

FiscalNote, Inc. – Corporate Overview



August 8, 2024



FiscalNote

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FiscalNote: Innovative, Scaled Player with Global Footprint



\$109M
Annual Recurring Revenue as of Q2'24⁴



>50
of Fortune 100 are current customers as of Q2'24



\$121M
Run-rate revenue with strong subscription business as of Q2'24⁴



85%
Adjusted Gross Margin for Q2'24⁵



98%
NRR for subscription products for Q2'24⁴



~\$2M
Adjusted EBITDA for Q2'24⁵



\$38M
Cash as of Q2'24⁶



~615
Personnel globally⁷



~4,500
Total customers⁸
(with no significant customer concentration)

Note: (1) Denotes number of countries with an active customer as of December 31, 2023. (2) Excludes two office locations transitioning to remote operations. (3) Denotes the years operating as FiscalNote. Acquired companies have maintained decades long client relationships. (4) "Annual Recurring Revenue" or "ARR," "Run-Rate Revenue" or "RRR," and "Net Revenue Retention" or "NRR" are key performance indicators (KPIs). (5) Non-GAAP measure. Please see "Non-GAAP Financial Measures" for definitions and important disclosures regarding these financial measures, including reconciliations to the most directly comparable GAAP measure. (6) As of June 30, 2024 and inclusive of short-term investments. (7) All employees as of June 30, 2024, excluding Board.org. (8) Customers refer to individual buyers within a parent organization as of June 30, 2024.

Highly Experienced Leadership Team

Today's Speakers



Tim Hwang

Chairman, CEO, & Co-founder



Founded FiscalNote in 2013



Jon Slabaugh

Chief Financial Officer & Chief Investment Officer



Joined FiscalNote in 2019



Josh Resnik

President & Chief Operating Officer



Joined FiscalNote in 2018



WHAT WE DO

Deliver a SaaS-based platform for critical political, legislative and regulatory data and insights

Technology Bringing Critical Workflows into the Digital Age

Government Agencies

Secure government funding to support national security and engage in global diplomacy



\$852BN¹



\$61BN²



\$85BN³

2023 Budget

Corporates

Navigate increasingly complex regulatory landscape on key issues and streamline access to legal information



\$103BN⁴



\$90BN⁵



\$211BN⁶

2023 Revenue

Non-Profits

Advocating to elected officials to ensure access to funding and protection of interests



~3MM⁷



~6MM⁸



~1.5MM⁹

Members



- ✓ Cut back on contracts with 57 trade associations
- ✓ Achieved an annual cost savings of \$4 million



- ✓ Leveraged more than 365k grassroots activities through advocacy solutions
- ✓ Retained \$300 million in federal arts & humanities funding

Connecting leaders to a 360 degree view of critical policy and global intelligence information and data

(1) Office of the Under Secretary of Defense Comptroller Defense Budget Materials - FY2025. (2) Department of Homeland Security FY2025 Budget-in-Brief. (3) U.S. Department of State FY 2023 Agency Financial Report. (4) Nestlé 2023 Annual Report. (5) FedEx 2023 Annual Report. (6) Microsoft 2023 Annual Report. (7) National Education Association website. (8) American Farm Bureau Federation website. (9) National Association of Realtors website.

Large and Expanding Market Opportunity



Market Tailwinds

- Proliferation of regulatory complexity
- Lack of systems to track, assess and report
- Demand for workflow efficiency and automation
- Increasing use of data and information in decision-making
- Need for aggregation and standardization

Enterprise
Info Solutions
TAM: \$314BN¹

Legal &
Regulatory Info
TAM: \$40BN²

(1) Outsell: Market landscape (as of August 12, 2021), denotes estimated TAM in 2020.

(2) Outsell: Market landscape (as of April 24, 2023)

TAILWIND #1

Boards and CEOs Face Increasing Global Regulations and Uncertainty

Regulatory Pressure



“ Broadly speaking, I think, **we as a sector need to do a better job clarifying with policymakers** that, in order to invest in innovation...we need a pricing environment that rewards innovation, particularly when it improves outcomes for patients.”

— CEO Vas Narasimhan
Q4 2022 Earnings Call



“ Political instability, **changes to the regulatory environment or taxation**, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health situations...may disrupt or curtail our operations or development activities.”

— BP 2020 Annual Report



“ Higher interest rates lead to the economy running leaner, **more geopolitical instability leads to more volatility, and increased regulation leads to slower growth and increased costs of innovation**...given this outlook, we'll need to operate more efficiently than our previous headcount reduction to ensure success.”

— CEO Mark Zuckerberg
2023 Memo to Employees



“ **We need governments to provide clear pathways and a consistent taxonomy** for sustainability policy, regulation, and disclosure across markets.”

