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

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
Under the Securities Exchange Act of 1934

For the month of September, 2023

Commission File Number 001-40772

Cellebrite DI Ltd.
(Translation of registrant's name into English)

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

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

EXPLANATORY NOTE

Cellebrite DI Ltd. (the "**Company**") is filing this report of foreign private issuer on Form 6-K (this "**Form 6-K**"), which attaches its consolidated financial statements for the six months ended June 30, 2023, to satisfy the technical requirement under Item 512(a)(4) of Regulation S-K for updating its registration statement on Form F-3 (File No. 333-259826) (the "**Form F-3**"). The Company's operating and financial review and prospects (unaudited) for the six months ended June 30, 2023 is also furnished with this Form 6-K.

This Form 6-K is incorporated by reference into the Company's registration statements on Form S-8 (File No. 333-260878) and Form F-3 filed with the SEC on November 8, 2021 and September 13, 2022, respectively.

The following exhibits are filed as part of this Form 6-K:

Exhibit No.	Exhibit
99.1	Consolidated financial statements of Cellebrite DI Ltd. and its subsidiaries for six months period ended June 30, 2023.
99.2	Operating and Financial Review and Prospects for the six months ended June 30, 2023.
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.

SIGNATURES

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

	Cellebrite DI Ltd.
September 1, 2023	By: */s/ Dana Gerner*
	Dana Gerner
	Chief Financial Officer

Exhibit 99.1

CONSOLIDATED FINANCIAL STATEMENTS

CELLEBRITE DI LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
UNAUDITED

INDEX

CELLEBRITE DI LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEETS
(U.S Dollars in thousands, except share and per share data)

	Note	June 30, 2023 Unaudited	December 31, 2022 Audited
Assets			
Current assets			
Cash and cash equivalents		$ 110,502	$ 87,645
Short-term deposits		69,151	51,335
Marketable securities	3	57,605	44,643
Trade receivables (net of allowance for credit losses of $840 and $1,904 as of June 30, 2023 and December 31, 2022, respectively)		61,194	78,761
Prepaid expenses and other current assets		22,185	17,085
Contract acquisition costs		5,946	6,286
Inventories		10,822	10,176
Total current assets		337,405	295,931
Non-current assets			
Other non-current assets		2,792	1,731
Marketable securities	3	7,297	22,125
Deferred tax assets, net		11,997	12,511
Property and equipment, net		15,810	17,259
Intangible assets, net		9,618	11,254
Goodwill		26,829	26,829
Operating lease right-of-use assets, net	5	14,145	15,653
Total non-current assets		88,488	107,362
Total assets		$ 425,893	$ 403,293
Liabilities and shareholders' equity			
Current Liabilities			
Trade payables		$ 4,991	$ 4,612
Other accounts payable and accrued expenses		35,618	45,453
Deferred revenues		158,942	152,709
Operating lease liabilities	5	4,955	5,003
Total current liabilities		204,506	207,777
Long-term liabilities			
Other long term liabilities		5,047	5,394
Deferred revenues		47,469	42,173
Restricted Sponsor Shares liability	9	37,625	17,532
Price Adjustment Shares liability	9	62,781	26,184
Warrant liability	9	42,278	20,015
Operating lease liabilities	5	8,631	10,353
Total long-term liabilities		203,831	121,651
Total liabilities		$ 408,337	$ 329,428
Shareholders' equity	7		
Share capital, NIS 0.00001 par value; 3,454,112,863 shares authorized, 197,409,616 and 193,055,931 shares issued and 197,367,840 and 193,014,155 shares outstanding as of June 30, 2023 (unaudited) and December 31, 2022, respectively		*)	*)
Additional paid-in capital		(108,166)	(125,624)
Treasury share, NIS 0.00001 par value; 41,776 ordinary shares		(85)	(85)
Accumulated other comprehensive (loss) income		(483)	331
Retained earnings		126,290	199,243
Total shareholders' equity		17,556	73,865
Total liabilities and shareholders' equity		$ 425,893	$ 403,293

*) Less than 1 USD

CELLEBRITE DI LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)
(U.S Dollars in thousands, except share and per share data)

