

Cellebrite DI Ltd. (NASDAQ: CLBT)

Initiating Coverage with a Buy-Rating

Digital Investigations at Scale

Cellebrite is an Israeli software company focused on digital investigations. It develops software that helps investigative teams to extract and analyze data from devices and cloud for use as evidence in criminal, national security, and internal corporate investigations.

The digital forensics market runs on trust and performance because evidence has to hold up through supervision, legal review, and audit. We expect the market to expand as geopolitical tensions and rising cyber threats increase the need for digital investigations. At the same time, activity continues to shift toward devices and the cloud, while AI drives a sharp increase in the volume of data investigators must analyze.

Modern digital investigations generate large volumes of device and cloud data, and progress often slows after collection as teams organize and review evidence. This is where CLBT comes in, enabling teams to convert locked device and cloud data into usable and traceable evidence for law enforcement.

Cellebrite's product suite supports that process by keeping evidence in one case file instead of spreading the evidence files across copies. Teams can extract and decode device and cloud data, review it in a single workspace, and collaborate across a unit.

We initiate coverage with a Buy-Rating, given Cellebrite's strong industry position, consistent execution, and attractive valuation to its growth profile.

Investment Thesis Summary:

1) Best-in-Class Recurring Software Model: The business operates on a subscription-based model integrated into mission-critical workflows, resulting in high switching costs and strong revenue visibility.

2) Double-Digit Revenue Growth with High Visibility: Revenue has grown at approximately ~20% on average, driven by expansion within the existing customer base. We expect growth to remain at ~20% in 2026 and sustain double-digit levels for several years thereafter.

3) Continued Margin Expansion Opportunity: Operating leverage has driven ~50% incremental EBITDA margins, supported by software mix and G&A leverage. Margins are earlier in the maturation curve relative to scaled software peers, leaving room for further profitability improvement.

4) Undervalued Given Free Cash Flow Generation: With a free cash flow conversion sustainable above 100% and low capital intensity, the business generates significant cash. At its current 18.6x EV/FCF, the stock trades at a discount to peers and its underlying business quality and growth profile. We apply a 22.0x FCF multiple to derive a \$22.6 price target for 2026.

Léo-Pierre Trudel
leo.trudel.aurelion@gmail.com

Jérémie Boyer
jeremie.boyer.aurelion@gmail.com

Sami Mabsout
sami.mabsout.aurelion@gmail.com

Rating (2026/01/23)	BUY
Industry	Technology
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Price Targets	
Share Price (2026/01/23)	\$15.9
1-Year Price Target	\$22.6
5-Year Price Target	\$41.0
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Financial Overview (USD)	
Market Cap	3.96B
Net Debt / (Net Cash)	(525M)
Enterprise Value	3.44B
Dividend Yield	0.0%
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Financials Estimates	
Sales (FY 2025E)	476.7M
EBITDA (FY 2025E)	128.8M
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Valuation Metrics	
EV/EBITDA (NTM)	21.4x
EV/FCF (NTM)	18.6x

Five-Year Price Performance Chart



Table of Contents

Company Overview.....	3
A) Operating Context and Adoption.....	4
B) Management Overview.....	6
C) Company Segment Overview.....	7
Industry Overview.....	13
Financial Overview.....	15
Investment Thesis.....	23
Investment Risks.....	24
Financial Forecasts.....	25
Financial Valuation.....	27
Price Target.....	32
Disclosures.....	33

Company Overview

Cellebrite is an Israeli software company focused on digital investigations. Its software enables investigative teams to extract, analyze, and use device and cloud data as evidence. CLBT has built a leading position in digital intelligence, a market where trust and performance create high barriers to entry and support durable competitive advantages.

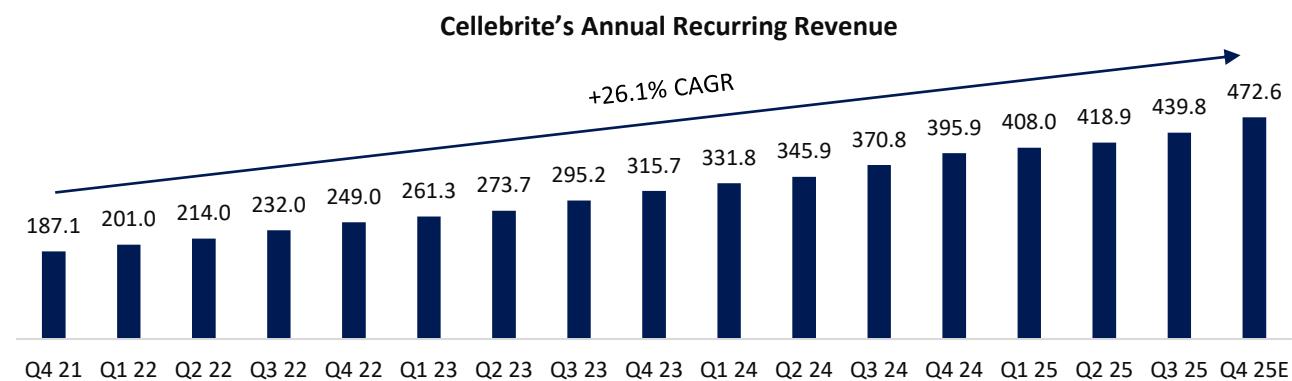
Modern cases generate large volumes of device and cloud data, and progress often slows once that data has to move across people and systems. The time loss usually shows up after collection, when teams are organizing material and keeping the case record consistent through review and reporting.

This is where the platform is most useful: when teams need to turn locked data into usable evidence while maintaining control over the investigative process.

The value of the suite is most evident in time-sensitive cases, particularly when a locked device becomes a bottleneck. Delays at the data access stage cascade through the investigation, slowing analysis and increasing the amount of manual work required to organize and preserve evidence. Cellebrite's workflow is designed to carry teams from access through analysis within a single system, helping maintain traceability and consistency when findings must withstand court scrutiny or internal review.

The company was founded in 1999 in Petah Tikva, Israel, and shifted in the early 2000s toward digital forensics focused on mobile devices. Cellebrite went public in August 2021 through a merger with TWC Tech Holdings II, at a valuation of \$2.4B, raising \$370M of fresh capital. Today, its footprint is broad. As security researcher Cooper Quintin noted in an interview with The Verge, *“Almost every police department in the nation has a device called the Cellebrite.”*

AI further strengthens this workflow as evidence sets continue to grow. As data volumes increase, AI becomes more effective at rapidly sorting information and identifying relationships that would take investigators significantly longer to uncover manually. In investigative workflows, even modest improvements in review speed and consistency compound over time, delivering meaningful efficiency gains across cases and teams.



Source: Aurelion Research

Management has also signaled progress on the Sun Corp overhang, noting that opportunities may emerge over the coming quarters and years for Sun to reduce its stake in a structured and orderly manner.

Operating Context and Adoption

Operating momentum strengthens in H2 2025. In Q3 2025, Cellebrite revenue grew 18% year over year, while subscription revenue increased 21% and reached 67% of total revenue, which we view as a meaningful mix shift toward recurring software and better visibility. At the same time, ARR expanded 19% to \$440M, and cloud solutions are growing 3 times faster than total ARR, which supports more flexible deployments and broader usage once customers are live.

The company has a clear expansion path inside customers already using its software. The installed base refers to agencies and organizations that already have Cellebrite deployed. Inseyets is the core extraction and review tool, and migrations describe customers moving from older Inseyets versions onto the current generation. That migration rate reached 47% of the installed base, which matters because upgrades often expand how broadly the tools are used and create a natural opening to add more of the suite.

Sample of Key Customers and Partners



RICOH

anexsys

Exodus Road

aws

Source: Aurelion Research

Guardian is the evidence and case management platform, with ARR growing over 100% for the fifth consecutive quarter as customer adoption more than doubled year over year, reflecting expanding usage across existing customers. As the product becomes embedded in daily investigative workflows, this adoption typically converts into recurring spend. The financial profile reflects this software mix and operating leverage, with ~85% gross margins, ~30% EBITDA margins, and consistently strong free cash flow.

Cellebrite's management reiterated FY25 ARR guidance of \$460M to \$475M and expects revenue growth to accelerate into the high teens in 2026, which we view as consistent with continued adoption and a revenue mix that keeps shifting toward recurring software.

Competitive Advantage

Cellebrite has built a leading position in digital intelligence, a market where trust and proven performance create high barriers to entry. The advantage is best understood by looking at how agencies choose vendors, how tools must keep pace with constant technical change, and why workflows tend to stay in place once adopted.

Agencies select investigation software based on whether the evidence it produces and the steps used to collect it will still be accepted later, such as in court, during an internal review, or under audit. If evidence can be challenged or the process cannot be reproduced consistently, the case can fail. As a result, agencies favor vendors with a long track record of producing defensible evidence across many cases, which keeps budgets concentrated with trusted providers.

The environment also keeps pressure on tools to keep up. Digital investigation tools must continuously adapt to new phones, operating systems, and applications. If a tool fails to access a device at a critical moment, the investigation can stall entirely. Cellebrite benefits from many years of ongoing development that have expanded device and application coverage, while newer competitors often lack the scale, historical data, and engineering depth to keep pace at the same speed.

Once a tool is embedded in daily operations, agencies standardize training, procedures, and evidence handling around that workflow. This makes switching costly, as changing tools requires retraining staff and introduces procedural risk that could weaken future cases.

The broad product suite reinforces CLBT's advantage by consolidating the entire investigation process into one system. Investigators extract data, analyze it, and manage the case record without moving files between multiple tools. This reduces manual handling, limits inconsistencies, and lowers the risk of procedural errors. Because Cellebrite is used across thousands of real investigations, the company sees exactly where access breaks, which applications change, and which steps slow cases. That direct exposure allows it to update coverage faster and more reliably than competitors, helping maintain its lead as devices and software continue to evolve.

Management Overview



Thomas Hogan
CEO

Thomas Hogan is a veteran enterprise software executive with experience running large software organizations. He previously led Hewlett-Packard's software division, overseeing a multi-billion-dollar portfolio and stabilizing a business that had been losing money. He later served as CEO of Veritas Technologies, where he managed a global data management software platform used by large enterprises. Since joining Cellebrite roughly three years ago, Hogan has overseen the transition toward a recurring revenue model and led the strategic acquisition of Corellium, expanding Cellebrite's access to modern mobile operating systems.



