FiscalNote (NOTE) Management Presentation July 2023

FiscalNote



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FiscalNote







WHAT WE DO

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

FiscalNote

Clear Value Proposition

Crucial technology and embedded workflows on the desks of the world's decision makers

	FiscalNote Value	Select FiscalNote Customers
Government Agencies	Secure government funding to support national security and engage in global diplomacy	
Corporates (Large Enterprise; Mid-Market / SMB)	Navigate increasingly complex regulatory, policy and geopolitical landscape and manage risk related to key issues such as ESG, data privacy and antitrust, supply chain management	
Non-Profits & NGOs	Advocate to elected officials to ensure access to funding and protection of interests	

Why It Matters

Boards and CEOs Face Increasing Global Regulations and Uncertainty



> " 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*

NOVARTIS

> " 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**

bp

> " 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*

Meta

> " **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*

BlackRock

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 years[1]

Note: (1) PwC Global CEO Survey (https://www.pwc.com/ceosurvey.html)

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FiscalNote Snapshot

Compounding Growth, Strong Retention, High Gross Margins

~5,000 Customers[5]

$119M ARR[1]

As of March 31, 2023

21%

Y/Y GAAP Revenue Growth %

FORTUNE 100

60+ of the Fortune 100

Are FiscalNote customers

80%

Adjusted Gross Margin[2]

Q1 2023

10%

Y/Y Organic Revenue Growth

96%

Net Revenue Retention[1]

Q1 2023

Fast track to positive Adj. EBITDA[2]

Projected in Q4 2023[3]

$48M Cash[4]

Sufficiently capitalized to support growth

Diverse Revenue Base

Balanced across enterprise, government and mid-market accounts

All Data presented is as of March 31, 2023
(1) “Annual Recurring Revenue” or “ARR” and “Net Revenue Retention” or “NRR”, are key performance indicators (KPIs). .
(2) 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.
(3) 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.
(4) As of March 31, 2023
(5) Customers refer to individual buyers within a parent organization.

FiscalNote

Category Creator

Crucial AI technology and embedded workflows on the desks of the world's decision makers

Legal and Policy

FiscalNote

Finance

S&P CAPITAL IQ

Bloomberg

FACTSET

EV/23 Rev Multiple*: 9.0x

HR

ADP

PeopleSoft

workday.

EV/23 Rev Multiple*: 6.7x

Sector – Specific Info Services

Clarivate™

CoStar Group™

tyler technologies

DEFINITIVE HEALTHCARE

EV/23 Rev Multiple*: 8.4x

Recent related M&A Transactions

Adenza → Nasdaq

Avalara → VISTA EQUITY PARTNERS

Rev Multiple at transaction: 10-17x

Other Recent related M&A Transactions

casetext → THOMSON REUTERS

fastcase / vlex → Oakley Capital / BainCapital

* Sourced from Factset and represents Average EV/23 Revenue Multiple for the public entities listed in each segment as of July7,2023

FiscalNote Growth Opportunity

Investment Highlights

Large, Growing Market Opportunity

AI and Data-Driven Workflow

Disciplined M&A



Diverse Blue Chip Customer Base

Multiple Avenues of Organic Growth

FiscalNote

Large and Expanding Market Opportunity

Enterprise
Info Solutions
TAM: $314BN[1]

Clear 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



Legal &
Regulatory Info
TAM: $40BN[2]

(1) Outsell: Market landscape (as of August 12, 2021), denotes estimated TAM in 2020.
(2) Outsell: Market landscape (as of April 24, 2023)

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Blue Chip Diverse Client Base

Relied upon and recognized across major public and private sector customers

Government Agencies



Corporates

FINANCE

New York Life · US Bancorp · BNP Paribas · UBS · Sallie Mae · Goldman Sachs

ENERGY

Chevron · eni · ConocoPhillips · Strata Solar · Vistra · Energinet

CONSUMER & RETAIL

PepsiCo · Drizly · L'Oréal · 7-Eleven · Nestlé · Jewelers of America

TRANSPORT

Delta · Amtrak · Lyft · FedEx · Nikola · Uber · Hertz · Rail Passengers

HEALTHCARE

AstraZeneca · BlueCross BlueShield Association · Abbott · Amgen · abbvie · AANP

EDUCATION

NEA · Penn · Harvard Kennedy School · 2U · MIT · Education Commission of the States

TMT

Microsoft · CNN · Siemens · SAP · The New York Times · Zillow · Lenovo · T-Mobile · HP

BUSINESS SERVICES

The Concord Coalition · EY · Bain & Company · bakertilly · Willis Towers Watson · argus

Non-Profits & NGOs

AARP · U.S. Chamber of Commerce · United States Olympic & Paralympic Committee · NFIB · NEA National Education Association · Big Brothers Big Sisters of America · AFT · NAACP · SFIA · Household & Commercial Products Association · U.S. Travel Association · International Brotherhood of Teamsters · AMA American Motorcyclist Association

 Note: Data as of May 3, 2023.