— CEO Larry Fink
2022 Letter to CEOs



More than half of surveyed global CEOs reported that changes in **regulation will be the biggest impact to profitability** in their industry in the next 10 years¹

TAILWIND #2 : Once in a Generation Technology Shift

CORE STRENGTHS

- ✓ Subject Matter Expertise
- ✓ Proprietary Content & Data
- ✓ Strong AI Talent
- ✓ Global Customer Base



GENERATIVE AI

Fast Growing Market

Rapid Mass Adoption


Crucial Inflection Point

KEY OPPORTUNITIES

- Market Leadership ✓
- Enhanced User Experience ✓
- Increased Efficiencies ✓
- Accelerated Transformation ✓

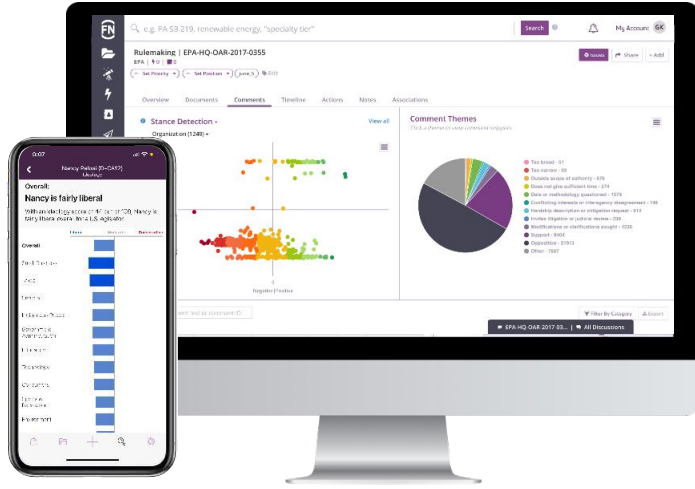
Blue Chip Diverse Client Base

Relied upon and recognized across major public and private sector customers

 Government Organizations	 Corporates				 Non-Profits & NGOs
               	<p>FINANCE</p>      	<p>ENERGY</p>     	<p>CONSUMER & RETAIL</p>    	<p>TRANSPORT</p>       	      
           	<p>HEALTHCARE</p>      	<p>EDUCATION</p>     	<p>TMT</p>        	<p>BUSINESS SERVICES</p>     	   

Note: Data as of June 30, 2024.

The FiscalNote Solution



FiscalNote



User-Friendly Dashboards



Comprehensive Data



Predictive Analytics



Embedded Workflows

Combining Data, Analytics & Workflow to Drive Actionable Insights



Secure Government Funding



Generate Incremental Revenue



Minimize Costs



Mitigate Reputational Risk



Enterprise Customer Journey: Case Study

Global eCommerce Company



FiscalNote Value:

- Modernized process for tracking global policy
- A more proactive policy engagement program for multiple business units across dozens of countries and issues



Buyers:

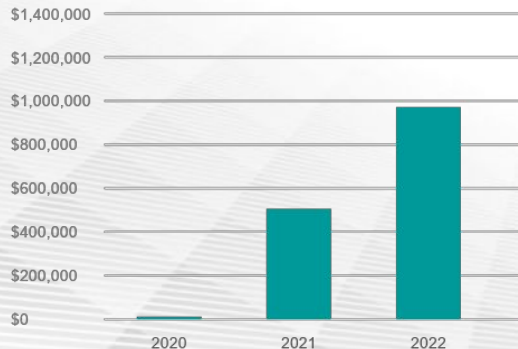
EU Policy Manager within the EU Public Policy department
 Legal department
 Multiple divisions and departments



Initial business challenge / solution:

- Faced regulatory pressures and fines from the EU.
- Selected FiscalNote to monitor and analyze EU policies and regulations and engage proactively to understand and influence policymaking

ACCOUNT ARR GROWTH



EXPANSION JOURNEY

2019

Initial user of EU data

2021

FiscalNote selected to modernize the customer's legal process for tracking global policy intelligence, to monitor three key issue areas across 40 countries and provide detailed dashboards to track sanctions

2022

Expanded to new division, five additional users for FiscalNote US local, state, federal policy data

2022

Expanded to another division, 10 additional users for FiscalNote state and medical board monitoring

2022

Selected by another division for policy monitoring across five issue areas, 16 countries and two multi-national bodies

2023

Client added additional countries for policy monitoring of two new issue areas

Potential growth opportunities:

Additional countries, issue area coverage and other business units



Enterprise Customer Journey: Case Study

Global Technology Company



FiscalNote Value:

- Centralized, integrated processes for tracking global policy
- Comprehensive intelligence about key policies impacting the customer, including monitoring specific policy elements (i.e. public consultations, multilateral negotiations).
- A dashboard of key regulatory issues, and valuable intelligence (likelihood of passage, products impacted) across 13+ issues across 35 countries