David Barter
CFO

David Barter brings public-company SaaS finance experience and transaction exposure. At New Relic, he helped scale the business to nearly \$1B in revenue, supported margin improvement, and played a key role in the company's \$6.5B take-private transaction. His background spans budgeting, pricing, and cash flow management in subscription software businesses. Since joining Cellebrite less than a year ago, Barter has been focused on improving financial transparency, supporting margin expansion, and preparing the company to allocate growing free cash flow more deliberately.



Chris Wade
CTO

Chris Wade joined Cellebrite following the acquisition of Corellium, which he co-founded. Corellium is a specialized platform used by security researchers, enterprises, and government agencies to virtualize and analyze modern mobile operating systems, including iOS, at a high technical level. Wade's background is in mobile OS internals, virtualization, and vulnerability research. Since joining Cellebrite less than a year ago, he has focused on integrating Corellium's technology into Cellebrite's platform, expanding access to locked devices, and advancing automation and cloud-based investigative workflows.

CEO Transition and Management Execution

The transition to Thomas E. Hogan has been orderly and low risk, with no disruption to strategy or operating momentum. Execution has remained consistent, with continued revenue growth, ARR expansion, and better profitability. Since the leadership change, Cellebrite has also delivered higher operating leverage, expanding EBITDA, and stronger free cash flow generation, supported by disciplined cost control.

Management has reaffirmed its long-term priorities, including SaaS mix expansion, automation-led efficiencies, and disciplined capital allocation.

Sun Corporation Ownership

Sun Corporation is a long-term shareholder of Cellebrite and has supported the company through multiple stages of its development. Management has indicated that Sun Corporation intends to gradually reduce its ownership over time, which would increase public float and liquidity. We view this as a natural post IPO evolution as the shareholder base expands and liquidity improves, while the company continues to operate independently.

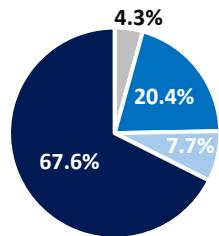
Business Overview

Subscription services represent nearly 68% of revenue, with term licenses contributing an additional 20.4%, resulting in the majority of revenue coming from recurring software rather than one-off delivery.

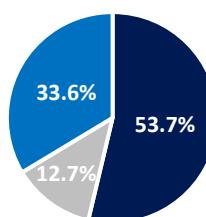
Professional services are around 8% and other non-recurring revenue is 4.3% for FY 2024. We view Cellebrite's revenue mix as supportive of better visibility and operating leverage.

2024 Revenue Mix

Revenue Mix by Segment



Revenue Mix by Geography



■ Other Non-Recurring ■ Term-License
■ Professional services ■ Subscription Services

■ Americas ■ APAC ■ EMEA

Source: Aurelion Research

Cellebrite Segment Overview

Cellebrite's product suite is organized around the workflow of a digital investigation, with each segment supporting a distinct phase of how evidence moves through a case. Inseyets focuses on data extraction and core review. Guardian manages evidence storage, access, and chain of custody across investigative teams. Pathfinder then brings extracted data into a connected analytical environment, and Corellium extends the platform with mobile virtualization for controlled testing and more thorough technical analysis.

The sections that follow examine each segment in detail, with attention to practical use cases, adoption dynamics, and the sources of incremental upside as usage broadens within the installed base.

Digital Investigation Workflow and Product Alignment



Segment 1: Inseyets

Cellebrite Inseyets is the company's core collection and review platform. It gives investigators an end-to-end workflow to extract data from devices and cloud accounts, decode it into a usable format, and package it into case ready outputs while maintaining clean custody records. Deployment flexibility allows investigators to run extractions locally when data must remain inside secure or air-gapped environments, such as sensitive law enforcement or national security cases. When investigations involve large cloud accounts, encrypted backups, or multiple devices, teams can instead use cloud infrastructure with greater compute capacity and stability.

The goal of Inseyets is to bring together the advanced extraction and unlocking capabilities customers know from UFED and the former premium offering, and pair them with the decoding and review engine that evolved from Physical Analyzer. The result is a single place to capture, decode, and review evidence, with review outputs that stay tied to the source data so case files are easier to validate and share.

The system has been upgraded with a database-based foundation that improves stability as usage scales, and it adds more helpful context in the review layer, including clearer location handling and better signals on where media came from. It also supports faster decoding engine updates, so new data types and formats can be added more quickly as apps and devices change.

Inseyets Product



Source: AppleInsider

Typically, usage tends to spread beyond a small group and become standard across the unit. That broader adoption supports retention as CLBT becomes entrenched in workflows

The value proposition increases as volume and complexity rise. When Inseyets reduces repeat work and keeps results consistent, teams move cases through faster and supervisors can keep the workflow under control. As it becomes part of routine casework, expansion typically follows through wider use and more seats, with additional modules added as needs grow.

Segment 2: Guardian

Cellebrite Guardian is a cloud-based product for managing digital evidence across a case. It provides a secure place to bring evidence in, store it, and make it available for review and sharing under controlled access. Custody tracking and audit records sit inside the system, which supports consistent handling from intake through review and reporting.

Digital investigations often slow down when evidence and case details move across teams and tools. Large files can strain local storage and create workflow issues through transfers and rework. Guardian keeps evidence centralized with permissions and activity logs built in. Compared to previously available software, this supports faster collaboration and reduces operational risk as case volume and file sizes grow.

In 2026, Cellebrite plans to launch Investigate, a new product that expands Guardian beyond evidence storage into active case management. Investigate is designed to sit on top of Guardian. Instead of managing evidence after collection, teams will be able to coordinate tasks, track progress, and hand off cases between units within the same controlled environment. This reduces reliance on emails, shared drives, and manual status updates while preserving custody controls as cases move through different stages.

Guardian Product



Source: Cellebrite Website

A common Guardian use case is a file worked by several people, where the main risk is evidence spreading through copies. The lead team uploads the material once into Guardian. Access is then granted to analysts and supervisors so everyone works from the same set of files in the same workspace.

Guardian logs access and actions as work happens, so the custody record is clear when the file needs to be reviewed, shared, or prepared for court.

Segment 3: Pathfinder

Pathfinder is Cellebrite's analytics product for digital investigations. It takes data extracted from phones and cloud accounts and turns it into a single case view that teams can search and review quickly. The aim is to help investigators move from files to an understanding of what happened, with less time spent sorting and rebuilding context by hand.

Pathfinder is the weakest part of the suite competitively as it holds <1% share and faces Palantir, Verint, Magnet. Pathfinder adoption is still in early stages.

It organizes evidence across sources in practical ways. Communication views show who connected with whom and on which device. Timelines place activity from different sources into one sequence so teams can follow events without jumping between files. Search and filters, along with links between items like contacts and locations, help connect evidence that would otherwise sit in separate pulls.

Once the evidence is organized that way, the workflow usually speeds up. Teams spend less time reconciling separate exports and more time validating what matters, and the same organization carries into case reporting, so case preparation tends to require fewer manual steps.

Pathfinder Product



Source: Cellebrite Website

Pathfinder works best when a case includes both a phone extraction and cloud data, and the key question is sequence. A phone may show messages and calls, while a cloud account adds email, photos, and app activity.

Pathfinder pulls those sources into one timeline so an investigator can see what happened first, what followed, and where the story breaks, without having to compare separate exports and timestamps by hand.

Segment 4: Corellium (Recent Acquisition)

Cellebrite completed the acquisition of Corellium on December 2, 2025. Corellium adds software that can create fully functional virtual versions of smartphones, along with a specialized engineering team focused on mobile operating systems. Management framed the close as both a capability and talent upgrade, with the CEO pointing to strong demand since the announcement, including being “overwhelmed by interest in Corellium’s solutions.”

What Corellium Adds to the Suite

Corellium allows teams to work with a virtual phone instead of a physical one. Rather than needing a real iPhone or Android device on a desk, investigators or security teams can open a software-based version of the phone that behaves the same way. Apps, operating systems, and settings can be changed, reset, and tested repeatedly without damaging or locking a real device.

This is key because modern phones change constantly. Apps update, operating systems change, and encryption gets tighter. With physical devices, teams often need multiple phones, specific versions, and repeated resets. Corellium removes that constraint by letting teams test the same scenario over and over in a controlled environment.

For example, instead of waiting for a specific phone model running a specific software version, a team can instantly recreate that setup in software and test how an app behaves, how data is stored, or how a system reacts to changes.

Corellium Product



Source: Corellium Website

Expanded Workflows Beyond Traditional Investigations

Cellebrite positions Corellium beyond investigations, serving mobile security and engineering teams focused on ongoing testing of apps, operating systems, and vulnerabilities rather than individual investigative cases.

Corellium's customers are primarily mobile security, telecom, and technology teams rather than investigators working live cases.

A typical use case is security testing after an app or operating system update. Teams can simulate the update in a virtual phone, see what changed, and identify issues or vulnerabilities without needing dozens of physical devices. This speeds up testing, lowers hardware costs, and keeps workflows consistent as software evolves.

The key benefit is repeatability. Teams can run the same test today, next week, or after an update and get consistent results, which is difficult to do with physical phones.

TAM Expansion

Corellium expands Cellebrite's addressable market by adding a durable private sector lane alongside its core public sector base. The buyer is often a security or engineering organization that runs continuous testing, which supports recurring usage and broader deployments once adopted. The Fortune 100 telecom quote on "tripling our security testing coverage while cutting costs by over 60%" frames the value in operating terms, and it also suggests why the spend can scale across teams after an initial land.

Financial Terms and Near-Term Model Treatment

Cellebrite acquired Corellium for an enterprise value of \$170M. Consideration included \$150M of cash paid at closing and \$20M converted to equity, plus up to \$30M of additional cash tied to performance milestones over the next 2 years.

Management reiterated that Q4 2025 and full year 2025 expectations, last provided on November 12, 2025, excluded any Corellium impact, and it did not update 2025 outlook given only 1 month of Corellium revenue and costs.