The FiscalNote Solution



Data

Unrivaled Information
& Global
Need-to-Know Policies



Workflow

Embedded Workflows
to Manage
Regulatory Risk



Analytics

AI-Powered
Actionable
Intelligence



Research

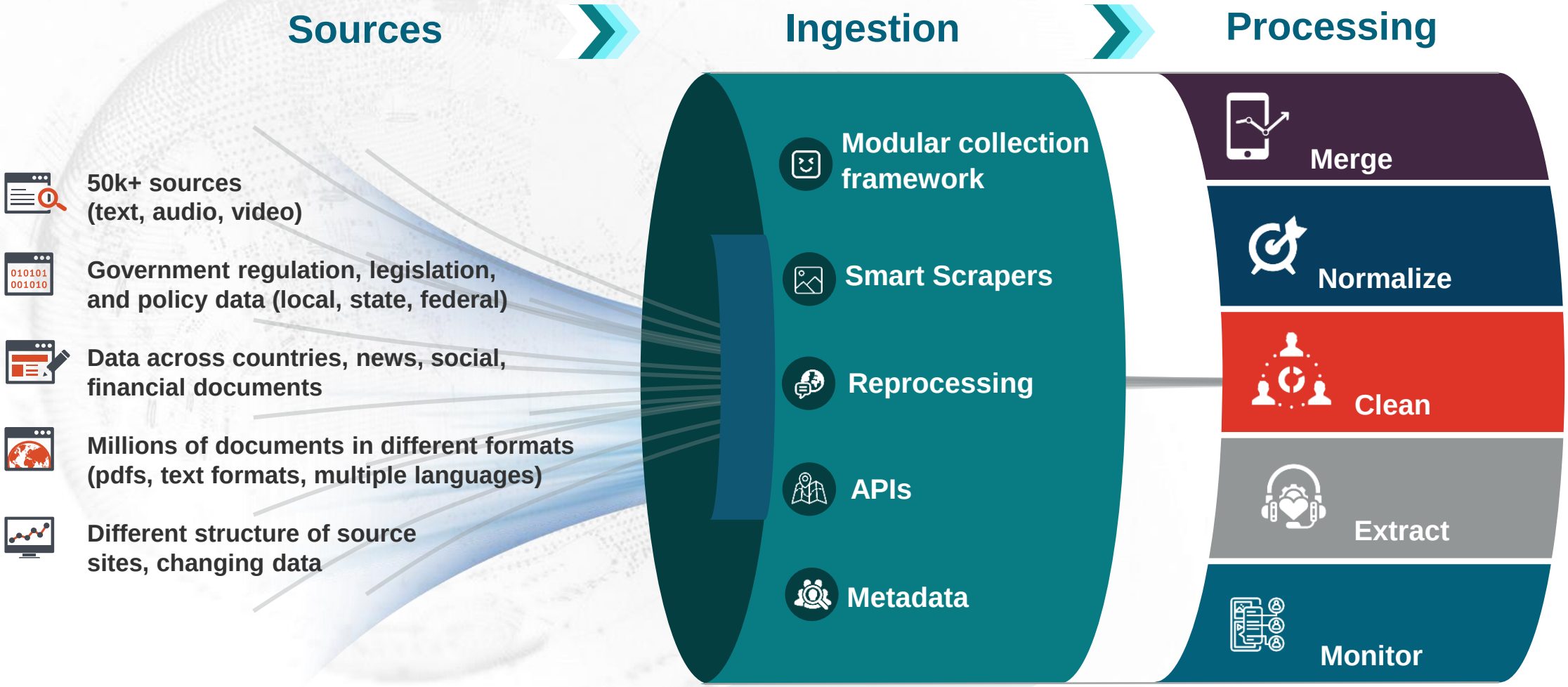
Differentiated &
Mission-Critical
Commentary on Policy