Buyers:

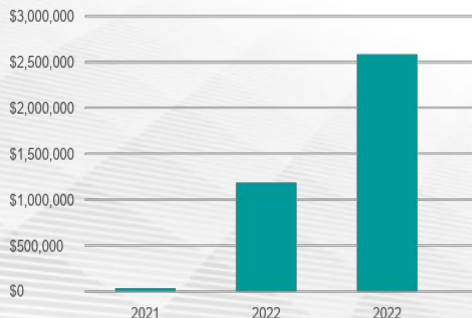
Global Affairs and Public Policy Manager



Initial business challenge / solution:

- Inefficient and ineffective manual process for global policy monitoring
- Selected FiscalNote global policy for 13 issues across 20 countries.

ACCOUNT ARR GROWTH



EXPANSION JOURNEY

2021

Small user of FiscalNote congressional information

2022

FiscalNote selected by public policy team to implement a global policy monitoring solution across 20 countries (trial solution)

2022

Expanded the types of policies monitored, categories of information and jurisdictions and other relevant elements (e.g. likelihood of passage, products impacted)

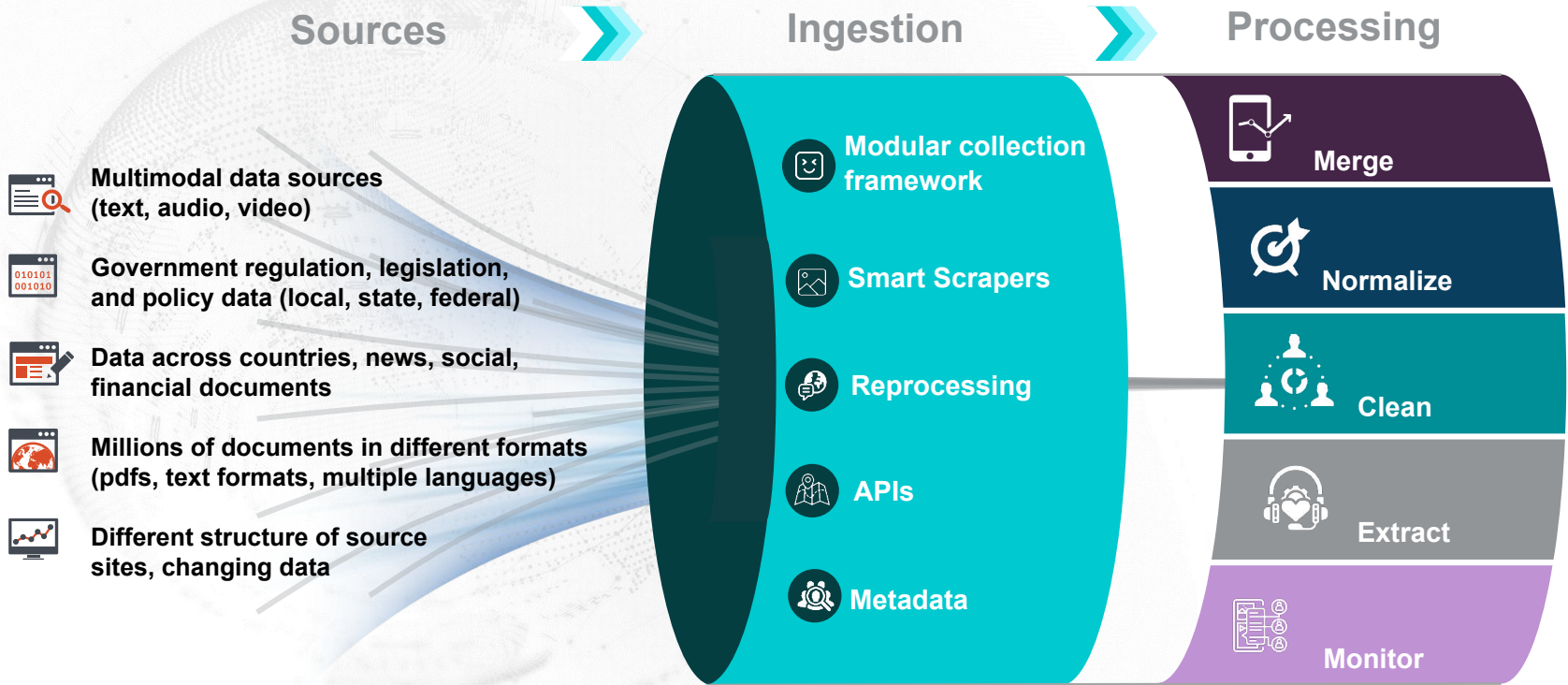
2023

Expanded attribute list for 13 issues across 35 countries (a 15 country upsell). Customized reporting and dashboards to meet demands of various stakeholders