Regulatory and Leadership Details

Cellebrite said the transaction was allowed to close under a national security agreement negotiated with relevant government agencies, while the CFIUS process remains active. CFIUS is a U.S. government review for deals that can raise national security questions, and it can require ongoing commitments around how certain technology is handled and who can access it.

On leadership, Chris Wade, Corellium's co-founder and previously chief technology officer, joined Cellebrite as chief technology officer.

Our View of the Acquisition

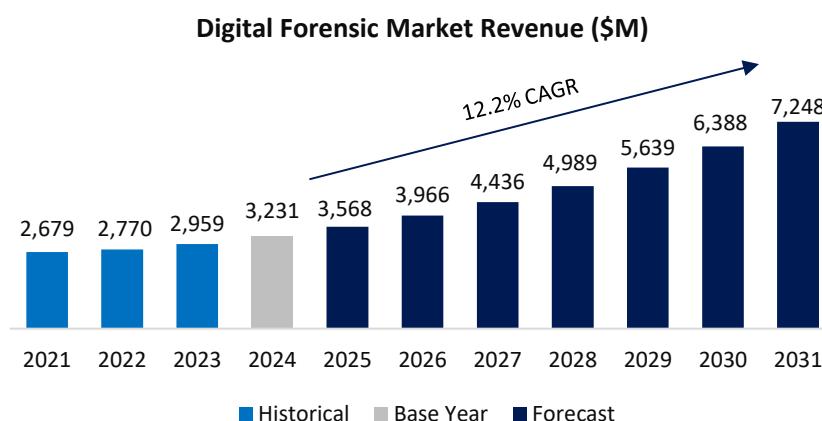
Corellium adds meaningful product depth and TAM to Cellebrite in the private sector. We believe the ROI will highly depend on if the company is able to integrate this new technology across the other existing workflows.

This is clearly a bolt-on M&A, acquired for the technology rather than for Corellium's earnings. We expect Corellium is expected to contribute approximately \$15M to Cellebrite's Annual Recurring Revenue (ARR), but to scale fast over time. The company is reported to have an existing sales pipeline in the "8 figure ballpark".

Industry Overview: Digital Forensics Software

Cellebrite operates in the digital forensics software market, where it holds a leading position. Over the past few years, the market has evolved as software capabilities have improved, allowing teams to handle larger volumes of data more efficiently, with AI increasingly supporting this work.

The digital forensics software segment was around \$3.2B in 2024 and is expected to reach almost \$7.2B by 2031, implying a **12.2% CAGR**. We view this as a durable growth profile, with continued improvement in data storage and computing efficiencies.



Source: The Insight Partners' Analysis

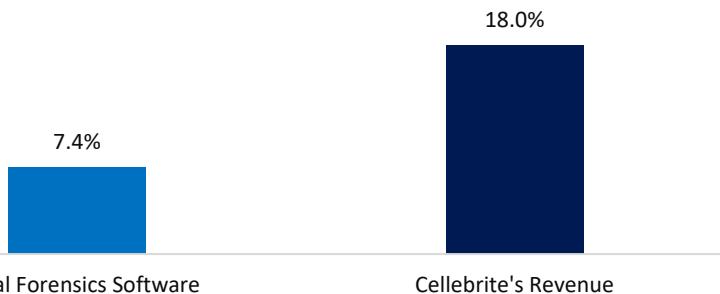
Demand is clearly structural. Rising cyber and digital crime means investigations increasingly involve encrypted devices, multiple data sources, and large data volumes that must be processed and preserved under strict evidentiary standards. At the same time, advances in cloud computing and analytics expand what can be examined, supporting sustained long-term spending on digital investigation tools rather than a short-term technology cycle.

In this context, agencies increasingly rely on a common system to review and prepare investigations across teams. As one system is used more broadly, usage expands beyond initial specialists to a wider group of investigators, and spending scales with case volume. **We believe Cellebrite's product offering fits this need particularly well.**

In our view, this supports a more recurring revenue mix, with ARR expanding as more investigators and cases run through Cellebrite's software over time, which should benefit CLBT's growth and cash generation.

To put this in perspective, CLBT has been consistently gaining market share in the digital forensics software market in recent years, as its solutions align directly with the fastest-growing segments and compare favorably with competitors.

2021 - 2025 Organic CAGR



Source: Aurelion Research

Cellebrite's Offering vs Competitors

CLBT is often described as the "800-pound gorilla" of the digital intelligence space. The company dominates the market and many niches, though certain niche specialists outperform Cellebrite in specific areas.

1) Grayshift: viewed as the leading provider for iOS extraction. Their *GrayKey* tool is often "marginally superior" to Cellebrite's Premium for brute-forcing modern iPhones and can sometimes crack passcodes faster. However, they offer a "point solution" only. They lack an end-to-end platform and have no internal analytics or review tool, forcing their users to export data to Magnet Axiom or Cellebrite's Physical Analyzer.

2) Magnet Forensics: Their *Axiom* tool is highly regarded for its ability to combine computer and mobile data into a single investigation. However, their mobile extraction "success rates" and device support matrix are generally viewed as lagging behind Cellebrite. Some users find their interface "unintuitive" for non-technical investigators compared to Cellebrite's cleaner UX.

3) MSAB: Strong in logical extractions (fast, standard data capture) and holds an established footprint in Europe. Their *XAMN* tool is considered the #2 mobile analysis tool globally. However, they also lag behind Cellebrite in "Physical" and "File-System" extractions (deep, encrypted data). Unlike Cellebrite or Magnet, they have virtually no computer forensics offering.

Despite Cellebrite's dominance, it is industry best practice for a forensic lab to maintain a "dual-tool strategy". The evidence is more compelling in court if it is validated independently by two different software solutions. Because encryption and security (Apple/Google) are constantly evolving, a lab might use Cellebrite for an Android phone but find that Grayshift is the only tool that can crack a specific new version of iOS.

Financial Overview

ARR and Revenue Trajectory

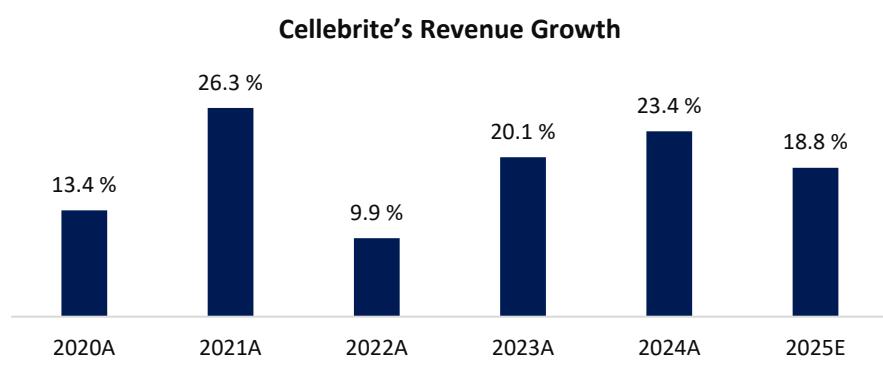
Annual recurring revenue has expanded steadily, rising from \$92M in 2019 to \$477M in 2025. ARR growth has outpaced revenue growth, supported by strong retention, increased module adoption, and continued cloud migrations. By migrating its global public sector customer base to recurring contracts for platforms like Inseyets and Guardian, the company increased its ARR revenue mix to almost 100%. Growth moderated from the mid-20% range to 17% as the business scaled. We view this as a natural maturation of a larger installed base.



Source: Aurelion Research

Revenue Growth Trends

Revenue growth has been slightly volatile year to year, which is typical when mix shifts and expansion timing varies by customer. We view the current level as consistent with a business that is compounding on recurring software revenue, with ARR staying ahead of revenue as Cellebrite's suite expands inside existing customers.

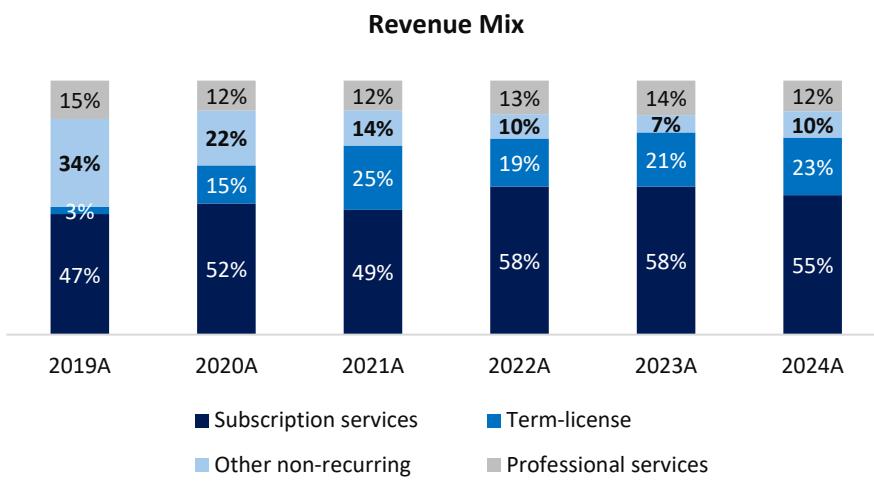


Source: Aurelion Research

Revenue Mix

The revenue mix has shifted steadily toward recurring software. Subscription services rose from 47% of revenue in 2019 to 55% in 2024. Term licenses also became a larger piece of the model, moving from 3% in 2019 to 23% in 2024. Over the same period, other non-recurring revenue declined from 34% to 10%, while professional services stayed in a narrow range around 12% to 15%.