		For the six months ended June 30,	
		2023	**2022**
	Note	**Unaudited**	**Unaudited**
Revenue:	10		
Subscription services		$ 97,879	$ 70,387
Term-license		30,609	27,653
Total subscription		128,488	98,040
Other non-recurring		4,890	10,300
Professional services		14,540	16,618
Total revenue		**147,918**	**124,958**
Cost of revenue:			
Subscription services		9,438	8,112
Term-license		2	368
Total subscription		9,440	8,480
Other non-recurring		5,907	5,498
Professional services		10,090	10,103
Total cost of revenue		**25,437**	**24,081**
Gross profit		**$ 122,481**	**$ 100,877**
Operating expenses:			
Research and development		42,184	39,251
Sales and marketing		54,346	48,151
General and administrative		21,192	21,020
Total operating expenses		**$ 117,722**	**$ 108,422**
Operating income (loss)		**$ 4,759**	**$ (7,545)**
Financial (expense) income, net	11	(74,826)	94,866
(Loss) Income before tax		(70,067)	87,321
Tax expense (income)		2,886	(1,314)
Net (loss) income		**$ (72,953)**	**$ 88,635**
(Loss) earnings per share			
Basic		$ (0.37)	$ 0.47
Diluted		$ (0.37)	$ 0.44
Weighted average number of ordinary shares used in computing basic net (loss) income per share		187,239,136	181,217,005
Weighted average number of ordinary shares used in computing diluted net (loss) income per share		187,239,136	194,355,966

CELLEBRITE DI LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)
(U.S Dollars in thousands, except share and per share data)

	Note	For the six months ended June 30, 2023 Unaudited	For the six months ended June 30, 2022 Unaudited
Net (loss) income		$ (72,953)	$ 88,635
Change in foreign currency translation adjustment		(966)	812
Change in unrealized gains (losses) on marketable securities:			
Unrealized gains (losses) arising during the period		126	(286)
Net change (net of tax effect of $(48) and $—)		126	(286)
Change in unrealized gain (losses) on cash flow hedges:	4		
Unrealized losses arising during the period		(671)	(3,345)
Less -reclassification adjustment for net gains realized and included in net income		697	438
Net change (net of tax effect of $(4) and $396)		26	(2,907)
Total other comprehensive loss		(814)	(2,381)
Comprehensive (loss) income		$ (73,767)	$ 86,254

CELLEBRITE DI LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(U.S Dollars in thousands, except share and per share data)

	Six months ended June 30, 2023						
	Ordinary Shares Amount	**Share Capital**	**Additional paid in capital**	**Treasury Share**	**Accumulated other comprehensive loss**	**Retained earnings**	**Total**
Balance as of December 31, 2022	**193,014,155**	***)**	**$ (125,624)**	**$ (85)**	**$ 331**	**$ 199,243**	**$ 73,865**
Exercise of share option, vested RSUs and ESPP	4,353,685	*)	8,401	—	—	—	8,401
Share-based compensation expense and ESPP benefit	—	—	9,057	—	—	—	9,057
Other comprehensive loss	—	—	—	—	(814)	—	(814)
Net income	—	—	—	—	—	(72,953)	(72,953)
Balance as of June 30, 2023	**197,367,840**	***)**	**$ (108,166)**	**$ (85)**	**$ (483)**	**$ (126,290)**	**$ 17,556**

	Six months ended June 30, 2022						
	Ordinary Shares Amount	**Share Capital**	**Additional paid in capital**	**Treasury Share**	**Accumulated other comprehensive loss**	**Retained earnings**	**Total**
Balance as of December 31, 2021	**187,680,294**	***)**	**$ (153,072)**	**$ (85)**	**$ 1,372**	**$ 78,438**	**$ (73,347)**
Exercise of share option and vested RSUs	1,968,473	*)	4,683	—	—	—	4,683
Share-based compensation expense and ESPP benefit	—	—	6,463	—	—	—	6,463
Exercise of public warrants	500	*)	5	—	—	—	5
Other comprehensive loss	—	—	—	—	(2,381)	—	(2,381)
Net income	—	—	—	—	—	88,635	88,635
Balance as of June 30, 2022	**189,649,267**	***)**	**$ (141,921)**	**$ (85)**	**$ (1,009)**	**$ (167,073)**	**$ 24,058**

*) Less than 1 USD

CELLEBRITE DI LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
(U.S Dollars in thousands, except share and per share data)