Potential growth opportunities:

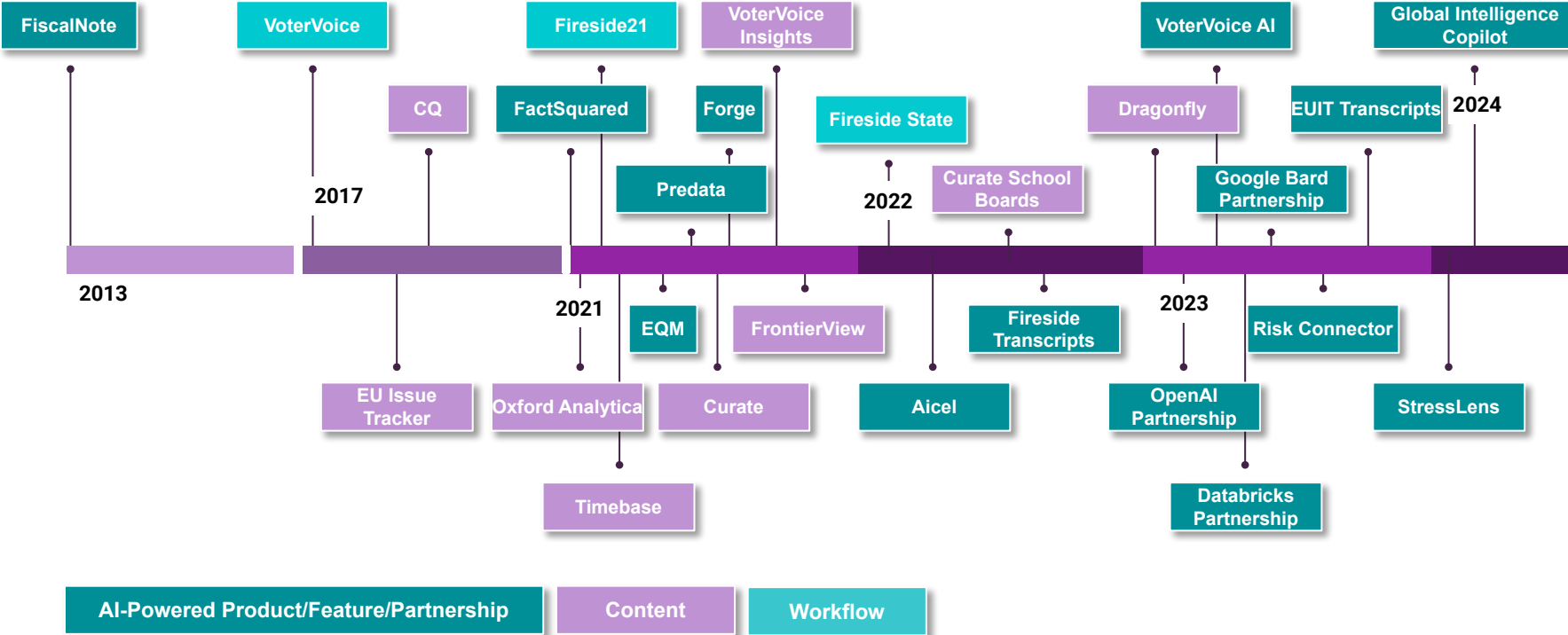
Additional countries, issue area coverage and attribute coverage (i.e. judicial enforcement)