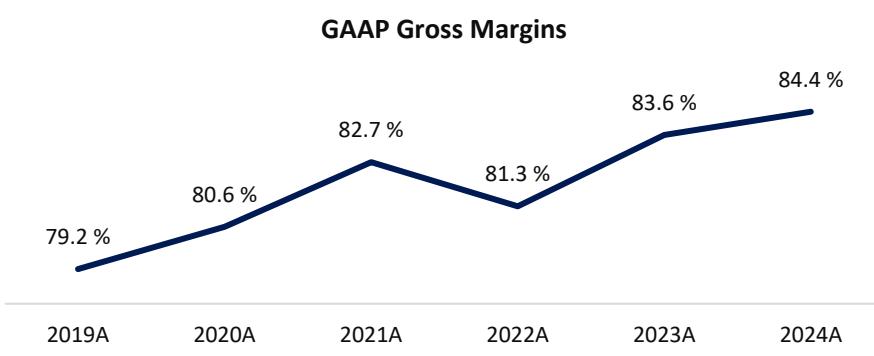
We view the mix shift as supportive of better revenue visibility and a larger base of recurring spend that can expand within existing accounts. We believe this is a clearly higher quality revenue base that has less risk and therefore deserves a higher valuation.



Source: Aurelion Research

Margin Evolution

Gross margin expanded from 79.2% in 2019 to 84.4% in 2024. The trend is consistent with a higher software mix and the ability to scale the platform with limited incremental cost. Margins dipped to 81.3% in 2022 as mix and investment weighed on the period. Margins then recovered to 83.6% in 2023 and 84.4% in 2024 as the mix improved and scale benefits flowed through.



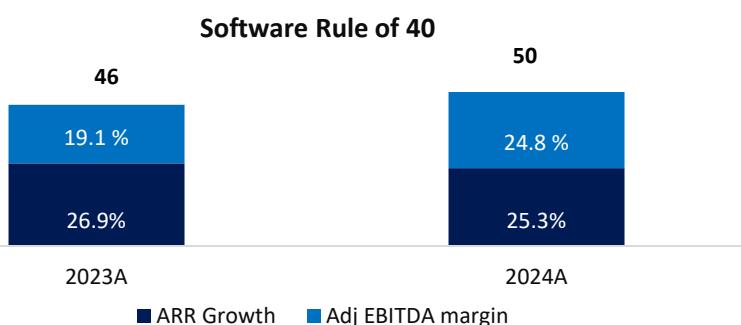
Source: Aurelion Research

Cellebrite's financial profile is increasingly reflecting a scaled software business. Growth has stayed strong while profitability improved, driven by a larger recurring base and expanding module adoption inside existing customers. Given the public sector exposure, deal timing can still move quarterly results around, so the better read comes from recurring revenue growth and a focus on yearly performance.

A word on The Rule of 40

The Rule of 40 says a SaaS company's revenue growth plus margin should total at least 40 percent. It is used because it balances growth and profitability in a single, intuitive framework. High growth often comes at the expense of margins, while strong margins can signal slower growth. By combining the two, the metric helps investors, boards, and management teams judge whether a SaaS company is creating value while scaling, rather than pursuing growth at any cost or profitability too early.

CLBT's Rule of 40 performance shows that growth and profitability are scaling together. The company delivered a score of 50 in 2024, driven by 25.3% ARR growth and 24.8% adjusted EBITDA margins. We view the combination as attractive because margins improved while growth stayed strong, which points to stronger operating leverage as renewals and module expansion continues.



Source: Aurelion Research

Margins continue to improve in 2025. Adjusted EBITDA rose sharply from 2022 through 2024, with margins expanding meaningfully after a softer 2022. **For 2025, we assume adjusted EBITDA of \$128.8M and a 27.0% margin.** This outlook reflects a higher mix of recurring software and a cost structure growing more slowly than revenue. Management has been guiding to 26-27% for 2025 but with a beat and raise in Q3 we expect margins to be on the high-end of that guidance.

Find Cellebrite's cost structure on the next page.

Cellebrite's Cost Structure	2019A	2020A	2021A	2022A	2023A	2024A	2025E
Gross Profit	136,031	157,034	203,689	219,905	271,879	338,610	400,339
% margin	79.2 %	80.6 %	82.7 %	81.3 %	83.6 %	84.4 %	84.0 %
<u>Operating Expenses</u>							
Research and development	(61,610)	(61,305)	(76,389)	(80,620)	(84,386)	(98,415)	(115,167)
% of sales	35.9 %	35.7 %	44.4 %	46.9 %	49.1 %	57.3 %	67.0 %
Sales and marketing	(46,573)	(54,377)	(65,541)	(97,387)	(110,813)	(132,389)	(159,091)
% of sales	27.1 %	27.9 %	26.6 %	36.0 %	34.1 %	33.0 %	33.4 %
General and administrative	(29,368)	(32,134)	(47,937)	(40,854)	(43,443)	(50,900)	(62,309)
% of sales	17.1 %	16.5 %	19.5 %	15.1 %	13.4 %	12.7 %	13.1 %
EBIT	(1,520)	9,218	13,822	1,044	33,237	56,906	63,772
% EBIT margin	(0.88 %)	4.73 %	5.61 %	0.39 %	10.22 %	14.18 %	13.38 %
Depreciation		5,879	7,007	9,194	10,011	10,607	11,171
% of sales		3.0 %	2.8 %	3.4 %	3.1 %	2.6 %	2.3 %
EBITDA		15,097	20,829	10,238	43,248	67,513	74,943
% margin		7.7 %	8.5 %	3.8 %	13.3 %	16.8 %	15.7 %
Share-based compensation		7,271	6,480	13,708	18,998	30,575	51,069
% of sales		3.73%	2.63%	5.06%	5.84%	7.62%	10.71%
1-time adjustments		8,750	20,596	1,960	(300)	1,289	2,804
Adj EBITDA	31,118	47,905	25,906	61,946	99,377	128,816	
% margin		16.00 %	19.50 %	9.57 %	19.05 %	24.77 %	27.02 %

Source: Aurelion Research estimates, Annual Report

Gross margins are impacted in 2025 as Cellebrite invests for further growth.

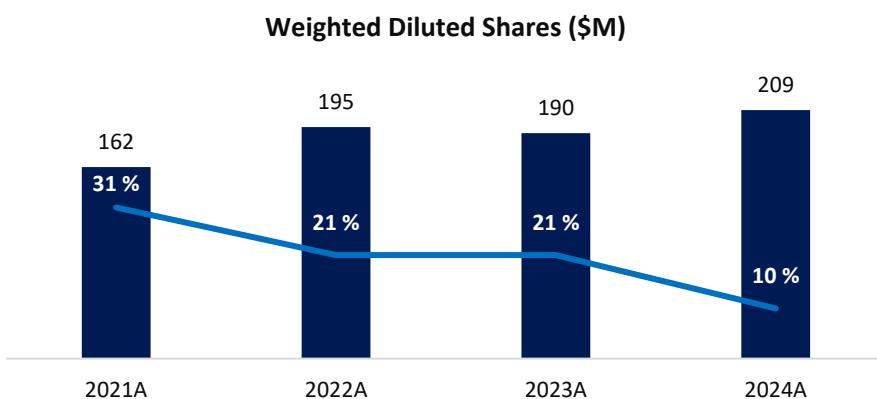
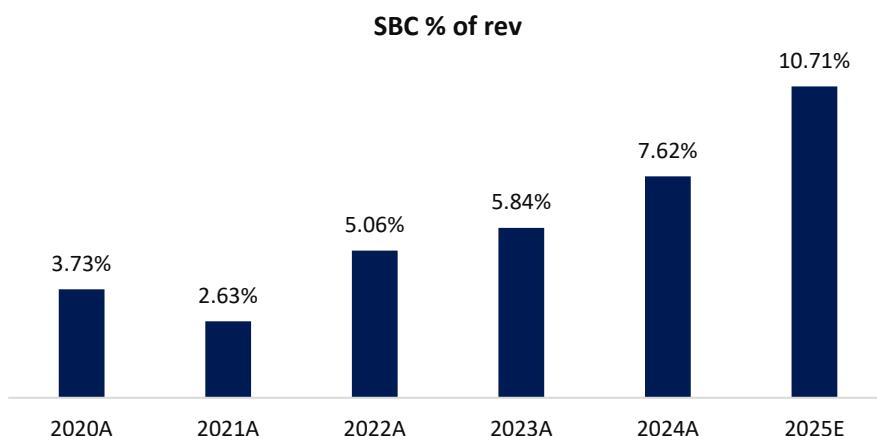
The company has increased spending on infrastructure to support the rapid growth of its SaaS and cloud-based solutions, such as Guardian. These investments specifically caused the Subscription Gross Margin to drop from 92.9% to 91.1% in the third quarter of 2025. Moreover, costs associated with achieving FedRAMP authorization (expected in early 2026) have added to the cost of revenue as the company prepares its cloud platform for U.S. federal agency standards.

Share-based Compensation and Dilution

Share-based compensation (SBC) has become a larger expense line relative to revenue, and it also matters for dilution. SBC was 3.7% of revenue in 2020 and progressively moved higher to an estimated 10.7% in 2025. This is a key concern for investors as it affects both reported profitability and the per share outcome.

The fully diluted share count has also stepped up over time. High SBC and low buyback activity has led to weighted diluted shares rising from 161.5M in 2021 to 209.5M in 2024. This is where equity awards and other instruments such as options and warrants show up economically, even when cash flow was strong.

We view dilution control as a key part of the equity story, and we would look for SBC to moderate as the business scales and free cash flow generation reduce the need for capital.



Source: Aurelion Research estimates, Annual Report

EBITDA Margin Expansion with Dilution Context

Adjusted EBITDA margins have improved meaningfully over time, reaching 24.8% in 2024 versus 16% in 2020. The pattern is clear operating leverage showing through as the revenue base scales rather than cost cutting.