	For the six months ended June 30,	
	2023	2022
	Unaudited	Unaudited
Cash flow from operating activities:		
Net (loss) income	$ (72,953)	$ 88,635
Adjustments to reconcile net income to net cash provided by operating activities:		
Share based compensation, RSUs and ESPP benefit	9,057	6,463
Amortization of premium, discount and accrued interest on marketable securities	(461)	(38)
Depreciation and amortization	5,016	4,369
Interest income from short term deposits	(2,397)	(199)
Deferred income taxes	462	(1,842)
Remeasurement of warrant liability	22,263	(31,021)
Remeasurement of Restricted Sponsor Shares	20,093	(22,112)
Remeasurement of Price Adjustment Shares liabilities	36,597	(41,606)
Decrease (increase) in trade receivables	18,117	(750)
Increase in deferred revenue	10,555	1,942
(Increase) decrease in other non-current assets	(1,062)	133
(Increase) decrease in prepaid expenses and other current assets	(5,624)	930
Changes in operating lease assets	2,700	—
Changes in operating lease liability	(2,962)	—
Increase in inventories	(642)	(1,621)
Increase (decrease) in trade payables	381	(5,773)
Decrease in other accounts payable and accrued expenses	(9,741)	(9,163)
Decrease in other long-term liabilities	(347)	(2,957)
Net cash provided by (used in) operating activities	29,052	(14,610)
Cash flows from investing activities:		
Purchases of property and equipment	(1,889)	(3,876)
Investment in marketable securities	(27,005)	(60,685)
Proceeds from maturity of marketable securities	29,507	5,172
Investment in short term deposits	(54,000)	(25,000)
Redemption of short term deposits	38,581	42,397
Net cash used in investing activities	(14,806)	(41,992)
Cash flows from financing activities:		
Exercise of options to shares	7,185	4,683
Exercise of public warrants	—	5
Proceeds from Employee Share Purchase Plan, net	1,234	—
Net cash provided by financing activities	8,419	4,688
Net increase (decrease) in cash and cash equivalents	22,665	(51,914)
Net effect of Currency Translation on cash and cash equivalents	192	(2,374)
Cash and cash equivalents at beginning of period	87,645	145,973
Cash and cash equivalents at end of period	$ 110,502	$ 91,685
Supplemental cash flow information:		
Income taxes paid	8,527	3,889
Non-cash activities		
Purchase of property and equipment	—	221

Note 1. General

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 deliver a DI suite of solutions comprising software, hardware 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 12).

Note 2. Summary of Significant Accounting Policies

A. Unaudited interim consolidated financial statements:

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments necessary for a fair presentation.

The balance sheet as of December 31, 2022, has been derived from the audited consolidated financial statements of the Company at that date but does not include all information and footnotes required by U.S. GAAP for complete financial statements.

The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022. Results for the six months ended June 30, 2023, are not necessarily indicative of results that may be expected for the year ending December 31, 2023.

The significant accounting policies applied in the annual consolidated financial statements of the Company as of December 31, 2022, have been applied consistently in these unaudited interim consolidated financial statements, except for changes associated with recent accounting standards for credit losses, as detailed below.

<u>Recently adopted Accounting Pronouncements:</u>

On January 1, 2023, the Company adopted Accounting Standards Update (“ASU”) No. 2016-13, “Financial Instruments – Credit Losses on Financial Instruments” (“ASU 2016-13”), which requires that expected credit losses relating to financial assets be measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. ASU 2016-13 limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and also requires the reversal of previously recognized credit losses if fair value increases. The adoption by the Company of the new guidance did not have a material impact on its consolidated financial statements.

<u>Trade Receivable and Allowances</u>

Trade receivables are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. The Company makes estimates of expected credit losses for the allowance for doubtful accounts and allowance for unbilled receivables based upon its assessment of various factors, including historical experience, the age of the trade receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The amount of credit losses recorded for six months ended June 30, 20203 was not material.

Marketable Securities

The Company holds investments in marketable securities, consisting principally of corporate bonds and agency bonds. The Company classifies marketable securities as available-for-sale in its current assets because they represent investments of cash available for current operations. The Company's available-for-sale investments are carried at estimated fair value with any unrealized gains and losses, net of taxes, included in accumulated other comprehensive (loss) income in shareholders' equity. Available-for-sale debt securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of that difference, if any, is caused by expected credit losses. Unrealized gain (losses), net of taxes, are included in accumulated other comprehensive loss (income) in shareholders' equity. The amount of credit losses recorded for the six months ended June 30, 20203 was not material. The Company has not recorded any impairment charge for unrealized losses during the periods presented. The Company determines realized gains or losses on sale of marketable securities on a specific identification method and records such gains or losses as financial (expense) income.

B. 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.

C. 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 are 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.

D. Revenues

Revenue consists of subscription, other non-recurring, 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.

Other non-recurring- reflects the revenue recognized from sale of hardware related to our offering. Other revenue consists sales of perpetual licenses related to products and of revenue from usage-based fees. Perpetual license fees are recognized upfront assuming all revenue recognition criteria are satisfied. The license is installed on premise, mostly on customers' computers.

Professional services- consists of revenue related to: (i) certified training classes by Cellebrite Academy; (ii) Cellebrite 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.

