



Scott Miller

Founder, Greenhaven Road Capital





GREENHAVEN
ROAD CAPITAL

FINDING VALUE OFF THE BEATEN PATH

2022

What is Greenhaven Road?

- A concentrated and patient long-biased hedge fund
- In pursuit of both quality companies (compounders) and special situations (spin-offs, rights offerings, SPACs, etc.)
- Seeded by Stride Capital Group and value investor Chuck Royce

What we believe:

- Fundamentals matter, balance sheets matter, cash flow matters, management matters, and incentives matter
- An investment committee of one is the perfect size – the aspiration is to be a small boutique manager
- We will not achieve differentiated results if we own the same companies and operate in the same manner as everybody else
 - Greenhaven Road should be thoughtfully different

Why now?

- The market is polarized – on one end are the short-term, quant-oriented traders; on the other end are closet indexers
- This creates opportunities for a bottom-up, deliberate investor who thinks about stocks as businesses managed by people with stories that evolve over years

There Has Been A Crime – Now What??



The Activity is “Collect and Review”

Devices are gold mines

- Proliferation of devices – phones, automobiles, drones, wearables, computers
- Proliferation of types of data – geolocation, texts, emails, photos, social media, contacts
-
- Complexity of data – locks / encryption

+ Is your average police department / agency up for this?



The Process Needs to be Digital

- Right tools can speed up the process 10X
- Collect/Store
- Access what's allowed under warrant
- Audit trail
- Share data in a compliant and trackable manner
- Analyze (geo-locations, contacts, texts, videos, photos, meta data, etc.)

+ Compliance and speed matter



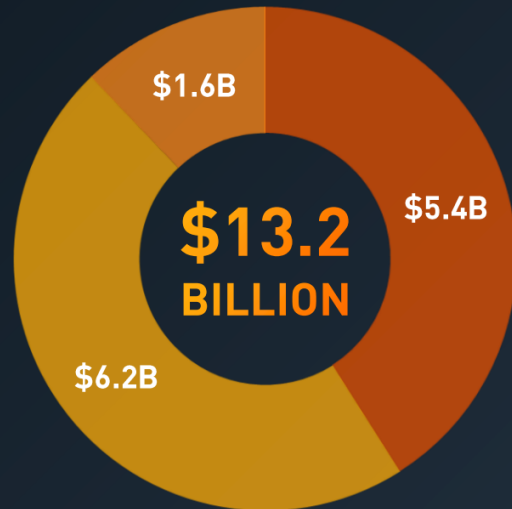
This is a Large Opportunity

The market potential is massive

Assuming mid to large law enforcement agencies and enterprises apply full digital transformation in investigations

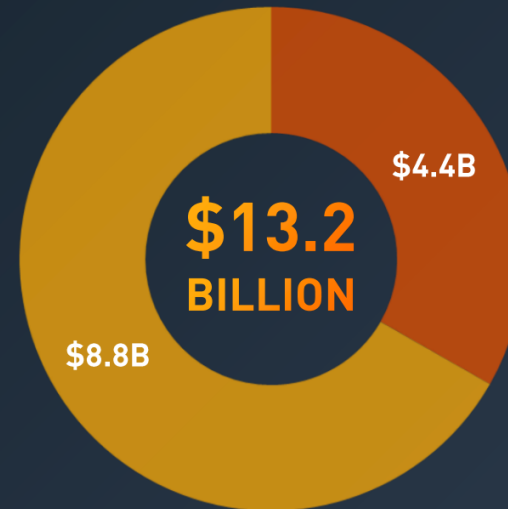
2023 TAM by Customer

■ Federal ■ State & Local ■ Private Sector



2023 TAM by Domain

■ Collect & Review ■ Analytics, Processing & Management



I Present a Recent SPAC

Headquarters	Israel
Year Founded	1999
Employees	920
Customers	7,000
Capital Raised to Fund Growth	\$0
Cumulative Operating Cash Flow Generated	\$300M



I Present a Recent SPAC (continued...)