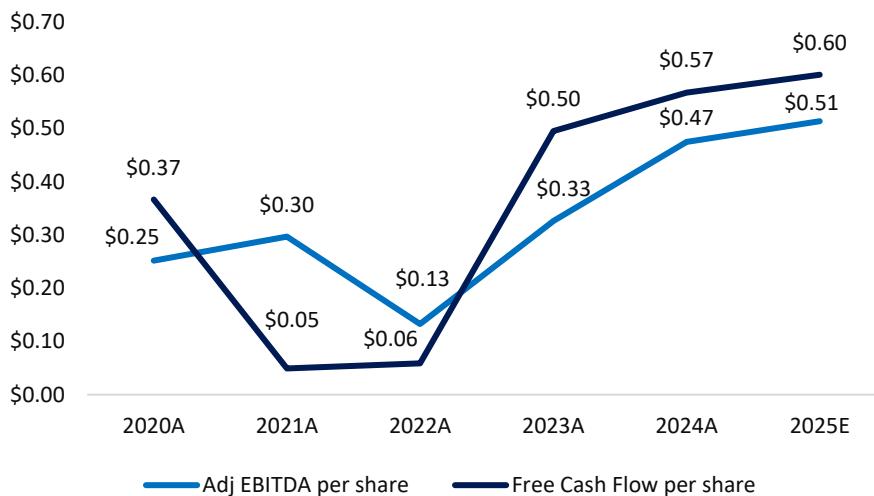
The catch is that Adjusted EBITDA adds back stock-based compensation, which has become more material. Part of the increase reflects warrant-related awards and other equity programs that are expensed gradually for accounting purposes, even though they do not affect cash flow.

We expect dilution to normalize in 2026. Beyond standard SBC, Cellebrite's share count recently expanded as the stock price surpassed key thresholds (\$11.50, \$12.50, and \$15.00), triggering the vesting of "price-adjustment shares" and the exercise of 29.7 million SPAC warrants. These instruments are now fully reflected in the ~\$250 million diluted share count used in current valuation models, effectively "pricing in" the legacy SPAC overhang. Moving forward, dilution is expected to normalize, with future share growth driven primarily by standard SBC and the minor equity portion of the Corellium acquisition.

All legacy SPAC dilution is now reflected; future dilution should primarily track SBC.

Cellebrite's Earnings per Share	2020A	2021A	2022A	2023A	2024A	2025E
Adj EBITDA	31,118	47,905	25,906	61,946	99,377	128,816
Weighted Diluted Shares	123,696,624	161,538,579	195,393,558	190,154,549	209,471,827	250,968,312
Adj EBITDA per share	\$0.25	\$0.30	\$0.13	\$0.33	\$0.47	\$0.51
Free Cash Flow	45,283	7,941	11,492	94,140	118,814	150,703
Free Cash Flow per share	\$0.37	\$0.05	\$0.06	\$0.50	\$0.57	\$0.60

Per Share Earnings



Source: Aurelion Research estimates, Annual Report

We believe this structure was complex and deterred some investors. While the operating story has improved each year, investor outcomes depended on the trade-off between margin expansion and equity issuance.

Now that the dilution is clearer and less impactful, and the operating story continues to improve, visibility on shareholder returns is much higher.

Exceptional Cash Conversion and Earnings Quality

Net working capital (NWC) is meaningfully negative and has moved further in that direction as the business scales. NWC was -\$97M in 2022, -\$135M in 2023, -\$177M in 2024, and -\$216M in 2025. We read this as consistent with a software model that is paid ahead of delivery, where deferred revenue and other customer prepayments can exceed near term receivables and operating current assets.

As the subscription base grows and multi-year contracts become more common, that liability balance tends to build, which supports cash flow and reduces the need to fund growth with incremental working capital. This should continue increasing the >100% cash flow conversion.

Cellebrite's Cash Flow Items	2019A	2020A	2021A	2022A	2023A	2024A	2025E
CFO before WC		17,840	16,962	18,197	63,567	90,580	125,211
% Conversion from adj EBITDA		57.3 %	35.4 %	70.2 %	102.6 %	91.1 %	97.2 %
Net Working Capital (NWC)	(26,612)	(75,282)	(94,372)	(96,752)	(135,243)	(176,834)	(214,191)
% of sales	15.5 %	38.6 %	38.3 %	35.7 %	41.6 %	44.1 %	44.9 %
Change in NWC	2,090	48,670	19,090	2,380	38,491	41,591	37,357
Cash Flow from Operations	66,510	36,052	20,577	102,058	132,171	162,568	
% Conversion from adj EBITDA	213.7%	75.3%	79.4%	164.8%	133.0%	126.2%	
Purchase of PPE	(6,181)	(5,111)	(6,897)	(5,231)	(8,566)	(11,865)	
% of sales	3.2%	2.1%	2.5%	1.6%	2.1%	2.5%	
Acquisition of Intangibles	0	(3,000)	(2,188)	(2,687)	(2,043)	0	
% of sales	0.0%	1.2%	0.8%	0.8%	0.5%	0.0%	
Payments for Acquisitions	(15,046)	(20,000)	0	0	(2,748)	0	
Free Cash Flow (FCF) – Post M&A	45,283	7,941	11,492	94,140	118,814	150,703	
% FCF margin	23.2%	3.2%	4.2%	29.0%	29.6%	31.6%	
% Adj. EBITDA conversion to FCF	145.5%	16.6%	44.4%	152.0%	119.6%	117.0%	

Source: Aurelion Research estimates, Annual Report

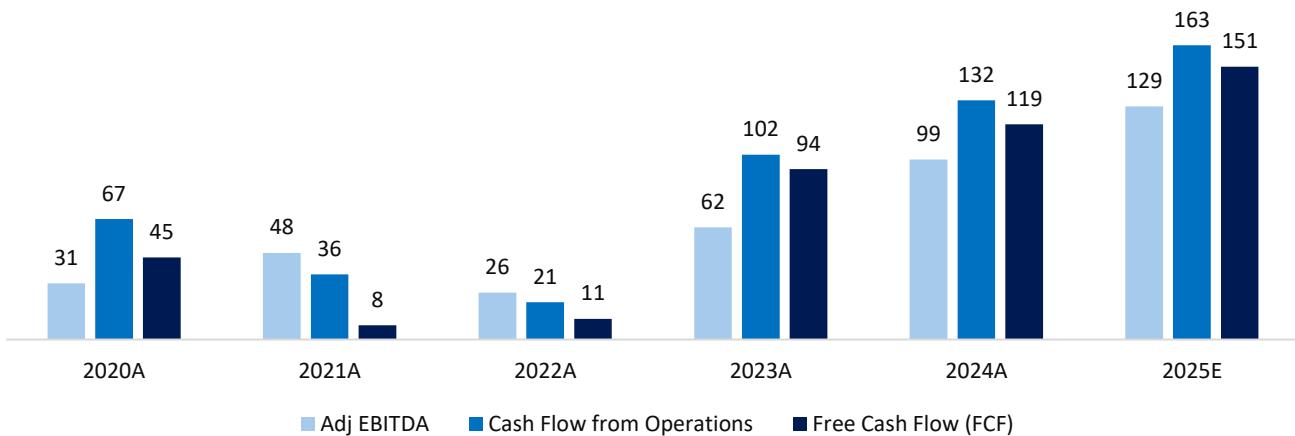
Working capital will move around quarter over quarter based on billing patterns and collections timing, so the best read is a yearly average.

Cellebrite maintains a highly asset-light business model with minimal capital expenditure, typically ranging in the 2 - 3 % of sales.

The company's M&A strategy has focused on strategic tuck-ins to build an end-to-end platform, highlighted by the acquisitions of BlackBag Technologies (2020), Digital Clues (2021), and the \$170 million virtualization deal for Corellium (late 2025).

The "Acquisition of intangible assets" line on the cash flow statement represents capitalized internal software development costs, which historically trended in the \$2-3M range annually. This line is zero in 2025 because the company now expenses 100% of its Research and Development costs on the income statement.

Summary of Cellebrite's Cash Flow Dynamics (\$M)



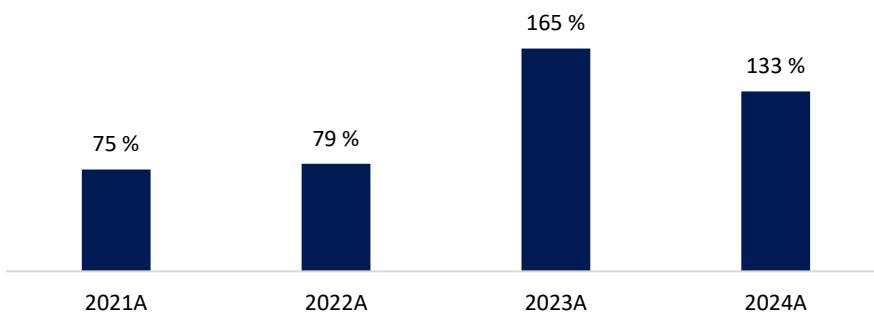
Source: Aurelion Research

Free Cash Flow Conversion

Free cash flow has converted very well relative to adjusted EBITDA. Conversion was 75% in 2021 and 79% in 2022, then increased to 165% in 2023 and 133% in 2024.

We believe this matters as much as the margin story because it keeps the gap between reported profitability and cash generation tight. On average, free cash flow conversion should stay above 100% driven by positive NWC dynamics and low capital intensity.

FCF Conversion Adj EBITDA



Source: Aurelion Research

Higher cash conversion benefits the company, including the ability to operate with no debt on the balance sheet. The valuation on FCF (what really matters at the end of the day) becomes much more interesting. Often, companies with 50% conversion are 2x more expensive on FCF, CLBT is actually cheaper.

Investment Thesis

1) Best-in Class Recurring Software Model. Cellebrite operates the leading platform in digital intelligence and forensics, with broad adoption across government, law enforcement, and enterprise customers globally. Its dominant position in core data access and mobile forensics serves as the entry point for most investigations and long-term customer relationships. The software is embedded in mission-critical workflows, resulting in high switching costs, long customer tenures, and low churn.

Scale provides meaningful competitive advantages. A large installed base enables support for a broader range of devices, operating systems, and data sources than smaller competitors, reinforcing Cellebrite's role as a default vendor for complex investigative needs. Customers are typically budgeted institutions with recurring investigative needs. While procurement cycles are long, relationships tend to be durable, with expansion driven by additional users and modules over time. Combined with a subscription-based model, this supports a predictable and defensible recurring revenue base.

2) Double-Digit Revenue Growth with High Visibility. Revenue has grown consistently, averaging around the 20% range. Cellebrite continues to onboard new technologies, while demand for its solutions increases as data volumes and AI-driven complexity grow. Looking ahead, CLBT has high visibility into growth, as expansion is largely driven by existing customers with planned increases in spending. Customers often begin with a limited deployment focused on data access and gradually expand into analytics, collaboration, and enterprise use cases over time. We expect growth in 2026 to be ~20%, and to sustain in the double-digit levels for a few years thereafter.