Combining Data, Analytics & Workflow to Drive Actionable Insights

- ☑ Secure Government Funding
- ☑ Generate Incremental Revenue
- ☑ Minimize Costs
- ☑ Mitigate Reputational Risk

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Proprietary Ingestion and Processing Infrastructure with AI at the Core

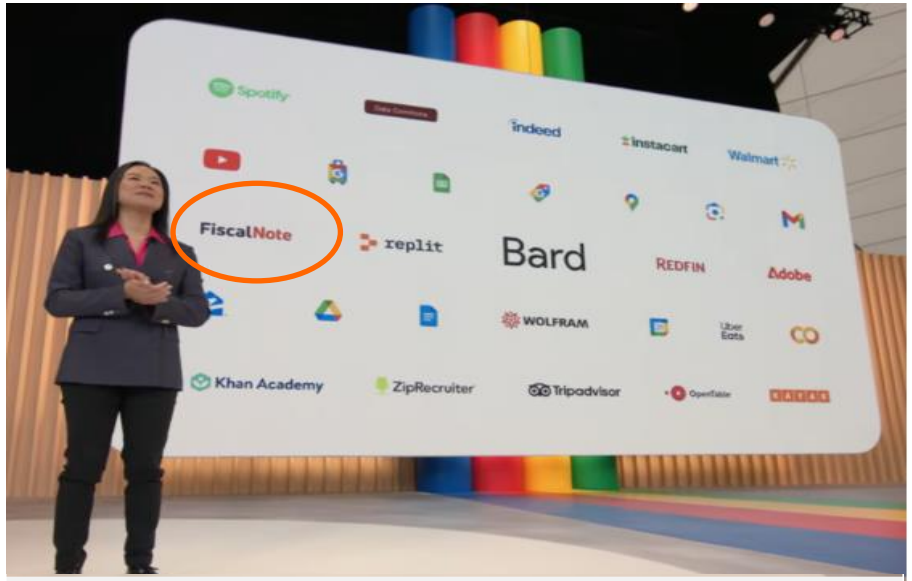


Human Augmentation layered in both ingestion and processing steps

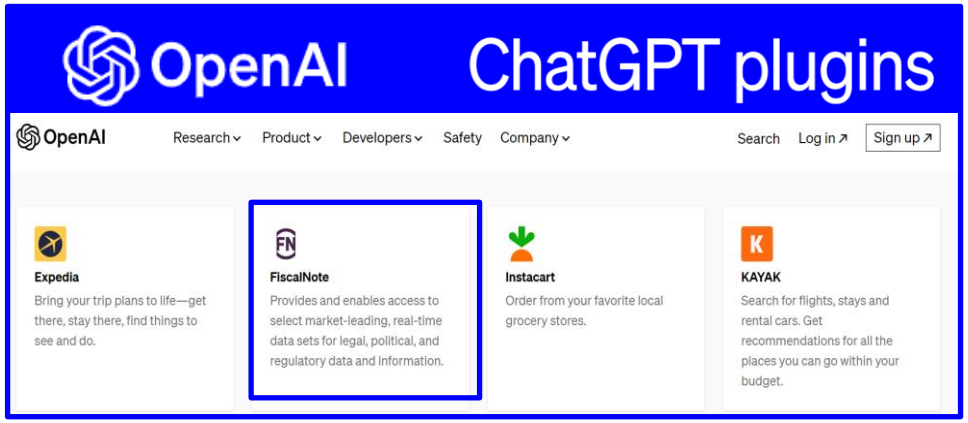
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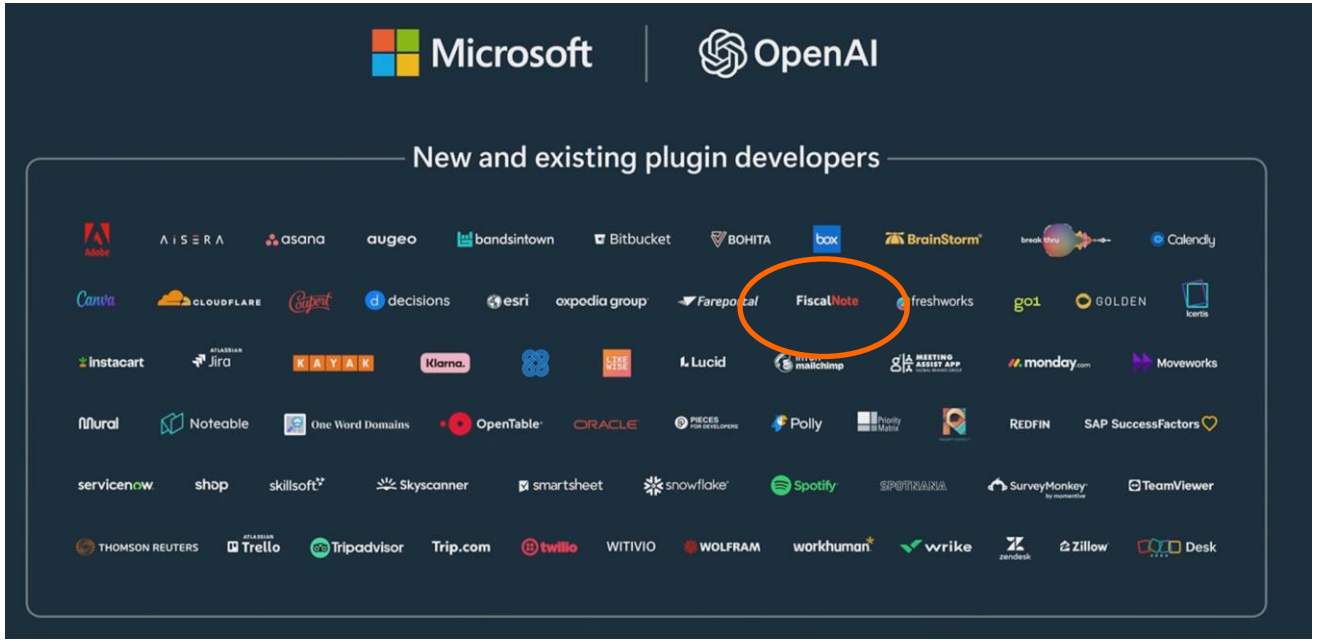
FiscalNote AI Leadership

