and

20.2.2. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering Cellebrite's exposures, the scope of coverage and the market conditions and that the Insurance Policy reflects the current market conditions (at the time of extension or renewal, as the case may be), and it shall not materially affect the Company's profitability, assets or liabilities.

20.3. Upon circumstances to be approved by the Compensation Committee (and, if required by law, by the Board), Cellebrite shall be entitled to enter into a "run off" Insurance Policy of up to seven (7) years, with the same insurer or any other insurance, as follows:

20.3.1. The limit of liability of the insurer shall not exceed the greater of $200 million or 50% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee; and

20.3.2. The run-off Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering the Company's exposures covered under such policy, the scope of cover and the market conditions, and that the Insurance Policy reflects the current market conditions and that it shall not materially affect the Company's profitability, assets or liabilities.

20.4. Cellebrite may extend the Insurance Policy in place to include cover for liability pursuant to a future public offering of securities as follows:

20.4.1. The Insurance Policy, as well as the additional premium shall be approved by the Compensation Committee (and if required by law, by the Board) which shall determine that the sums are reasonable considering the exposures pursuant to such public offering of securities, the scope of cover and the market conditions and that the Insurance Policy reflects the current market conditions, and it does not materially affect the Company's profitability, assets or liabilities.

G. Arrangements upon Change of Control

21. The following benefits may (but are not required to) be provided to the Executive Officers upon an involuntary termination of service that occurs less than 3 months prior to or 24 months following a "Change of Control" as shall be defined in the respective incentive plan or employment agreement:

21.1. Up to 100% vesting acceleration of outstanding options or other equity-based awards, including vesting at up to the maximum level possible for performance-based equity-based awards;

21.2. Extension of the exercising period of equity-based compensation for Cellebrite's Executive Officers for a period of up to one (1) year in case of an Executive Officer other than the CEO and two (2) years in case of the CEO, following the date of termination of employment; and

21.3. Up to an additional six (6) months of continued base salary and benefits following the date of employment termination (the "Additional Adjustment Period"). For avoidance of doubt, such additional Adjustment Period may be in addition to the advance notice (or equivalent value in cash or other severance benefits) and adjustment periods pursuant to Sections 14 and 15 of this Policy, but subject to the limitation set forth in Section 18 of this Policy.

21.4. A cash bonus not to exceed 150% of the Executive Officer's annual base salary (including the value of any benefits, other than equity) in case of an Executive Officer other than the CEO and 200% in case of the CEO.

H. Board of Directors Compensation

22. The following benefits may be provided to Cellebrite's Board members:

22.1. All Cellebrite's Board members, excluding the chairman of the Board and external directors, if elected, which shall be subject to the provisions of Section 22.2, may be entitled to an annual cash fee retainer of up to $60,000, Cellebrite committee membership annual cash fee retainer of up to $20,000 and committee chairperson annual cash fee retainer of up to $40,000. The chairperson of Cellebrite's Board may be entitled to an annual cash fee retainer of up to $150,000.

22.2. The compensation of the Company's external directors, if elected, shall be in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time.

22.3. Notwithstanding the provisions of Sections 22.1 above, in special circumstances, such as in the case of a professional director, an expert director or a director who makes a unique contribution to the Company, such director's compensation may be different than the compensation of all other directors and may be greater than the maximal amount allowed under Section 22.1.

22.4. Each member of Cellebrite's Board (excluding the chairman of the Board) may be granted an initial equity-based award in a value of up to $800,000 and annual grants in a value of up to $350,000 each. The equity-based awards shall vest annually over a period of between (i) the earlier of one (1) year and the date of the subsequent annual meeting if the grant is an annual grant made on the date of the prior annual meeting (but in no event less than six (6) months) and (ii) four (4) years.

22.5. The chairperson of Cellebrite's Board may be granted an initial equity-based award in a value of up to $900,000 and annual grants in a value of up to $400,000 each. The equity-based awards shall vest annually over a period of between (i) the earlier of one (1) year and the date of the subsequent annual meeting if the grant is an annual grant made on the date of the prior annual meeting (but in no event less than six (6) months) and (ii) four (4) years.

22.6. All other terms of the equity awards shall be in accordance with Cellebrite's equity incentive plans and other related practices and policies. Accordingly, the Compensation Committee or the Board may extend the period of time for which an award is to remain exercisable and make provisions with respect to the acceleration of the vesting period of any awards, including, without limitation, in connection with a corporate transaction involving a change of control, and may otherwise modify or amend outstanding awards in accordance with Cellebrite's equity incentive plans and other related practices and policies, subject to any additional approval as may be required by the Companies Law.

22.7. In addition, members of Cellebrite's Board may be entitled to reimbursement of expenses in connection with the performance of their duties.