Cellebrite (CLBT)	
Share Price (6/28)	\$5.08
Market Capitalization	\$920M
Enterprise Value	\$745M
2022 Recurring Revenue Guidance (ARR)	\$250M
2022 ARR Growth Rate	34%-42%
Gross Margins	80%+
Adjusted EBITDA Margins	13%-15%



The Product Offering is Broad



Collect & Review

Cellebrite UFED

The industry standard for accessing mobile data

Cellebrite UFED Cloud

Lawfully Access Cloud-Based Evidence to Accelerate Investigations

Cellebrite Physical

Analyzer

From encrypted data to actionable intelligence

Cellebrite Frontliner

Collecting with confidence on the frontline

Digital Collector

Triage and acquire forensic images from Windows and macOS computers

Cellebrite Premium

Advanced access to high-end iOS and Android devices

Premium ES

Empower every UFED endpoint with Premium capabilities

Cellebrite Reader

Amplify findings and share information across departments

Cellebrite Responder

Getting real-time data for faster response

Cellebrite Seeker

Capture and report all video evidence

Cellebrite OSINT

Gain critical access to open-source information and leverage it



Analyze & Investigate

Cellebrite Pathfinder

Find the path to insight through the mountains of data

Cellebrite Inspector

Quickly analyze computer and mobile devices to shed light on user actions

Cellebrite Crypto Tracer

Follow the digital money trail to identify and trace criminals using cryptocurrencies

Cellebrite Endpoint Inspector

Access Endpoints Safely & Securely Anytime, Anywhere

Cellebrite OSINT

Gain critical access to open-source information and leverage it



Manage & Safeguard

Cellebrite Commander

Commanding the authority of tools & processes

Cellebrite Guardian

Evidence and workflow management redefined

Who Are Their Customers?



Federal

100+

North American
Federal Accounts

15/15

U.S Cabinet Executive
Departments

27/27

Member E.U.
National Police



State & Local

2800+

North American State
and Local Accounts

50/50

U.S. States

20/20

Police Departments in the
20 Largest U.S. Cities

13/20

Police Departments in the
20 Largest European Cities



Private Sector

68/100

of Fortune 100

7/10

of Top 10 Pharma
Companies

9/10

of Top 10
Accounting Firms

8/10

of Top 10 U.S.
Software Companies

8/10

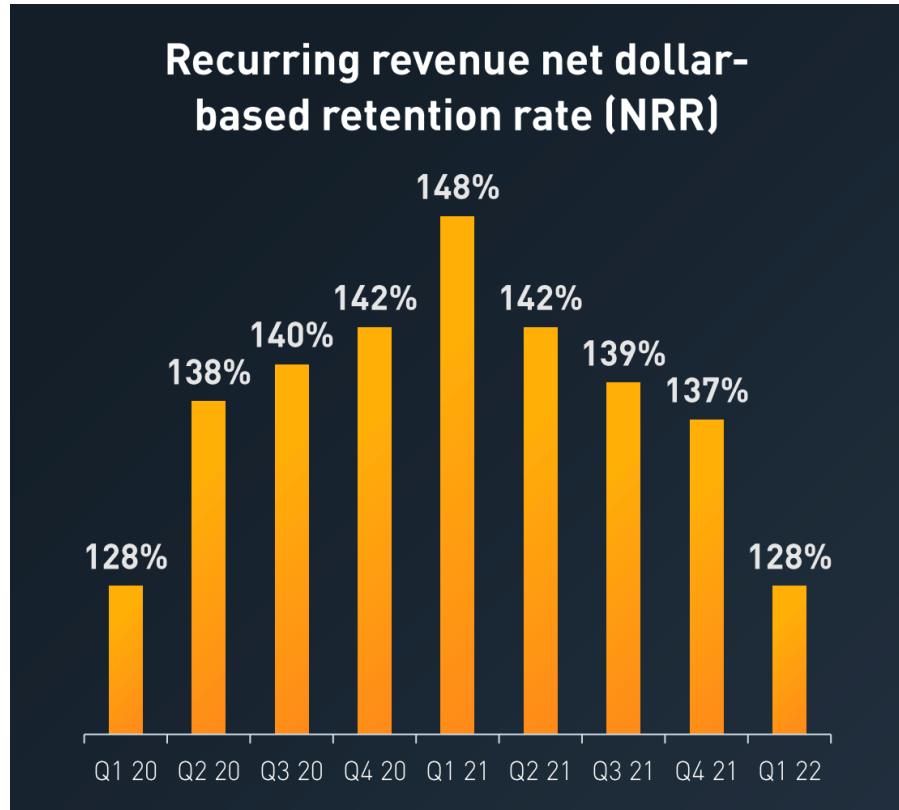
of Top 10 U.S.
Commercial Banks

6/10

of Top 10
Telecom Companies

Based on FY2021 data. Sources: Fortune, Wikipedia, big4accountingfirms.org. Largest cities refers to population.