Proprietary Ingestion and Processing Infrastructure with AI at the Core



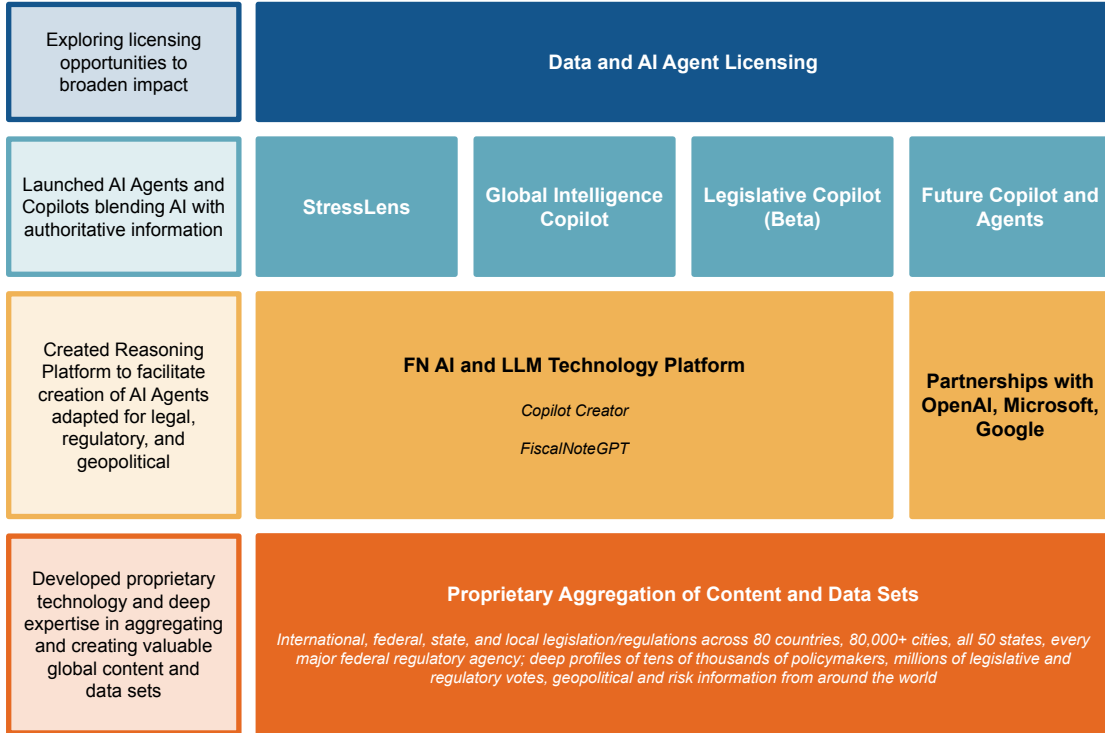
Human augmentation involved at both ingestion and processing steps

From Early Adoption to Accelerating AI Leadership



Continuing to Execute on Our AI Vision

AI Product Strategy

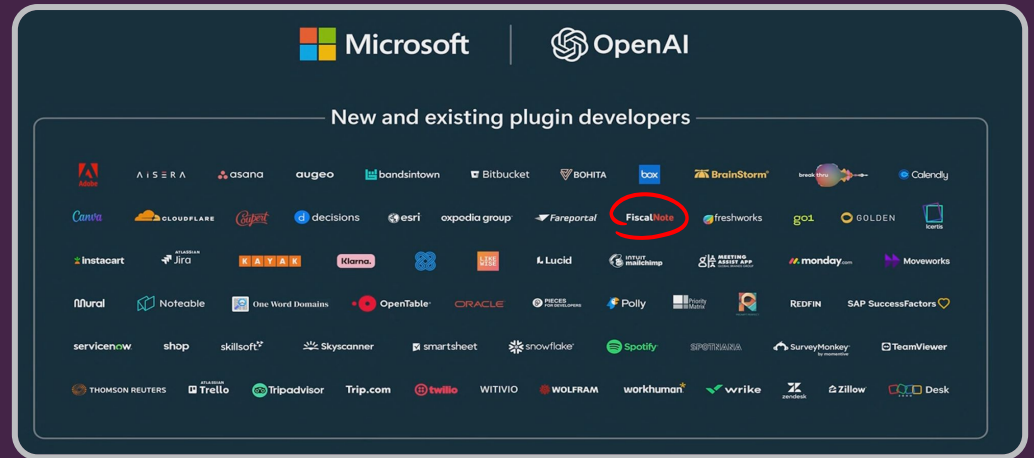
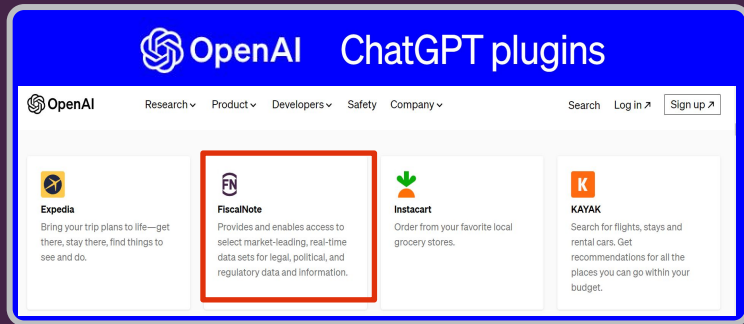


Key Takeaways

- 1** FiscalNote is already a leading provider of AI-powered sector-specific information and analytics for the legal, regulatory, and policy industry
- 2** Invested the last 10 years to create a deep reservoir of technical expertise, world-class team, proprietary data and analytical tools
- 3** Launched FiscalNoteGPT and Co-Pilot Creator to rapidly accelerate creation of AI Agents and Co-Pilots without incremental R&D expenses
- 4** Exploring opportunity to license data to LLMs and white label AI Co-Pilots to other verticals
- 5** Accelerating our AI offerings to broad distribution of thousands of customers / extensive sales and customer support in N. America, Europe, and APAC to accelerate revenue growth and improve retention

FiscalNote AI Leadership

Recognition from the world's most prominent AI organizations



50k+
Data Sources

16
Patents⁽¹⁾

9
Patents Pending⁽¹⁾

(1) As of December 31, 2023.