Recognition from the world's most prominent AI organizations



Keynote speaker, Sissie Hsiao, Vice President and General Manager, Google Assistant and Bard at Google's Annual I/O Conference.

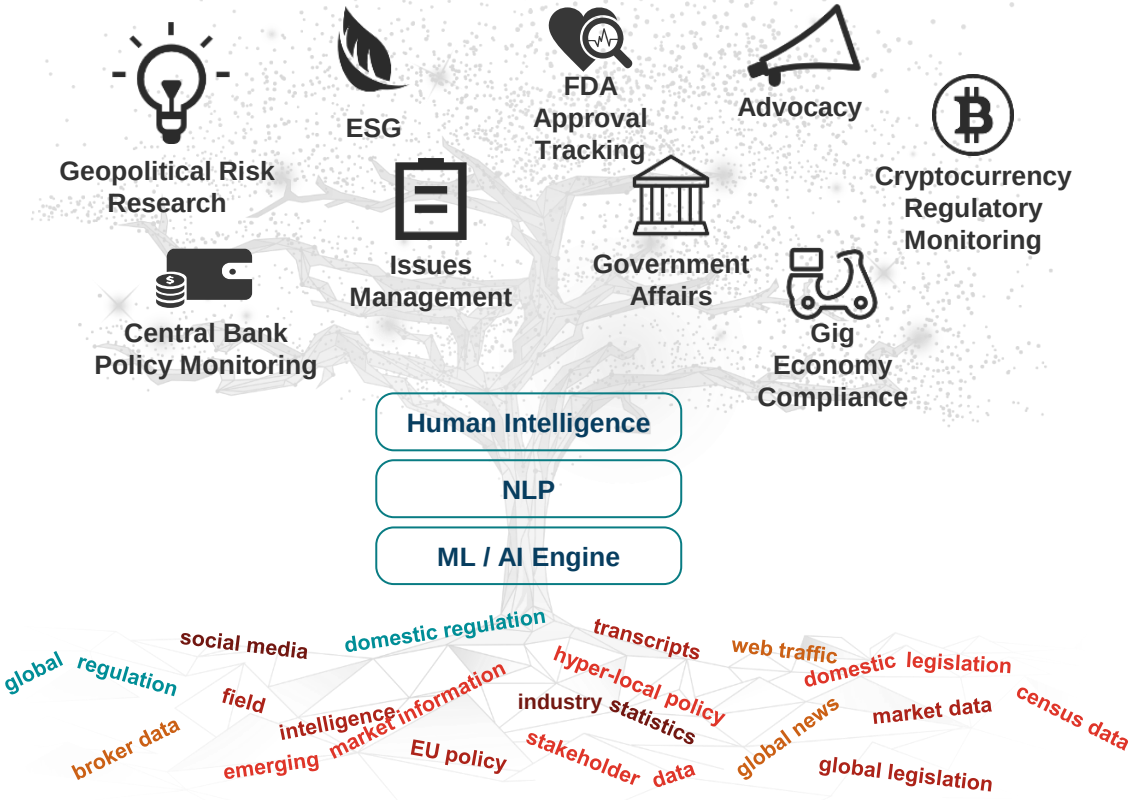




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Leveraging Core Technology for Organic Product Growth

New Adjacent Market Opportunities



Potential for long term investment in commercialization of AI technology and alternative data

Regulated Sectors of the Future

- Autonomous Driving
- Gig Economy
- US-China Relations
- Cryptocurrency Compliance
- Online Sports Betting
- Cybersecurity
- Diversity & Inclusion
- Cannabis
- Telehealth

Leverage strengths in scaling data and workflow to develop vertically integrated solutions for high growth regulated sectors of the future

FiscalNote

Building on our Track Record of Disciplined, Accretive M&A

Proven Strategies

- Playbook for acquisition and integration
- Track record of value creation through acquisition of datasets and cross / upselling key customer segments