3) Continued Margin Expansion Opportunity. As revenue scales, Cellebrite benefits from operating leverage, with incremental adjusted EBITDA margins of approximately 50% over (2023-2025). Management has remained disciplined on operating expenses. Margin expansion is primarily driven by software mix, improving gross margins, and operating leverage in G&A as revenue grows. The company has already demonstrated meaningful improvements and remains earlier in its margin maturation curve relative to scaled software peers.

4) Undervalued Given the Free Cash Flow Generation

With minimal capital required to grow and a favorable working capital profile, CLBT generates free cash flow conversion above 100%, a level we view as sustainable. This provides the company with significant capital allocation flexibility. At its current 18.6x EV/FCF, the stock trades at a discount to peers and its underlying business quality and growth profile. We apply a 22.0x FCF multiple to derive a \$22.6 price target for 2026, and 20.0x FCF to derive our \$41.0 five-year price target.

Investment Risks

1) Federal Budget Exposure

A meaningful portion of CLBT's revenue is tied to U.S. federal agencies, creating budget timing and execution risk. In 2025, management cited changes within the U.S. Federal sector, including delays related to DOGE initiatives, as a factor behind guidance reductions. The FedRAMP High ATO, expected in H1 2026, remains a key catalyst for onboarding high-security agencies to the Guardian platform, with any delay deferring cloud-driven revenue. Despite this exposure, the company has still delivered ~26% ARR CAGR over the past four years.

2) Ethical and Regulatory Backlash

Cellebrite faces regulatory and reputational risk due to the nature of its customer base and product use. Reports from organizations such as Citizen Lab alleged the use of Cellebrite technology against civil society in Jordan. While not financially material on their own, such headlines increase the risk of ESG-driven divestment and can trigger institutional sell-offs.

3) Competitive Specialization Risk

Despite its leadership in mobile forensics, Cellebrite faces competitive pressure in key technical niches. In iOS forensics, competitors such as Grayshift (GrayKey) are often perceived by practitioners to maintain a marginal technical lead in unlocking the latest iOS versions. Failure to close this gap could shift incremental agency spending away from Cellebrite. In investigative analytics, the opportunity is large, with an estimated \$6.3B market, yet Cellebrite's Pathfinder product holds less than 1% share, competing against entrenched platforms such as Magnet Axiom, Palantir, and Verint, which have deeper analytics and visualization pedigrees.

4) Ownership Control Discount

Sun Corporation continues to control approximately 42 - 45% of outstanding shares, retaining majority voting power and limiting free float. This concentration creates a control discount and constrains institutional ownership until a formal divestment or structured sell-down occurs.

5) Geopolitical Risk

As an Israel-headquartered company with significant R&D operations in the country, Cellebrite is exposed to geopolitical risk. Regional instability can affect investor sentiment, workforce availability due to reserve mobilization, and perceived operational continuity. Even when underlying demand remains intact, geopolitical developments can introduce valuation volatility and risk premiums unrelated to company-specific execution.

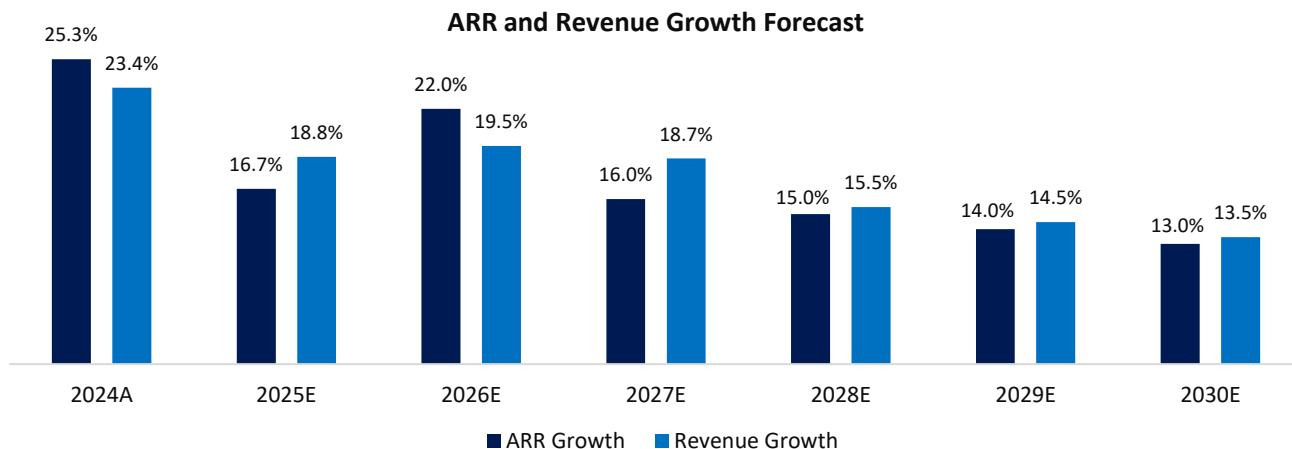
Financial Forecasts

Projected ARR

Looking ahead, we expect ARR growth to slow from 25.3% in 2024 to 16.7% in 2025 as the company scales off a larger base, then picks up to 22.0% in 2026 (all organic except 2026).

We forecast continued expansion inside existing customers as more teams adopt additional modules over time, with Guardian and Pathfinder contributing more as usage broadens and Corellium adding incremental momentum as it becomes part of standard deployments.

Beyond 2026, growth moderates with scale, with ARR at 16.0% in 2027E and stepping down to 13.0% by 2030E. Revenue tracks ARR closely with small differences due to revenue recognition. We view the 2026 re-acceleration as achievable if module expansion continues and Corellium adoption begins to show up in measurable renewals and add-ons.



Source: Aurelion Research estimates, Annual Report

Margin Expansion

As per our investment thesis and prior discussion on margins, we believe sustained leverage on gross margin and G&A is the most likely scenario. Our adjusted EBITDA margins reach the low-30% range, up from the 27% we expect in 2025.

Diluted Shares & Capital Allocation

We use management guidance for SBC to remain at a similar percentage of revenue in the coming years, which increases our share count. We also forecast that CLBT will maintain a minimum cash balance of \$250M in 2026 and beyond to support ongoing operations. We then assume excess cash is allocated toward share buybacks, which we believe could become a larger component of capital allocation as the company generates substantial free cash flow and float increases with Sun Corp. We do not forecast acquisitions.

Find below the output summary of Aurelion's yearly financial estimates

Cellebrite - In millions (USD)	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Fiscal year end date	12-31-22	12-31-23	12-31-24	12-31-25	12-31-26	12-31-27	12-31-28	12-31-29	12-31-30
ARR	249	316	396	462	564	654	752	857	969
% ARR growth	26.9%	25.3%	16.7%	22.0%	16.0%	15.0%	14.0%	13.0%	
Total CLBT Revenue	271	325	401	477	570	676	781	894	1,014
% growth	9.9 %	20.1 %	23.4 %	18.8 %	19.5 %	18.7 %	15.5 %	14.5 %	13.5 %
Gross Profit	220	272	339	400	480	574	667	769	878
% margin	81.3 %	83.6 %	84.4 %	84.0 %	84.3 %	84.8 %	85.4 %	86.0 %	86.5 %
EBIT	1	33	57	64	80	102	125	152	182
% margin	0.4 %	10.2 %	14.2 %	13.4 %	14.1 %	15.0 %	16.0 %	17.0 %	17.9 %
Depreciation	9	10	11	11	13	16	18	21	23
EBITDA	10	43	68	75	93	117	143	173	205
% margin	3.8 %	13.3 %	16.8 %	15.7 %	16.4 %	17.3 %	18.3 %	19.3 %	20.2 %
SBC	14	19	31	51	62	74	85	97	111
Adj EBITDA	26	62	99	129	155	191	228	270	316
% margin	9.6 %	19.1 %	24.8 %	27.0 %	27.3 %	28.2 %	29.2 %	30.2 %	31.1 %
% EBITDA growth	(45.9 %)	139.1 %	60.4 %	29.6 %	20.6 %	22.9 %	19.6 %	18.2 %	17.0 %
NWC	(97)	(135)	(177)	(214)	(262)	(318)	(375)	(438)	(507)
Change in NWC (positive cash impact)	(2)	(38)	(42)	(37)	(48)	(56)	(57)	(63)	(69)
Cash Flow from Operations	21	102	132	163	204	238	273	317	364
% Conversion from adj EBITDA	79 %	165 %	133 %	126 %	132 %	125 %	119 %	117 %	115 %
Capex	(7)	(5)	(9)	(12)	(11)	(14)	(16)	(18)	(20)
Acquisition of Intangibles	(2)	(3)	(2)	0	0	0	0	0	0
Acquisition	0	0	(3)	0	0	0	0	0	0
Free Cash Flow (FCF)	11	94	119	151	193	224	257	299	344
% FCF margin	4.2 %	29.0 %	29.6 %	31.6 %	33.8 %	33.1 %	32.9 %	33.4 %	33.9 %
% FCF growth	44.7 %	719.2 %	26.2 %	26.8 %	28.0 %	16.2 %	14.7 %	16.2 %	15.0 %
Adj. EBITDA conversion to FCF	44 %	152 %	120 %	117 %	124 %	117 %	113 %	111 %	109 %
Weighted Diluted Shares (M)*	195.4	190.2	209.5	251.0	233.0	227.6	221.7	215.0	207.7
FCF/Share	0.06	0.50	0.57	0.60	0.83	0.98	1.16	1.39	1.65
% FCF/Share growth	19.6 %	741.7 %	14.6 %	5.9 %	37.8 %	19.0 %	17.8 %	19.8 %	19.1 %