Q2 2024 Financials



FiscalNote

Q2 2024 Financial Summary

FINANCIAL HIGHLIGHTS

Total Revenues	Gross Profit	Net Loss	Adjusted Gross Profit ¹	Adjusted EBITDA ¹	Cash ²
\$29.2M (-11% YoY)	\$22.4M (77% gross margin)	\$(12.8)M	\$24.9M (85% adjusted gross margin)	\$1.8M (6% adjusted EBITDA margin)	\$38.4M

(1) Non-GAAP measure. Please see "Non-GAAP Financial Measures" for definitions and important disclosures regarding these financial measures, including reconciliations to the most directly comparable GAAP measure.
(2) As of June 30, 2024 and inclusive of short-term investments.

H1 2024 Financial Summary

FINANCIAL HIGHLIGHTS

Total Revenues	Gross Profit	Net Income	Adjusted Gross Profit ¹	Adjusted EBITDA ¹
\$61.4M (-5% YoY)	\$47.3M (77% gross margin)	\$37.8M	\$52.2M (85% adjusted gross margin)	\$3.0M (5% adjusted EBITDA margin)

(1) Non-GAAP measure. Please see "Non-GAAP Financial Measures" for definitions and important disclosures regarding these financial measures, including reconciliations to the most directly comparable GAAP measure.

Q2 2024 Financial Summary

KEY PERFORMANCE INDICATORS¹

Run-Rate
Revenue
(RRR)

\$121M

Annual
Recurring
Revenue
(ARR)

\$109M

Net
Revenue
Retention

98%

(1) "Run-Rate Revenue," "Annual Recurring Revenue," and "Net Retention Revenue" are key performance indicators (KPIs). See "Key Performance Indicators" for the definitions and important disclosures related to these measures.

Financial Forecast



FiscalNote

Forecast

Full Year 2024

Metric	Current Forecast Provided on August 8, 2024	Action Taken on August 8, 2024	Previous Forecast Provided on May 9, 2024
Total Revenue	~ \$121M	Revised	\$123M to \$127M
Adjusted EBITDA ^{1,2}	~ \$8M	Revised	\$7M to \$9M

Q3 2024

Metric	Initial Forecast Provided on August 8, 2024
Total Revenue	~ \$29M
Adjusted EBITDA ^{1,2}	~ \$2M

(1) Non-GAAP measure. Please see "Non-GAAP Financial Measures" for definitions and important disclosures regarding these financial measures.

(2) Because of the variability of items impacting net income and unpredictability of future events, management is unable to reconcile without unreasonable effort the Company's forecasted adjusted EBITDA to a comparable GAAP measure.

Key Takeaways



- 1** FiscalNote already a leading provider of AI-powered sector-specific, information, and analytics for the legal, regulatory, and policy industry
- 2** Invested the last 10 years to create a deep reservoir of technical expertise, world-class team, proprietary data and analytical tools
- 3** Launched FiscalNoteGPT and Co-Pilot Creator to rapidly accelerate creation of AI Agents and Co-Pilots without incremental R&D expenses
- 4** Exploring opportunity to license data to LLMs and white label AI Co-Pilots to other verticals
- 5** Accelerating our AI offerings to broad distribution of thousands of customers / extensive sales and customer support in N. America, Europe, and APAC to accelerate revenue growth and improve retention

Appendix

Non-GAAP Financial Measures

Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with GAAP, we use certain non-GAAP financial measures to clarify and enhance our understanding, and aid in the period-to-period comparison, of our performance. Where applicable, we provide reconciliations of these non-GAAP measures to the corresponding most closely related GAAP measure. Investors are encouraged to review the reconciliation of each of these non-GAAP financial measures to its most comparable GAAP financial measure. While we believe that these non-GAAP financial measures provide useful supplemental information, non-GAAP financial measures have limitations and should not be considered in isolation from, or as a substitute for, their most comparable GAAP measures. These non-GAAP financial measures are not prepared in accordance with GAAP, do not reflect a comprehensive system of accounting and may not be comparable to similarly titled measures of other companies due to potential differences in their financing and accounting methods, the book value of their assets, their capital structures, the method by which their assets were acquired and the manner in which they define non-GAAP measures.