- Dedicated team of M&A professionals
- Well-supported by CFO, GC and internal stakeholders

Key Winning Factors

- Transaction structure
- Alignment of interests
- Scale and platform benefits
- Culture
- Non-competitive situations (i.e. not auctions)

Criteria

- Deeply embedded customers
- Large market share
- Limited strategic options
- High subscription revenue streams
- Ability to cross-sell / up-sell
- Sub-sectors with competitive fragmentation

Key Statistics

17

Acquisitions since 2015[1]

3

New international operational footprints in 2021 (UK, AU, SG)

Selected M&A Integrations

FactSquared

- **Reduced** cost + **incremental** capability
- **Millions of dollars** of future outsourced vendor expenses expected to be saved through AI-powered transcription
- **Core technology** contributes to other R&D initiatives

Curate

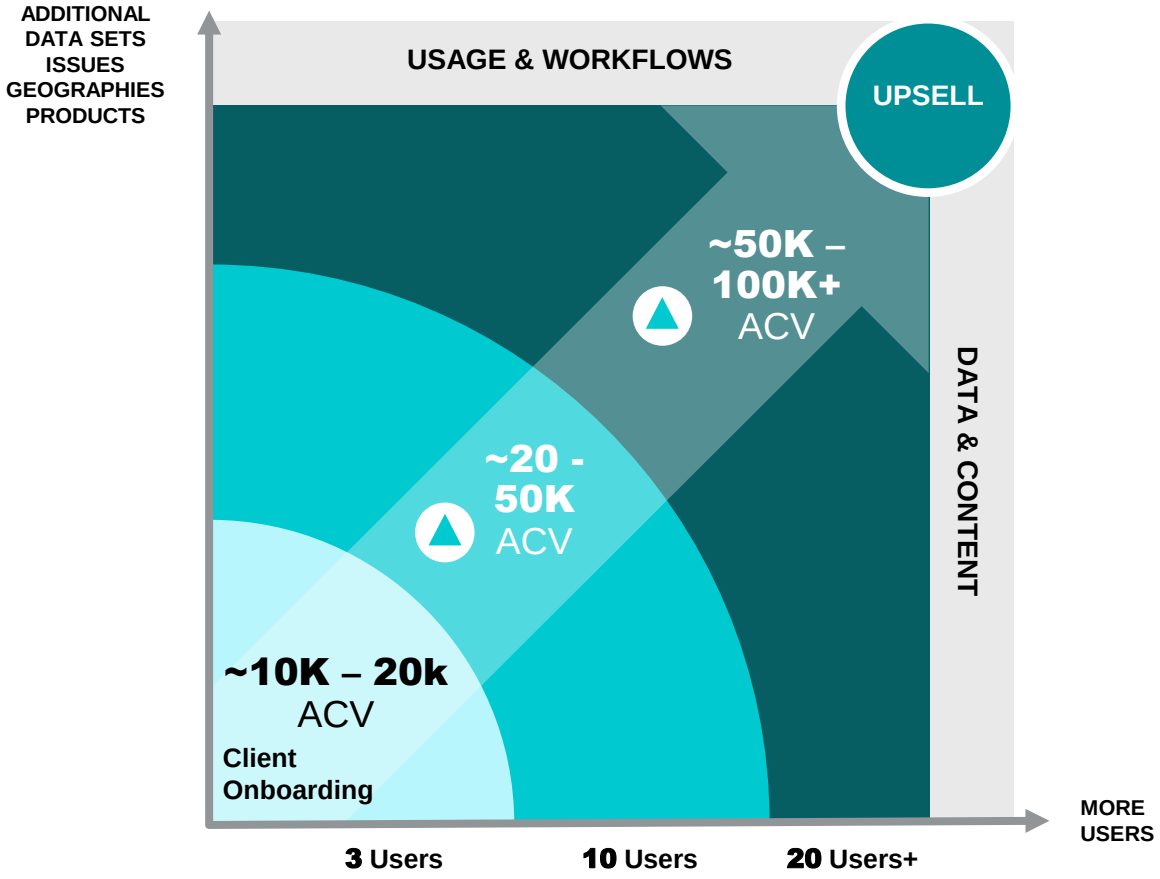
- **Broader data coverage** to key local data sets
- **Cross Sell** within two days of close
- Clients facing **increasing exposure** to local legislation and regulation