E. 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.

U.S. dollars (in thousands, except share and per share data)

Note 3. Marketable securities

Marketable securities consisted of the following:

	As of June 30, 2023			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value (Level 2)
	(Unaudited)			
Corporate bond	$ 17,132	$ —	$ (130)	$ 17,002
Agency bond	34,542	2	(246)	34,298
Treasury bills	3,950	—	(3)	3,947
US Government	9,100		(140)	8,960
Commercial paper	695	—	—	695
Total	$ 65,419	$ 2	$ (519)	$ 64,902

	As of 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

As of June 30, 2023 and December 31, 2022, no continuous unrealized losses for twelve months or greater were identified.

The allowance for credit losses for the six months ended June 30, 2023 was not material.

The following table summarizes the Company’s marketable securities by contractual maturities:

	June 30, 2023 (Unaudited)
Due in 1 year or less	$ 57,605
Due in 1 year through 2 years	7,297
Total	$ 64,902

U.S. dollars (in thousands, except share and per share data)

Note 4. Derivative Instruments

The 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 (loss) income 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 (loss) 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)	
	June 30, 2023 (Unaudited)	**December 31, 2022**	**June 30, 2023 (Unaudited)**	**December 31, 2022**
Option contracts to hedge payroll expenses NIS	$ 28,371	$ 31,833	$ 248	$ 173
expenses NIS	(28,371)	(31,833)	(578)	(596)
Forward contracts to hedge payroll expenses NIS	676	5,598	(69)	(229)
	$ 676	$ 5,598	$ (399)	$ (652)

U.S. dollars (in thousands, except share and per share data)

The Company currently hedges its exposure to the variability in future cash flows for a maximum period of one year. As of June 30, 2023, the Company expects to reclassify all of its unrealized gains and losses from accumulated other comprehensive loss to earnings during the next twelve months. The fair value of the Company's outstanding derivative instruments on June 30, 2023 and December 31, 2022 is summarized below:

		Fair value of derivative instruments	
	Balance Sheet line item	June 30, 2023 (Unaudited)	December 31, 2022
Derivative liabilities:			
Foreign exchange option contracts	Prepaid expenses and other current assets	$ 248	$ 173
Foreign exchange option contracts	Other account payable	(578)	(596)
Foreign exchange forward contracts	Other account payable	$ (69)	$ (229)

The effect of derivative instruments in cash flow hedging relationship on other comprehensive (loss) income for the six months ended June 30, 2023 and 2022, is summarized below:

	Amount of loss recognized in other comprehensive income (loss) on derivative, net of tax (effective portion) Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Derivatives in foreign exchange cash flow hedging relationships:		
Forward contracts	$ (151)	$ (571)
Option contracts	(520)	(2,774)
	$ (671)	$ (3,345)

Derivatives in foreign exchange cash flow hedging relationships for the six months ended June 30, 2023 and 2022, is summarized below:

		Amount of gain reclassified from other comprehensive income into income (expenses), net of tax (effective portion) Six months ended June 30,	
	Statements of income line	2023 (Unaudited)	2022 (Unaudited)
Option contracts to hedge payroll expenses	Cost of revenues and operating expenses	$ 405	$ 395
Forward contracts to hedge payroll expenses	Cost of revenues, operating expenses and financial expenses	292	43
		$ 697	$ 438

U.S. dollars (in thousands, except share and per share data)

Note 5. Leases

The Company entered into operating leases primarily for offices. The leases have remaining lease terms of up to 7.7 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:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Operating lease cost	$ 2,485	$ —
Short-term lease cost	135	—
Variable lease cost	76	—
Total net lease costs	$ 2,696	$ —

Supplemental balance sheet information related to operating leases is as follows:

	June 30, 2023	December 31, 2022
	(Unaudited)	
Operating lease ROU assets	$ 14,145	$ 15,653
Operating lease liabilities, current	$ 4,955	$ 5,003
Operating lease liabilities, long-term	$ 8,631	$ 10,353
Weighted average remaining lease term (in years)	3.37	3.83
Weighted average discount rate	1.72%	1.57%

Minimum lease payments for the Company's ROU assets over the remaining lease periods as of June 30, 2023, are as follows:

	Operating Leases
2023	$ 2,652
2024	$ 4,845
2025	$ 3,444
2026	$ 1,506
2027 and thereafter	$ 1,598
Total undiscounted lease payments	$ 14,045
Less: imputed interest	(459)
Present value of lease liabilities	$ 13,586

As of June 30, 2023, the Company have signed on new lease agreements for a total amount of $3,818 for offices in the United States, which has not yet commenced. The new operating lease commitment will commence on November 1, 2023, with a lease term of 10 years.

U.S. dollars (in thousands, except share and per share data)

Note 6. Commitments and contingent liabilities

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 June 30, 2023 and December 31, 2022, the Company is not involved in any claims or legal proceedings which require accrual of liability for the estimated loss.