Customers Buy More - NRR



- 13 quarters > 120%
- Churn is low – never lost a “strategic account”
- Growth through land and expand
- Have not taken price aggressively

+ High ROI on sales & marketing spend

Growth Opportunities

- Number of seats / number of modules per agency
- Private sector
- New product development - Digital investigations / evidence management
- Acquisitions (TAM expansion, end to end solution, time to market, customers in private sector)

+ Given 80%+ gross margins and high LTV/CAC, pursuit of growth is high ROI



Guidance

- In 2021, the company spent 30% of revenue on Sales & Marketing and 26% on R&D
 - *Clearly some of this is growth CapEx running through income statement*
- Stock-based comp is reasonable (adjusted EBITDA is not egregious)

	2022E
ARR	\$250-265M
ARR Growth	34-42%
Revenue	\$285-300M
Revenue Growth	16-22%
Gross Margin	80-82%
Adjusted EBITDA	\$39-44M
Adjusted EBITDA Margin	13-15%

+ Could be very profitable if slowed growth

Scale Matters

Will spend > \$65M this year on R&D and almost \$200M over last 3 years

- Numbers and types of devices (can handle over 30,000 variations)
- Complexity of devices (security/encryption)
- Ability to provide training / certifications (need to present in court)



Recession Resistant?

- End customers are government agencies, not consumers
- Not discretionary – having no solution is not a viable choice
-
- Company has not taken price (yet)
- Technology allows agencies to leverage fewer investigators

+ Better-positioned than most to navigate a recession



Risks

- Lose ability to access phones
- Backdoor is put into phones
- “Defund the police” / shrinking budgets
- Product is mis-used by high-profile bad actors



Summary – Quantitative

- Capital efficient – raised \$0 growth capital
- Profitable and still trading sub-3X recurring revenue while growing recurring revenue >30%
- Net Revenue Retention > 125%
- 90% of revenue from governments
- Could flex profitability tomorrow given investments in R&D and Sales & Marketing are running through the income statement (56% of revenue in 2021)

+ Send other companies with these attributes to scott@greenhavenroad.com



Summary - Qualitative

- Scaled provider
- Agencies cannot do this on their own
- Small cost to relieve pressures on under resourced investigators
- Secular tailwinds – more types of devices, more types of data, more apps, more security, more crypto currencies