*Assuming cash generated goes towards buybacks

Source: Aurelion Research estimates, Annual Report

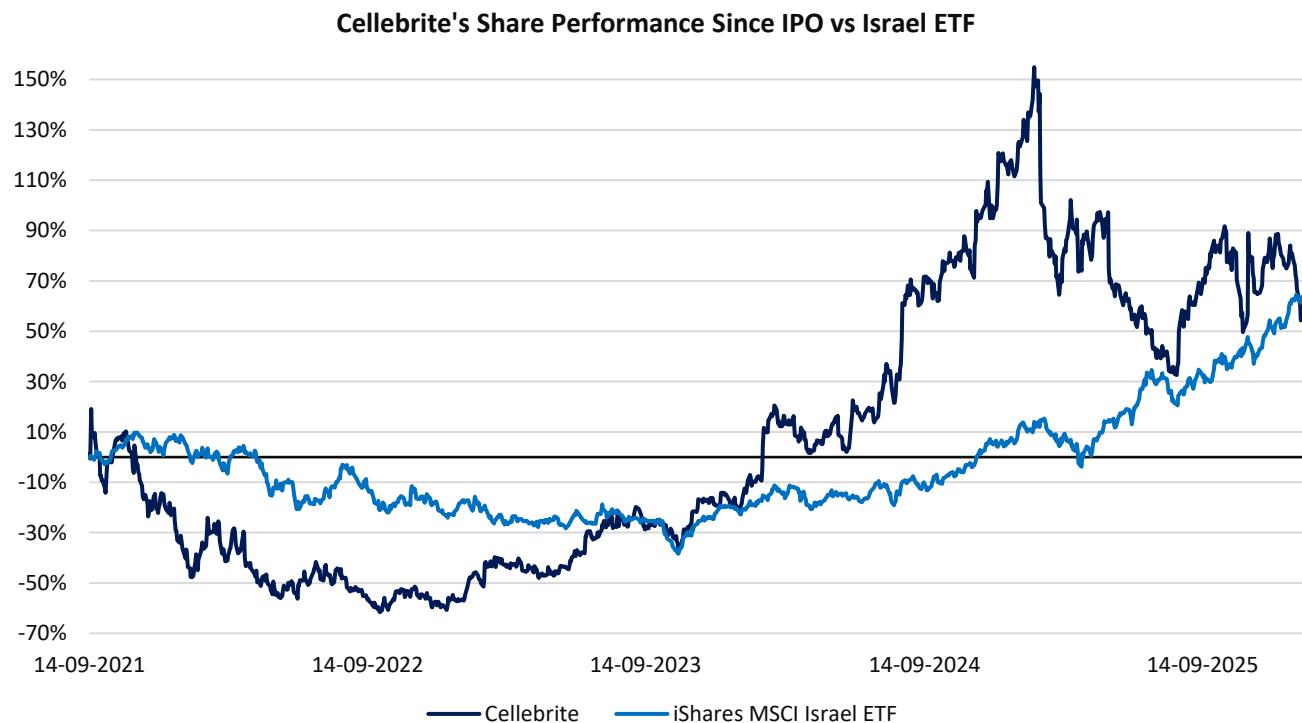
Return on Invested Capital (ROIC)

Because invested capital is negative due to a significantly negative net working capital balance, we do not calculate ROIC. However, the ROI of Cellebrite's current business for shareholders is extremely attractive, with virtually no incremental investment required to generate high levels of cash.

Financial Valuation

Historical Valuation Multiples & Share Price Performance

Cellebrite's multiple, and share price, traded at depressed levels in 2022 and 2023 due to several factors. Many of these were structural to that period, and we have now moved past most of them.



Source: Aurelion Research, Bloomberg data

1) Complex SPAC structure leading to potential dilution. The company's valuation was previously obscured by a complex warrant structure and price-adjustment shares from its SPAC merger. This made the fully diluted share count difficult for investors to calculate and harder to understand, according to most sell-side analysts. In addition, investors were facing potential dilution tied to key price thresholds of \$11.50, \$12.50, and \$15.00. Today, all SPAC-related structures and warrants are fully reflected in diluted shares outstanding, meaning the company has moved past this overhang and dilution risk.

2) Mix shift uncertainty. During that period, Cellebrite was transitioning from a hardware and services model to subscription software, while also changing pricing, contract structures, and go-to-market strategy. This created short-term revenue mix and margin noise. As a result, investors questioned the pace of subscription adoption, the path to normalized margins, and whether growth would re-accelerate after the transition.

3) Geopolitics. For years, Israeli tech stocks were highly correlated with the NASDAQ. That link decoupled in 2023 due to two specific phases. First, before the war, Israel faced significant internal protests over judicial reforms. This created a country risk premium where investors sold off Israeli-linked stocks regardless of their individual financials. While the NASDAQ soared, the Tel Aviv-35 and many Israeli-headquartered firms like Cellebrite stalled or declined.

Then, the outbreak of conflict in October 2023 caused an immediate, sharp dip. Investors feared operational disruptions, such as employees being called for military reserve duty (Cellebrite had a portion of its workforce mobilized). Excluding certain employees being mobilized, the business was not impacted. Over 95% of its sales are global, with the U.S. being its largest market. This diversification helped them beat earnings even while the local economy struggled. Moreover, within the Israeli tech sector, cybersecurity and digital forensics acted as shock absorbers. Demand for investigative tools usually stays flat or increases during geopolitical instability, which is why CLBT was able to maintain 20%+ ARR growth throughout the period.

4) Late 2021 Software Bear Market. The stock price was cut in half starting in November 2021 as part of a broader software bear market, which compressed multiples across the entire sector regardless of individual company performance.

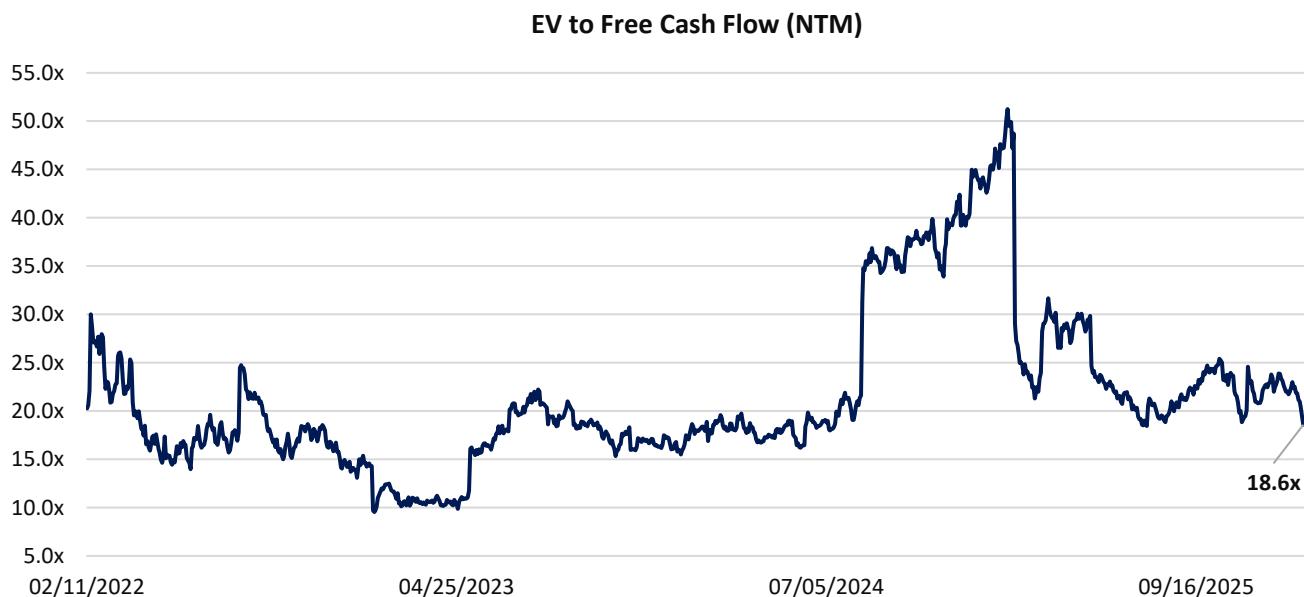
5) Sun Corp Overhang. Sun Corporation still owns approximately 44-45% of Cellebrite's outstanding shares and retains majority voting control (similar position since IPO). This large ownership position limits free float and institutional participation. In the short term, the risk of incremental sell-downs may weigh on the stock. Over time, a gradual reduction of Sun's stake, would increase liquidity and could support a higher multiple.



Source: Aurelion Research, FactSet data

CLBT's EV/EBITDA multiple has expanded as the company moved past the overhangs mentioned below and continued to deliver strong ARR growth alongside improving profitability. The stock now trades in the ~20-30x range versus the prior 15-25x multiple.

It is a core conviction of the firm that EBITDA or EPS multiples should always be assessed in the context of the free cash flow (FCF) they imply. FCF can fluctuate more significantly year over year than EBITDA, particularly in this case due to changes in working capital expectations and prior impacts from warrant-related adjustments. As a result, historical FCF charts are not always the most appropriate basis for comparison given these large swings. Ultimately, we believe free cash flow remains the most relevant metric for valuing the business.



Source: Aurelion Research and custom Bloomberg data, next-twelve months free cash flow consensus

Historically CLBT has traded in the 15-20x range during the overhang period of 2022 and 2023 (and was expected to generate a very high FCF conversion in 2023 which artificially lowers the multiple during 2022). Recently, it has been trading in the 20-25x multiple, with a clear through at the ~18.5x range where it currently trades at.

Peer Valuation Context

Public safety and GovTech peers trade across a wide range of valuation outcomes, reflecting differences in growth profiles, adoption stage, and cash generation. Axon trades at a clear premium, with NTM EV to EBITDA near the mid 50x range, supported by a higher growth profile and the view that its platform remains earlier in its adoption curve.

Motorola and NICE screen closer to mature software and services models, with EV/ EBITDA closer to the high teens to low 20s despite solid profitability.