Note 7. Shareholders' equity

a. Ordinary Shares

As of June 30, 2023 and December 31, 2022, the Company was authorized to issue 3,454,112,863 shares of par value NIS 0.00001 per Ordinary Share. The voting, dividend and liquidation rights of the holders of the Company's Ordinary Shares are subject to and qualified by the rights, powers and preferences of the holders of the preferred shares as set forth below.

Ordinary Shares 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.

b. Option and RSUs Plans:

A summary of the status of options under the Plans as of June 30, 2023 and changes during the relevant period ended on that date is presented below:

	Number of options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value
	(Unaudited)			
Outstanding at 31 December, 2022	20,457,660	$ 2.990	6.39	$ 30,984
Granted	1,338,281	4.965		
Exercised	2,828,128	2.554		
Forfeited	171,216	4.607		
Expired	9,089	7.921		
Outstanding at June 30, 2023	18,787,508	$ 3.179	6.25	$ 75,623
Exercisable at June 30, 2023	15,141,645	$ 2.910	5.74	$ 65,007

The weighted average fair values at grant date of options granted for the six months ended June 30, 2023 and 2022 were $2.65 and $3.25 per share, respectively.

U.S. dollars (in thousands, except share and per share data)

A summary of the status of RSUs under the Plans as of June 30, 2023 and changes during the relevant period ended on that date is presented below:

	June 30, 2023
	(Unaudited)
Unvested at beginning of year	6,391,352
Granted	4,315,861
Vested	1,219,519
Forfeited	752,114
Unvested at end of the period	8,735,580

The weighted average fair value at grant date of RSUs granted for the six months ended June 30, 2023 was $5.02.

The total equity-based compensation expense related to all of the Company's equity-based awards recognized for the six months ended June 30, 2023 and 2022, was comprised as follows:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Cost of revenues	$ 800	$ 587
Research and development	2,281	1,251
Sales and marketing	3,179	2,529
General and administrative	2,797	2,096
	$ 9,057	$ 6,463

As of June 30, 2023, there were unrecognized compensation costs of $48,936, which are expected to be recognized over a weighted average period of approximately 3.1 years.

U.S. dollars (in thousands, except share and per share data)

c. 2021 Employee Share Purchase Plan:

On August 5, 2021, the Company adopted the 2021 Employee Share Purchase Plan (“ESPP”).

The aggregate number of Ordinary 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 Ordinary Shares available for issuance under the Plan shall be increased by that number of Ordinary 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 Ordinary 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.

Note 8. Net (loss) income per share

The following table sets forth the computation of basic losses per share:

	Six months ended June 30,	
	2023	**2022**
	(Unaudited)	**(Unaudited)**
Numerator:		
Net (loss) income	$ (72,953)	$ 88,635
Basic net (loss) income attributable to Ordinary shareholders	(70,181)	85,130
Basic net (loss) income attributable to Restricted sponsor shares	(2,772)	3,505
Denominator:		
Weighted average number of Ordinary Shares used in computing basic (loss) earning per share	187,239,136	181,217,005
Basic net (loss) earning per share of Ordinary shareholders	$ (0.37)	$ 0.47
Weighted average number of Ordinary Shares used in computing diluted net (loss) earning per share	187,239,136	194,355,966
Diluted (loss) net earning per share of Ordinary shareholders	$ (0.37)	$ 0.44

The number of Ordinary Shares related to outstanding anti-dilutive options excluded from the calculations of diluted net earnings per share was 12,581,030 for six months ended June 30, 2023.

U.S. dollars (in thousands, except share and per share data)

Note 9. Fair value measurements

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.

During the year ended December 31,2022, 500 public warrants were exercised in a total amount of $5.

	Public Warrants (Level 1)	Private Placement Warrants (Level 3)	Total Warrant liability
		(Unaudited)	
Balance, December 31, 2022	$ 12,960	$ 7,055	$ 20,015
Change in fair value	11,640	10,623	22,263
Balance, June 30, 2023	$ 24,600	$ 17,678	$ 42,278

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 Ordinary 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:

	June 30, 2023	December 31, 2022
	(Unaudited)	
Number of private placement warrants	9,666,667	9,666,667
Exercise price	$ 11.5	$ 11.5
Share price	$ 7.20	$ 4.36
Expiration term (in years)	3.17	3.66
Volatility	51.7%	52.9%
Risk-free Rate	4.45%	4.13%
Dividend yield	0%	0%

U.S. dollars (in thousands, except share and per share data)

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 should be accounted for as liabilities measured at fair value through earnings since the restricted sponsor shares and the price adjustment shares are not eligible to be classified as equity pursuant to ASC 815-40.