Adjusted Gross Profit and Adjusted Gross Profit Margin

We define Adjusted Gross Profit as Total Revenue minus cost of revenues, before amortization of intangible assets that are included in costs of revenues. We define Adjusted Gross Profit Margin as Adjusted Gross Profit divided by Total Revenue. We use Adjusted Gross Profit and Adjusted Gross Profit Margin to understand and evaluate our core operating performance and trends. We believe these metrics are useful measures to us and to our investors to assist in evaluating our core operating performance because they provide consistency and direct comparability with our past financial performance and between fiscal periods, as the metrics eliminate the non-cash effects of amortization of intangible assets and deferred revenue, which are non-cash impacts that may fluctuate for reasons unrelated to overall operating performance. Adjusted Gross Profit and Adjusted Gross Profit Margin have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. They should not be considered as replacements for gross profit and gross profit margin, as determined by GAAP, or as measures of our profitability. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures only for supplemental purposes. Adjusted Gross Profit and Adjusted Gross Profit Margin as presented herein are not necessarily comparable to similarly titled measures presented by other companies.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA reflects further adjustments to EBITDA to exclude certain non-cash items and other items that management believes are not indicative of ongoing operations. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by Total Revenue. We disclose EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin herein because these non-GAAP measures are key measures used by management to evaluate our business, measure our operating performance and make strategic decisions. We believe that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are useful for investors and others in understanding and evaluating our operating results in the same manner as management. EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not financial measures calculated in accordance with GAAP and should not be considered as substitutes for net loss, net loss before income taxes, or any other operating performance measure calculated in accordance with GAAP. Using these non-GAAP financial measures to analyze our business would have material limitations because the calculations are based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find significant. In addition, although other companies in our industry may report measures titled EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin or similar measures, such non-GAAP financial measures may be calculated differently from how we calculate non-GAAP financial measures, which reduces their comparability. Because of these limitations, you should consider EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin alongside other financial performance measures, including net income and our other financial results presented in accordance with GAAP.

Q2 2024 - Reconciliation to non-GAAP measures

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

	Three Months Ended June 30,		Six Months Ended June 30,		
	2024	2023	2024	2023	
<i>(\$ in thousands)</i>					
Net loss	\$ (12,764)	\$ (30,973)	\$ 37,835	\$ (50,246)	(a)
Income tax provision / (benefit)	324	213	1,750	243	(b)
Depreciation and amortization	5,227	6,297	10,644	12,044	(c)
Interest expense, net	5,320	7,154	12,682	13,835	
EBITDA	(1,893)	(17,309)	62,911	(24,124)	
Gain on sale of business (a)	--	--	(71,599)	--	
Stock-based compensation	3,529	5,482	9,704	11,988	
Change in fair value of financial instruments (b)	(854)	2,987	(327)	(11,693)	(d)
Other non-cash charges (c)	31	58	76	5,931	(e)
Acquisition and disposal related costs (d)	394	157	1,098	1,379	(f)
Employee severance costs (e)	91	381	198	750	(g)
Non-capitalizable debt raising costs	224	110	478	316	(h)
Costs incurred related to the transaction (f)	--	150	--	334	
Loss contingency (g)	--	3,722	--	3,890	
Costs incurred related to the Special Committee (h)	253	--	453	--	
Adjusted EBITDA	\$ 1,775	\$ (4,262)	\$ 2,992	\$ (11,229)	
<i>Adjusted EBITDA Margin</i>	<i>6%</i>	<i>(13)%</i>	<i>5%</i>	<i>(17)%</i>	

- (a) Reflects the gain on disposal from the sale of Board.org on March 11, 2024.
- (b) Reflects the non-cash impact from the mark to market adjustments on our financial instruments.
- (c) Reflects the non-cash impact of the following:
 - (i) charge of \$49 in the first quarter of 2024 and \$31 in the second quarter of 2024 related to the unrealized loss on investments;
 - (ii) gain of \$4 in the first quarter of 2024 from the change in fair value related to the contingent consideration and contingent compensation related to the 2021, 2022, and 2023 Acquisitions;
 - (iii) impairment of goodwill of \$5,837 in the first quarter of 2023;
 - (iv) loss from equity method investment of \$34 in the first quarter of 2023 and \$56 in the second quarter of 2023; and
 - (v) charge of \$2 in the first quarter of 2023 and \$2 in the second quarter of 2023 from the change in fair value related to the contingent consideration and contingent compensation related to the 2021, 2022, and 2023 Acquisitions.
- (d) In 2024 reflects the costs incurred related to the sale of Board.org, principally consisting of accounting, tax, and legal fees. In 2023 reflects the costs incurred to identify, consider, and complete business combination transactions consisting of advisory, legal, and other professional and consulting costs.
- (e) Severance costs associated with workforce changes related to business realignment actions.
- (f) Includes non-capitalizable transaction costs incurred within one year of the Business Combination with DSAC.
- (g) Reflects (i) \$3,474 non-cash loss contingency charge related to the settlement with GPO FN Noteholder LLC recorded in the second quarter of 2023 and (ii) accounting and legal costs incurred associated with the settlement with GPO FN Noteholder LLC totaling \$168 in the first quarter of 2023 and \$248 in the second quarter of 2023.
- (h) Reflects costs incurred related to the Special Committee..