22.8. It is hereby clarified that the compensation (and limitations) stated under Section H will not apply to directors who serve as Executive Officers.

I. Miscellaneous

23. Nothing in this Policy shall be deemed to grant any of Cellebrite's Executive Officers or employees or any third party any right or privilege in connection with their employment by the Company. Such rights and privileges shall be governed by the respective personal employment agreements. The Board may determine that none or only part of the payments, benefits and perquisites detailed in this Policy shall be granted, and is authorized to cancel or suspend a compensation package or part of it.

24. An Immaterial Change in the Terms of Employment of an Executive Officer other than the CEO may be approved by the CEO, provided that the amended terms of employment are in accordance with this Policy. An "Immaterial Change in the Terms of Employment" means a change in the terms of employment of an Executive Officer with an annual total cost to the Company not exceeding an amount equal to two (2) monthly base salaries of such employee.

25. In the event that new regulations or law amendment in connection with Executive Officers' and directors' compensation will be enacted following the adoption of this Policy, Cellebrite may follow such new regulations or law amendments, even if such new regulations conflict with the terms set forth herein.

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This Policy is designed solely for the benefit of Cellebrite and none of the provisions thereof are intended to provide any rights or remedies to any person other than Cellebrite.

Exhibit 8.1

SUBSIDIARIES OF CELLEBRITE DI LTD.

Name of Subsidiary	Jurisdiction of Organization
Cellebrite Inc.	U.S. (Delaware)
Cellebrite GmbH	Germany
Cellebrite Asia Pacific Pte Ltd.	Singapore
Cellebrite Soluções de Inteligencia Digital Ltda	Brazil
Cellebrite Digital Intelligence Solutions Private Limited	India
Cellebrite UK Limited	United Kingdom
Cellebrite Canada Mobile Data Solutions Ltd.	Canada
Cellebrite France SAS	France
Cellebrite Japan K.K.	Japan
Cellebrite Australia PTY Limited	Australia
BlackBag Technologies, Inc.	U.S. (Delaware)
Cellebrite digital Intelligence LP	U.S. (Delaware)
Cellebrite Saferworld, Inc.	U.S. (Delaware)

All subsidiaries are 100% owned by Cellebrite DI Ltd., except: Cellebrite Canada Mobile Data Solutions Ltd., which is 100% owned by Cellebrite UK Limited, BlackBag Technologies. Inc. which is 100% owned by Cellebrite Inc and Cellebrite digital Intelligence LP which is 99% owned by Cellebrite DI Ltd., and 1% owned by Cellebrite Inc.

Exhibit 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yossi Carmil, certify that:

1. I have reviewed this annual report on Form 20-F of Cellebrite DI Ltd.;

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

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

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

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

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

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

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

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

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

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

Date: April 27, 2023

/s/ Yossi Carmil

Name: Yossi Carmil

Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 12.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

PURSUANT TO EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)

AS ADOPTED PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dana Gerner, certify that:

1. I have reviewed this annual report on Form 20-F of Cellebrite DI Ltd.;

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

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

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

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

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

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

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

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

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

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

Date: April 27, 2023

/s/ Dana Gerner

Name: Dana Gerner

Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 13.1

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

In connection with the Annual Report on Form 20-F of Cellebrite DI Ltd. (the "Company") for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yossi Carmil, do certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

a. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2023

/s/ Yossi Carmil

Name: Yossi Carmil

Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 13.2

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

In connection with the Annual Report on Form 20-F of Cellebrite DI Ltd. (the “Company”) for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dana Gerner, do certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

a. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2023

/s/ Dana Gerner

Name: Dana Gerner

Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-260878) on Form S-8 of our report dated March 29, 2022, with respect to the consolidated financial statements of the Company and its subsidiaries.

/s/ Somekh Chaikin
Member Firm of KPMG International
April 27, 2023
Tel Aviv, Israel

Exhibit 15.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form F-3 No. 333-259826) of Cellebrite DI Ltd., and
(2) Registration Statement (Form S-8 No. 333-260878) pertaining to the Cellebrite Mobile Synchronization Ltd. 2008 Share Option Plan, the Cellebrite Mobile Synchronization Ltd. 2019 Share Option Plan, the Cellebrite Mobile Synchronization Ltd. 2019 Restricted Share and Restricted Share Unit Plan, the Cellebrite DI Ltd. 2021 Share Incentive Plan and the Cellebrite DI Ltd. 2021 Employee Share Purchase Plan;

of our report dated April 27, 2023, with respect to the consolidated financial statements of Cellebrite DI Ltd. included in this Annual Report (Form 20-F) of Cellebrite DI Ltd. for the year ended December 31, 2022.

Tel Aviv, Israel	/s/ KOST FORER GABBAY & KASIERER
April 27, 2023	A Member of Ernst & Young Global