	Restricted sponsor shares (Level 3)	Price adjustment shares (Level 3)	Total
		(Unaudited)	
Balance, December 31,2022	$ 17,532	$ 26,184	$ 43,716
Change in fair value of restricted sponsor shares and price adjustment shares	20,093	36,597	56,690
Balance, June 30,2023	$ 37,625	$ 62,781	$ 100,406

The following table provides quantitative information regarding Level 3 fair value measurements inputs as their measurement dates:

	June 30, 2023		December 31, 2022	
	Restricted sponsor shares	Price adjustment shares	Restricted sponsor shares	Price adjustment shares
	(Unaudited)			
Number of shares	7,500,000	15,000,000	7,500,000	15,000,000
Share price	$12.5-$30	$12.5-$17.5	$12.5-$30	$12.5-$17.5
Remaining exercise period	5.17	3.17	5.66	3.66
Share value	$2.95-$5.65	$3.42-$4.8	$1.17-$2.63	$1.32-$2.0

Note 10. Revenues

Disaggregation of Revenues

The following table provides information about disaggregated revenue by geographical areas:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
America	$ 77,223	$ 63,406
EMEA	52,141	42,616
APAC	18,554	18,936
Total	**$ 147,918**	**$ 124,958**

U.S. dollars (in thousands, except share and per share data)

Contract Balances

The following table provides information about accounts receivable, contract assets, and contract liabilities from contracts with customers:

	June 30, 2023 (Unaudited)	December 31, 2022
Contract liabilities, current	$ 158,942	$ 152,709
Contract liabilities, non-current	47,469	42,173

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 $194,882 and 159,409 of deferred revenue as of December 31, 2022 and 2021, respectively, the Company recognized $97,044 and $73,264 as revenue during the six months ended June 30, 2023 and 2022.

Remaining Performance Obligations

The Company's remaining performance obligations are comprised of product and services revenue not yet delivered. As of June 30, 2023 and December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was $302,564 and $276,409 respectively, which consists of both billed consideration in the amount of $206,411 and $194,882 respectively, and unbilled consideration in the amount of $96,153 and $81,527 respectively, that the Company expects to recognize as revenue. As of June 30, 2023, the Company expects to recognize the majority of its remaining performance obligations as revenue in the 12-month period ending on June 30, 2024.

Notes to Interim Consolidated Financial Statements
U.S. dollars (in thousands, except share and per share data)

Note 11. Financial (expense) income, net

	Six months ended June 30, 2023 (Unaudited)	Six months ended June 30, 2022 (Unaudited)
Financial income:		
Interest on deposits	$ 3,187	$ 345
Foreign currency translation differences	755	149
Remeasurement of liability instruments	—	94,739
Marketable securities	699	98
Other	355	52
Financial expenses:		
Remeasurement of liability instruments	(78,953)	—
Bank charges	(158)	(128)
Foreign currency translation differences	(631)	(148)
Others	(80)	(241)
Total	$ (74,826)	$ 94,866

Note 12. 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

	Six months ended June 30, 2023 (Unaudited)	Six months ended June 30, 2022 (Unaudited)
Revenues	$ 1,957	$ 1,719

b. Balances with SUN Corporation

	June 30, 2023 (Unaudited)	December 31, 2022
Trade receivables	$ 112	$ 122

Exhibit 99.2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

This operating and financial review and prospects provides information that we believe to be relevant to an assessment and understanding of our results of operations and financial condition for the period described. This discussion should be read in conjunction with our consolidated interim financial statements and the notes to the financial statements for the six months ended June 30, 2023, furnished with our Report of Foreign Private Issuer on Form 6-K. In addition, this information should also be read in conjunction with the information contained in our Annual Report on Form 20-F for the year ended December 31, 2022, filed with the Securities and Exchange Commission on April 27, 2023, including the consolidated annual financial statements as of December 31, 2022 and their accompanying notes included therein and "Item 5. Operating and Financial Review and Prospects."

Forward-Looking Statements

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

Key Components of Results of Operations

Revenue

Revenue consists of subscription, other non-recurring, 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 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.

- *Other non-recurring*- Other non-recurring revenue reflects the revenue recognized from sale of hardware related to our offering. Other revenue consists of sales of perpetual licenses related to products and revenue from usage-based fees. Perpetual license fees are recognized upfront assuming all revenue recognition criteria are satisfied. The license is installed on premise, mostly on customers' computers.

- *Professional Services*- Professional Services consists of revenue related to: (i) certified training classes by Cellebrite Academy; (ii) Cellebrite 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, other non-recurring, and cost of professional services.