(1) Statistic as of March 2023. (2) Run Rate Revenue is a Management KPI defined as the ARR at period end + total pro forma LTM non-subscription revenue

Fueling our “Land and Expand” Strategy Via Cross & Upsell

Relied upon and recognized across major public and private sector customers

Upselling Potential Enabled by User and Product-Based Pricing



Customer Growth Stories

Multinational Biotech and Pharmaceutical Company

46x

$10,000 → $456,895

Initial ARR → 2022 ARR

Key Product

Global Team Collaboration

Large Multinational Technology Company

37x

$24,656 → $918,493

Initial ARR → 2022 ARR

Key Product

Global Regulatory Strategy

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Enterprise Customer Journey: Case Study

Large Energy Company

FiscalNote Value:

- Centralize efforts of disparate teams across government, corporate, legislative and regulatory affairs
- Manage and track policy and regulatory across all 50 states

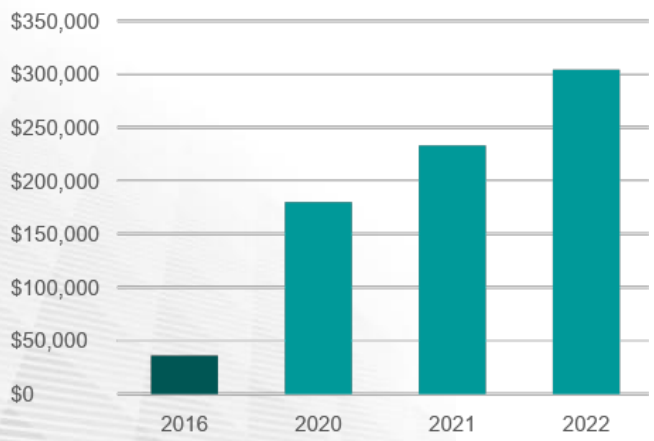
Buyers:

Operations manager, Corporate Affairs; VP & GM Government Affairs

Initial business challenge / solution:

- Frequent reorgs made continuity and communications across teams challenging.
- Selected FiscalNote products to centralize efforts of several disparate teams that sit under the Strategy, Policy & Development department which oversees government affairs, corporate affairs and legislative & regulatory affairs

ACCOUNT ARR GROWTH



EXPANSION JOURNEY

2016 Initial user of congressional data

2019 FiscalNote sales team introduced our core FiscalNote product and regulatory data to centralize efforts of disparate teams across government, corporate, legislative and regulatory affairs

2020 Expanded to include European data (EUIT)

2022 Expanded US Policy analysis to include 14 additional policy issues. Allows company to visualize their policy and tracking efforts across all 50 states and provide reports for senior leaders to share across teams.