Equity Capital - Fully Diluted Shares

Represents shares and dilutive securities outstanding at various price per share levels, in millions

<u>Common Stock</u>		\$1.46	\$5.50	\$7.50	\$10.50	\$12.50	\$15.00	\$20.00	\$25.00
Public Class A	<i>Shares held by Affiliates</i>	44.9	44.9	44.9	44.9	44.9	44.9	44.9	44.9
	<i>Shares held by Other Shareholders</i>	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0
Class B - Co-Founders Only		8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Subtotal		139.2	139.2	139.2	139.2	139.2	139.2	139.2	139.2
<u>Potentially Dilutive</u>									
deSPAC Earnout Shares (i)		0.0	0.0	0.0	3.8	7.7	11.5	15.4	19.2
Outstanding Seller Earnout (ii)		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Employee RSUs and Options (iii)		9.1	12.9	14.6	16.0	16.5	17.0	17.6	17.9
Subtotal		9.3	13.2	14.9	20.1	24.4	28.7	33.2	37.4
<u>Convertible Instruments</u>									
Public Warrants (iv)		0.0	0.0	0.3	4.0	4.7	4.7	4.7	4.7
Private Warrants (iv)		0.0	0.0	0.3	3.3	4.6	5.6	7.0	7.8
Convertible Notes (v)		2.5	2.5	2.5	3.8	3.8	3.8	3.8	3.8
New GPO Note (vi)		6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Subtotal		8.9	8.9	9.5	17.5	19.5	20.5	21.9	22.7
TOTAL AS OF 6/30/2024		157.4	161.2	163.5	176.7	183.1	188.4	194.2	199.2

Note: All dilutive shares outstanding are prepared on the treasury stock method based on the Company's closing stock price and shares outstanding at June 30, 2024.

(i) A total of 19.2mm deSPAC earnout shares are issuable to eligible FiscalNote affiliate and non-affiliate equity holders in five equal tranches of 3.8mm if the Company's stock trades at \$10.50/\$12.50/\$15.00/\$20.00/\$25.00 (subject to VWAP requirements)

(ii) Represent potentially issuable Class A shares in the event certain acquired businesses meet agreed upon revenue targets

(iii) Represent outstanding RSUs and Options exercisable into Class A shares as of June 30, 2024. RSUs generally vest over three years and Options generally vest over four years. Options calculated utilizing weighted average strike price pursuant to the treasury stock method.

(iv) Represent shares issuable upon the exercise of the public and private warrants issued by DSAC and assumed by FiscalNote upon the closing of the Business Combination. The effective per share strike price is \$7.32. The public warrants can be redeemed for \$.01 if the Company's stock price is greater than \$11.45. The private warrants cannot be redeemed for cash.

(v) Represent shares issuable upon conversion of \$15.0mm legacy convertible notes that did not convert as part of the Business Combination. These convertible notes mature in 2025 and accrue interest at 15% annually.

(vi) Represent shares issuable upon conversion of the New GPO Note pursuant to the Exchange and Settlement Agreement dated June 30, 2023. The New GPO Note has a principal value, including accrued PIK, of \$50.4mm. Interest is payable in Class A Common Stock on a quarterly basis beginning on September 30, 2024 based on the 30-day VWAP on each future quarterly interest payment date. The New GPO Note is convertible by the holder at any time at a conversion price of \$7.90.

Glossary

AI	Artificial intelligence (AI) refers to the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions.
ARR	Annual Recurring Revenue (ARR) is the value of the contracted recurring revenue components of term subscriptions normalized to a one-year period.
NRR	Net Revenue Retention (“NRR”) is calculated as ARR at the end of the period minus ARR contracted from new clients for which there is no historical revenue booked during the period, divided by the beginning ARR for the period. We calculate NRR at a parent account level. Customers from acquisitions are not included in NRR until they have been part of our consolidated results for 12 months.
Customers	Individual buyers within a parent organization.
LTM	Referring to period consisting of the previous twelve (12) months.
ML	Machine learning (ML) is a branch of artificial intelligence and computer science which focuses on the use of data and algorithms to imitate the way that humans learn, gradually improving its accuracy.
Run-rate revenue	Run-rate Revenue (“RRR”) is calculated as ARR (as defined above) plus non-subscription revenue earned during the last twelve months.
YTD	Year to date (YTD) refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date.

Contact

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FiscalNote