- *Cost of Subscription services*- 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 Other non-recurring*- Cost of other non-recurring includes all direct costs to deliver perpetual license and other products, including hardware 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. Our gross margins fluctuate from period to period depending on the interplay of these various factors.

Operating Expenses

Operating expenses consist of research and development, sales and marketing and general and administrative expenses. The most significant components of our operating expenses are personnel costs, which is included in each component of the 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 personnel, subcontractors cost and consultancy services. Our costs of research and development also include facility-related expenses, recruitment and training, information system licenses, hosting, support, depreciation of equipment and others that contribute to the research and development operations. We focus our research and development efforts on developing new offering, core technologies and to further enhance the functionality, reliability, performance and flexibility of existing offering. 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 offering.

- *Sales and marketing.* Sales and marketing expenses primarily consist of personnel, sales and marketing and business development activities, 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 the growing of 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.

Financial (Expense) Income, Net

Financial (expense) 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, 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 table presents interim consolidated statement of operations data for the periods indicated and as a percentage of total revenues (in thousands of U.S. dollars).

	Six months ended June 30,	
	2023	**2022**
	($ in thousands)	
Revenue:		
Subscription services	$ 97,879	$ 70,387
Term-license	30,609	27,653
Total subscription	128,488	98,040
Other non-recurring	4,890	10,300
Professional services	14,540	16,618
Total Revenue	**147,918**	**124,958**
Cost of revenue:		
Cost of subscription services	9,438	8,112
Cost of term license	2	368
Total subscription	9,440	8,480
Cost of other non-recurring	5,907	5,498
Cost of professional services	10,090	10,103
Total cost of revenue	**25,437**	**24,081**
Gross profit	**$ 122,481**	**$ 100,877**
Operating expenses:		
Research and development	42,184	39,251
Sales and marketing	54,346	48,151
General and administrative	21,192	21,020
Total operating expenses	**$ 117,722**	**$ 108,422**
Operating income (loss)	**$ 4,759**	**$ (7,545)**
Financial (expense) income, net	(74,826)	94,866
(Loss) Income before tax	(70,067)	87,321
Tax expense (income)	2,886	(1,314)
Net (loss) income	**$ (72,953)**	**$ 88,635**

Revenue

	Six months ended June 30,		Change	
	2023	2022	Amount	Percent
	($ in thousands)			
Subscription services	$ 97,879	$ 70,387	$ 27,492	39%
Term-license	30,609	27,653	2,956	11%
Total subscription	**128,488**	**98,040**	**30,448**	**31%**
Other non-recurring	4,890	10,300	(5,410)	(53)%
Professional services	14,540	16,618	(2,078)	(13)%
Total Revenue	**$ 147,918**	**$ 124,958**	**$ 22,960**	**18%**

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 $30.4 million, or 31% for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to the Company's increased penetration selling more subscription licenses to its existing customer base, and the sale to new customers.

Other non-recurring

Other non-recurring decreased by $(5.4) million, or (53%) for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to the decrease in sale of perpetual license and usage-based fees, as the Company focus on the sale of subscription licenses.

Professional Services

Professional services revenue decreased by $(2.1) million, or (13%) for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to decrease in demand to its Cellebrite advanced services, a result of increasing the sale of these capabilities in the form of subscription licenses.

Cost of Revenue

	Six months ended June 30,		Change	
	2023	**2022**	**Amount**	**Percent**
	($ in thousands)			
Cost of subscription services	$ 9,438	$ 8,112	$ 1,326	16%
Cost of term license	2	368	(366)	(99)%
Total subscription	**9,440**	**8,480**	**960**	**11%**
Cost of other non-recurring	5,907	5,498	409	7%
Cost of professional services	10,090	10,103	(13)	0%
Cost of Revenue	**$ 25,437**	**$ 24,081**	**$ 1,356**	**6%**

Cost of Subscription services

Cost of subscription services increased by $1.0 million, or 11% for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. This increase is primarily due to an increase in customer success and customer support expenses.

Cost of Other non-recurring

Cost of other non-recurring revenue increased by $0.4 million, or 7% for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. This increase is primarily due to an increase in hardware production and shipping costs of $0.3 million.

Cost of Professional Services

Cost of professional services revenue decreased by $(13) thousands, or 0% for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022.