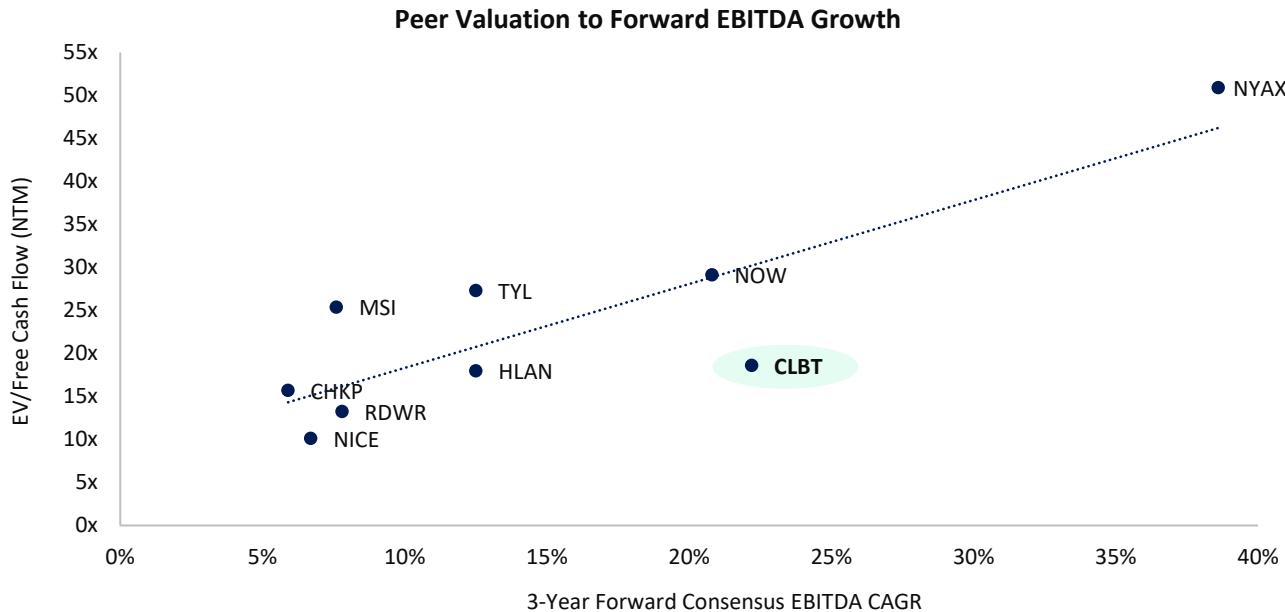
Cellebrite Comparables

Company Name	Ticker	Enterprise Value	EV/EBITDA NTM	EV/FCF NTM	Net Debt/ EBITDA	Margin EBITDA %	Gross %	FCF %	CF ROIC	3 Year Expected CAGR Revenue	EBITDA
Cellebrite	CLBT-US	3,435	21.4x	18.6x	(6.0x)	17.1%	84.4%	34.4%	68.4%	17.9%	22.2%
Public Safety / GovTech											
Axon Enterprise	AXON-US	44,458	54.9x	82.9x	(7.2x)	1.9%	60.3%	5.7%	15.2%	24.8%	25.1%
Tyler Technologies	TYL-US	19,225	26.4x	27.3x	(0.6x)	21.8%	43.6%	26.9%	16.5%	10.2%	12.5%
Motorola Solutions	MSI-US	72,903	17.4x	25.4x	(2.7x)	29.2%	50.3%	21.3%	35.1%	6.9%	7.6%
Nice	NICE-IL	6,669	7.0x	10.1x	(0.5x)	28.4%	67.1%	26.6%	22.5%	9.9%	6.7%
Cybersecurity / Digital Intelligence											
Check Point Software Tech	CHKP-US	18,452	15.0x	15.7x	(1.5x)	35.5%	85.1%	43.8%	37.4%	4.9%	5.9%
Radware	RDWR-US	864	41.7x	13.2x	(10.8x)	7.0%	80.7%	13.7%	22.7%	7.6%	7.8%
Workflow / Enterprise SaaS											
Monday.com	MNDY-US	5,872	25.5x	14.5x	-	2.2%	88.6%	29.4%	31.7%	20.2%	31.3%
ServiceNow	NOW-US	156,053	28.0x	29.2x	(1.3x)	18.6%	78.1%	31.2%	39.5%	18.2%	20.8%
Regional Mid-Cap Software											
Hilan	HLAN-IL	1,904	14.2x	18.0x	(0.1x)	16.1%	23.5%	14.2%	32.9%	11.3%	12.5%
Nayax	NYAX-IL	1,793	20.4x	50.9x	(2.3x)	12.0%	44.6%	17.1%	22.2%	21.7%	38.6%
Average		25.0x	28.7x	(3.4x)	17.3%	62.2%	23.0%	27.6%	13.6%	16.9%	
Median		22.9x	21.7x	(1.5x)	17.4%	63.7%	24.0%	27.2%	10.8%	12.5%	

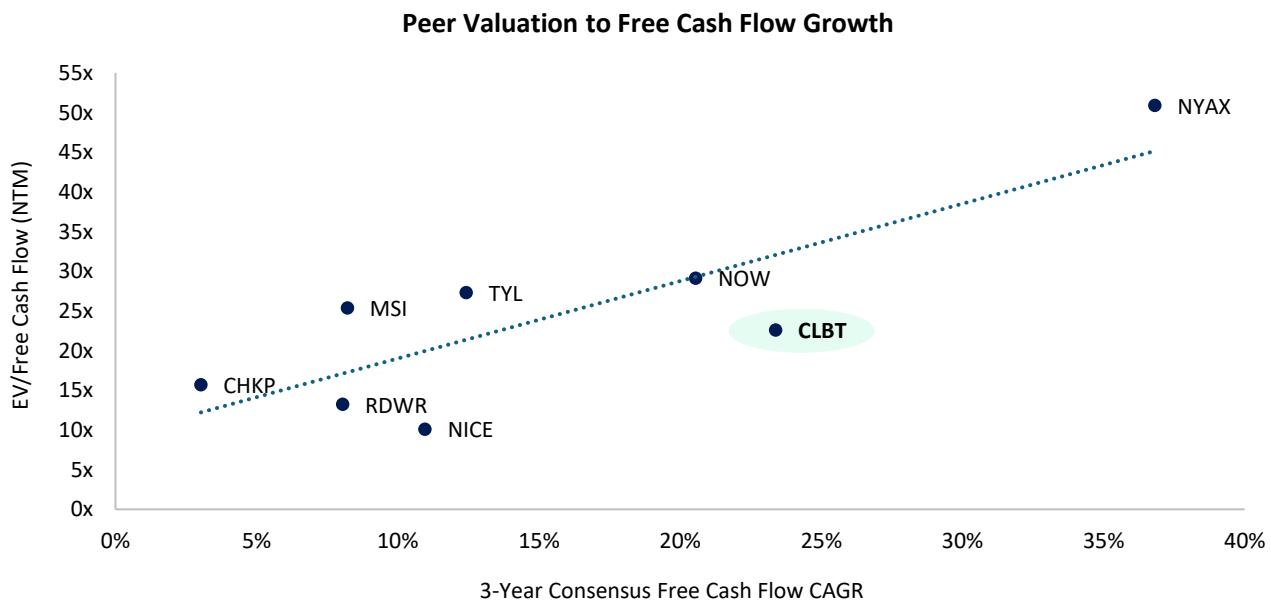
Source: Aurelion Research, FactSet data

Cellebrite trades at a clear attractive multiple versus peers, currently at 21.4x EV/EBITDA and 18.6x EV/FCF on next-twelve months estimates. The company has the best of both worlds, with its FCF margin of 34.4% that places cash generation closer to higher-quality scaled peers while earnings growth is close to high-grower scaling peers.

See next page for an illustration of multiple vs earnings growth.



Source: Aurelion Research, Bloomberg data. Peers filtered with $EV/FCF < 55x$ and removed Monday.com as it is a poor business comparison.



Source: Aurelion Research, Bloomberg data. Same data set as chart above.

Price Target

2026 Price Target: \$22.6

Using a 22.0x multiple on our 2027 FCF estimate, we derive a \$22.6 price target by year-end 2026, representing a 42% potential upside from current levels.

5-Year Price Target: \$41.0

Using a 20.0x multiple on our 2031 FCF estimate, we derive a \$41.0 price target over a five-year horizon, representing a 158% upside (or 21.2% CAGR) from the current share price. This expected return is in our view much above any required return or WACC.

Aurelion Research Price-Target	2026E	2027E	2028E	2029E	2030E
Free Cash Flow (NTM)	224,165	257,185	298,784	343,741	390,233
FCF Multiple (NTM)	22.0x	22.0x	21.0x	21.0x	20.0x
Enterprise Value	4,931,620	5,658,076	6,274,468	7,218,558	7,804,662
(-) Net Debt	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Equity Value	5,181,620	5,908,076	6,524,468	7,468,558	8,054,662
DSO	229,347,695	222,261,054	214,530,654	205,962,185	196,632,404
Value per share	\$22.6	\$26.6	\$30.4	\$36.3	\$41.0
Upside	42.4%	67.5%	91.6%	128.5%	158.1%
CAGR	46.3%	30.7%	24.9%	23.4%	21.2%
Implied EV/EBITDA (NTM)	25.8x	24.8x	23.2x	22.8x	21.4x
FCF Yield	4.5%	4.5%	4.8%	4.8%	5.0%

Source: Aurelion Research estimates

Why we believe paying 20.0x FCF in five years remains compelling: We think the business will still warrant a premium multiple in five years, as Cellebrite should maintain its leading position in the industry and benefit from a long runway for growth driven by expanding customer demand. Margins should be structurally higher, and the business more resilient over this period. However, as margin expansion matures, incremental earnings growth is likely to normalize. As a result, we apply a 20.0x free cash flow multiple. We believe earnings can still grow at or above the high single-digit range in 5 years.

Why we think the current \$15.9 share price is highly attractive

We view the current FCF multiple (and thus share price) as highly attractive despite competitive dynamics and the inherent risks of software businesses. Revenue should continue to grow at a high-teens rate over the coming years, alongside continued margin expansion. This should translate into earnings and **free cash flow growth of ~20% annually**. In our view, paying 18.6x for this growth profile, combined with low capital intensity and limited incremental risk, is compelling. We apply a 22.0x FCF multiple for our 2026 price target. Our view is that the stock is a great long-term compounding and currently highly oversold following the recent pullback in AI and software equities.

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