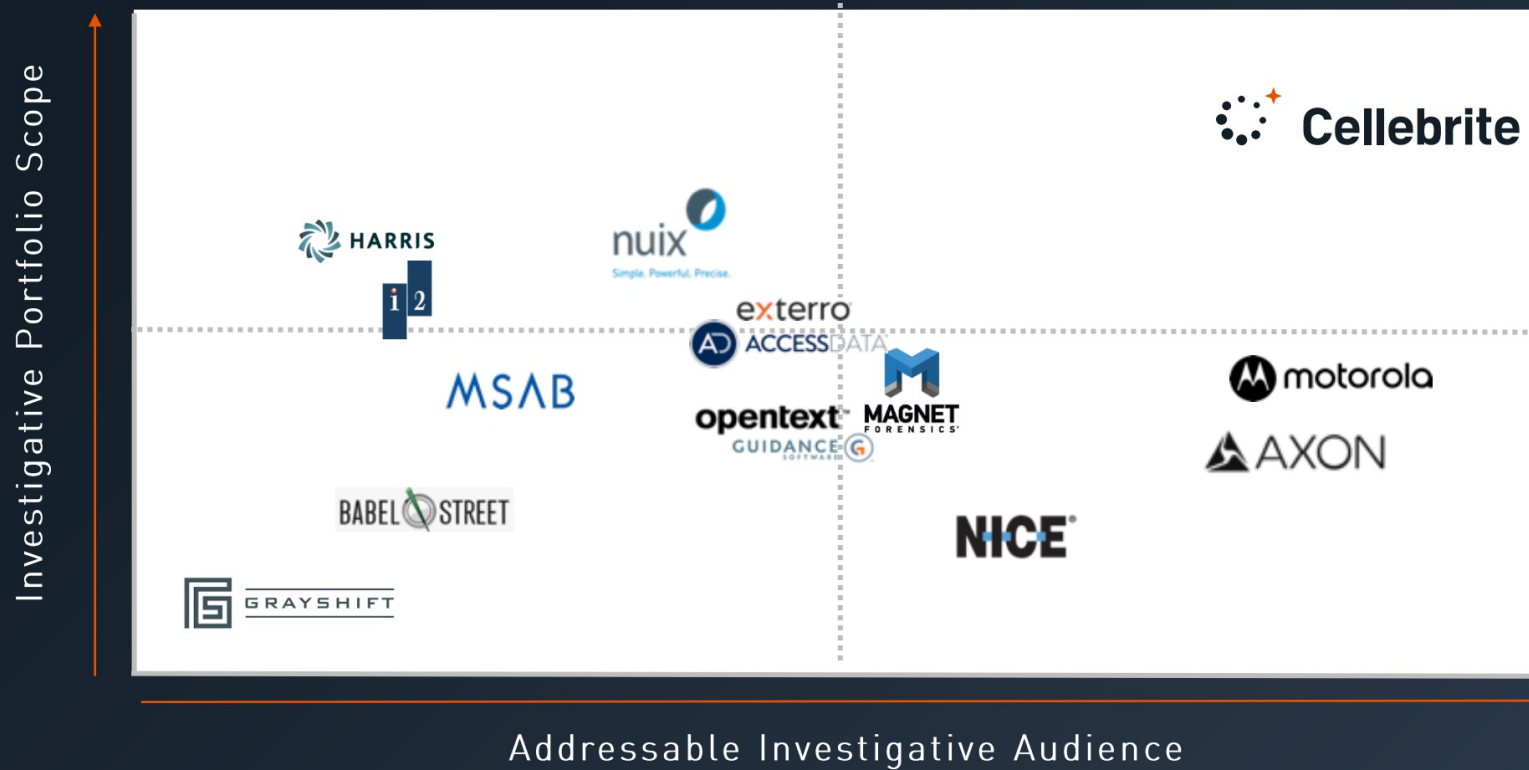


Appendix








Competitive Landscape - Company

Appendix: Unique position in a fragmented competitive landscape



Competitive Landscape - Cowen

						
<ul style="list-style-type: none"> • Founded: 2000 • HQ: Sydney, Australia • Market Cap (AX:NXL): ~\$800M • Typical use-cases include managed review services, rapid assessment and response and litigation. • Specializes in transforming data from emails, social media, communications, and other human-generated content into searchable information. • Flagship products include Nuix Workstation, Nuix Discover. 	<ul style="list-style-type: none"> • Founded: 2001 • HQ: Chicago, Illinois • Developer of AI-powered communication surveillance platform for legal and compliance needs. • Software manages large amounts of data and seamlessly identifies issues during internal investigations and compliance operations. • Typical use-cases include end-to-end e-discovery in litigation, corporate investigations, data migrations; and communications content capture. 	<ul style="list-style-type: none"> • Founded: 2004 • HQ: Portland, US • AccessData was acquired in Dec-20 via Exterro's financial sponsor – Leeds Equity Partners – through an LBO. • Digital forensics and litigation support services software. • Use-cases include incident response, e-discovery, and information assurance • Tools such as password cracking and decryption software help law enforcement agencies in accelerating their digital investigations. 	<ul style="list-style-type: none"> • Founded: 2010 • HQ: Waterloo, Canada • Market Cap (TSE:MAGT): ~\$1.8B • Develops digital investigation software that collects, evaluates, and monitors digital evidence from sources, including phones, IoT devices and cloud services. • Also offers tools to recover and analyze chats, pictures and browser history from smartphones. 	<ul style="list-style-type: none"> • Founded: 1991 • HQ: Waterloo, Ontario • Market Cap (TSE:OTEX): ~\$11.6B • Develops investigation software used to analyze and manage digital evidence in order to accelerate the solving of cases by law enforcement agencies. • Typical use-cases include collection of digital data from repositories and mobile devices on-premises and in the cloud, e-discovery project management, and legal process outsourcing. 	<ul style="list-style-type: none"> • Founded: 1986 • HQ: Washington, US • Offers a data intercept and surveillance software. • Helps in the collection, storage and analysis of telephone and IPC communications. • Flagship products include PLX, Penpoint and PenProxy. • Targeted customers include government and law enforcement agencies, as well as litigation teams within enterprises. 	<ul style="list-style-type: none"> • Founded: 2003 • HQ: Colorado, US • Market Cap (NYSE:PLTR): ~\$52B • Specific software use-cases targeted at intelligence agencies to securely derive actionable insights from sensitive data and drive operational outcomes. • Integrates disparate data sources into unified investigations for counter-terrorism.

Source: Cellebrite, company websites.

Source: Cowen September 2021 Initiation Report

Why Did This Company Go the SPAC Route?

- Activist pressure on Japanese company
- Growth asset stuck inside a Holdco (Sun still owns 50.5%)
- Certainty on price / put cash on balance sheet for acquisitions / a way for a Japanese-owned Israeli asset to try to get a U.S. multiple (failed so far...)
- Former KKR growth team – Adam Clammer

+ Reasonable choice – not a cash grab on unsuspecting retail investors