Gross Profit and Gross Profit Margin

	Six months ended June 30,		Change	
	2023	**2022**	**Amount**	**Percent**
	($ in thousands)			
Gross Profit:				
Subscription services	$ 88,441	$ 62,275	$ 26,166	42%
Term-license	30,607	27,285	3,322	12%
Total subscription	**119,048**	**89,560**	**29,488**	**33%**
Other non-recurring	(1,017)	4,802	(5,819)	(121)%
Professional services	4,450	6,515	(2,065)	(32)%
Total gross profit	**$ 122,481**	**$ 100,877**	**$ 21,604**	**21%**
Gross Profit Margins:				
Subscription services	90%	88%		
Term-license	100%	99%		
Total subscription	**93%**	**91%**		
Other non-recurring	(21)%	47%		
Professional services	31%	39%		
Total gross margin	**83%**	**81%**		

Subscription

Subscription gross profit increased by $29.5 million, or 33%, for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. Subscription gross profit margin marginally increased from 91% to 93%, for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, mainly due to efficiencies in customer success and customer support.

Other non-recurring

Other non-recurring gross (loss) profit decreased by $(5.8) million, or (121%), for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. Other non-recurring gross profit margin decreased from 47% to (21%), for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, mainly as a result of lower perpetual and usage-based fees revenue of $(5.4) million.

Professional Services

Professional services gross profit decreased by $(2.1) million, or (32%) for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. Services gross profit margin decreased from 39% to 31%, for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, mainly as a result of reduced efficiencies in the Cellebrite advance services of $1.3 million.

Operating Expenses

	Six months ended June 30,		Change	
	2023	**2022**	**Amount**	**Percent**
	($ in thousands)			
Operating expenses				
Research and development, net	42,184	39,251	2,933	7%
Sales and marketing	54,346	48,151	6,195	13%
General and administrative	21,192	21,020	172	1%
Total operating expenses	**$ 117,722**	**$ 108,422**	**$ 9,300**	**9%**

Research and development

Research and development expenses increased by $2.9 million, or 7%, for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. This increase is attributable to an increase in salaries and related costs of employees and subcontractors of $0.5 million, hosting and IT services of $1.1 million and facilities related expenses of $0.7 million.

Sales and marketing

Sales and marketing expenses increased by $6.2 million, or 13%, for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. The increase primarily relates to higher salaries and related costs of employees and commissions earned by sales personnel of $3.7 million and an increase of $1.5 million professional services expenses.

General and administrative

General and administrative expenses increased by $0.2 million, or 1%, for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. The increase primarily relates to higher salaries and related costs of employees of $1.4 million and increase of $0.6 million in professional services offset by a decrease in D&O insurance expenses of $0.9 million and decrease in bad debt expenses of $0.7 million.

Finance (Expense) Income, net

Finance (expense) income, net decreased by $169.7 million, or (179%), for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. 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 $4.2 million, or (320%), for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, mainly as a result of tax income related to dividend distributed from trapped earnings and as a result of a profit position in 2023.

Liquidity and Capital Resources

Our cash, cash equivalents, short-term deposits and marketable securities were $245 million as of June 30, 2023, in comparison to $206 million as of December 31, 2022.

During the six months ended June 30, 2023, we generated our cash primarily from our business operations. Our current 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 six months ended June 30, 2023 and 2022, our capital expenditures amounted to $1.9 million and $3.9 million, respectively, primarily consisting of expenditures related to investment in property, equipment and software, and we expect that our capital expenditures for the next 12 months will relate to the same needs. We may 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, 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

	Six months ended June 30,	
	2023	2022
	($ in thousands)	
Net cash provided by (used in) operating activities	$ 29,052	$ (14,610)
Net cash used in investing activities	$ (14,806)	$ (41,992)
Net cash provided by financing activities	$ 8,419	$ 4,688

Operating Activities

For the six months ended June 30, 2023, cash provided by operating activities was $29.1 million, mainly as a result of the following: decrease in Trade Receivables of $18.1 million and an increase in Deferred Revenue of $10.6 million, as a result of increased sales to customers and collection from customers.

For the six months ended June 30, 2022, cash used in operating activities was $14.6 million, mainly as a result of the following: decrease in trade payables of $5.8 million and other accounts payable and accrued expenses of $9.2 million.

Investing Activities

Cash used in investing activities for the six months ended June 30, 2023 was $(14.8) million, primarily as a result of investment and maturities in short term deposits, net of $15.4 million, offset with investment and maturities in marketable securities, net of $2.5 million.

Cash used in investing activities for the six months ended June 30, 2022 was $(42.0) million, primarily as a result of investment and maturities in marketable securities, net of $55.5 million offset with investment and maturities in short term deposits, net of $17.4 million.

Financing Activities

Cash provided by financing activities in the six months ended June 30, 2023 was $8.4 million, as a result of proceeds from exercise of share options to shares of $7.2 million and proceeds from Employee Share Purchase Plan, net of $1.2 million.

Cash provided by financing activities in the six months ended June 30, 2022 was $4.7 million, as a result of proceeds from exercise of share options to shares of $4.7 million