2023 Expanded number of users within the organization

Potential growth opportunities:

Expanding policy coverage to International Government Affairs and Corporate Affairs team to additional priority global markets

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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

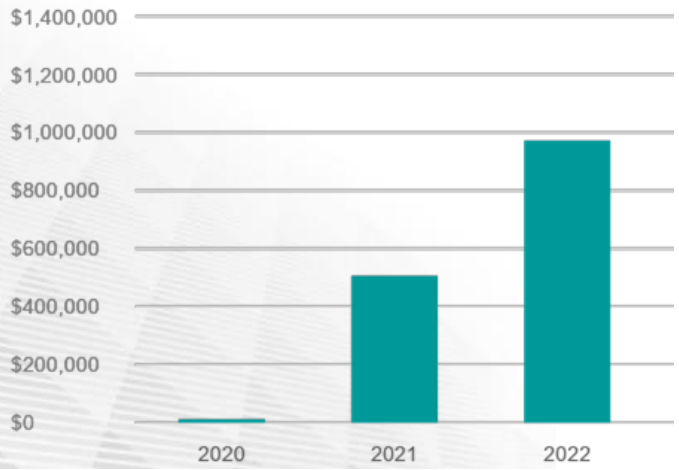
Legal department

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

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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

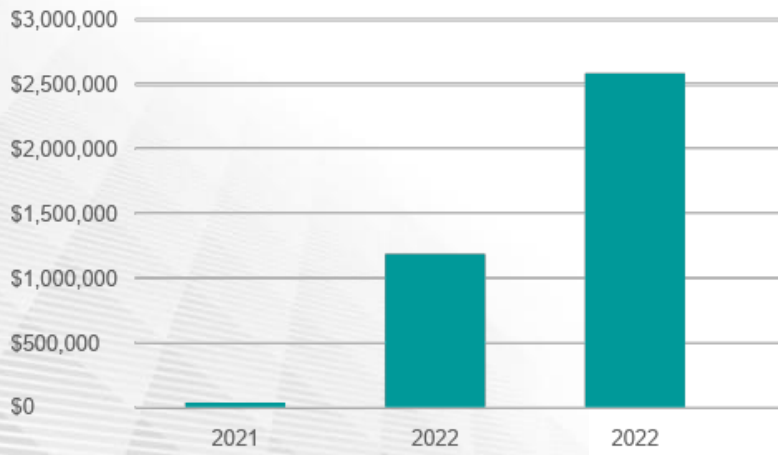
Buyers:

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)

2022 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)

FiscalNote

Managed by a Visionary, Founder-led Team with Strong Track Record



Tim Hwang
Co-Founder, Chairman & CEO



Jon Slabaugh
Chief Financial Officer & Chief Investment Officer



Josh Resnik
President & COO
Chief Operating Officer



Richard Henderson
Chief Revenue Officer



Gerald Yao
Co-Founder, Chief Strategy Officer, Global Head of ESG,



Krystal Putman-Garcia
Chief Marketing Officer
GM of Advocacy



Dr. Vlad Eidelman
Chief Technology Officer & Chief Scientist



Paul Donnell
Chief Accounting Officer



Todd Aman
SVP, General Counsel, & Secretary

- Operating Businesses at Scale
- Public Company Experience
- Executing M&A Deals
- Silicon Valley Experience
- Inside DC Experience

Experienced Leadership Guiding the Organization at the Board-level



TIM HWANG
Co-Founder, Chairman & Chief Executive Officer, FiscalNote



GERALD YAO
Co-Founder, Chief Strategy Officer, & Global Head of ESG, FiscalNote



MIKE CALLAHAN
General Counsel of Rivian; former General Counsel of Yahoo, LinkedIn, and Auction.Com



KEY COMPTON
Co-Founder And Managing Director, GPO Fund



MANOJ JAIN
Co-Chief Investment Officer And Co-Founder Of Maso Capital



GEN. STANLEY MCCHRYSTAL (RET.)
Former U.S. Four-Star General



KEITH NILSSON
Co-Founder And Managing Partner, Xplorer Capital



ANNA SEDGLEY
Chief Financial Officer, Bauer Media Group and Former CFO/COO, Dow Jones & Co.



BRANDON SWEENEY
Chief Revenue Officer, Hashicorp And Former SVP, Worldwide Sales At Vmware



CONRAD YIU
Co-Founder and Partner, AS1 Growth Partners

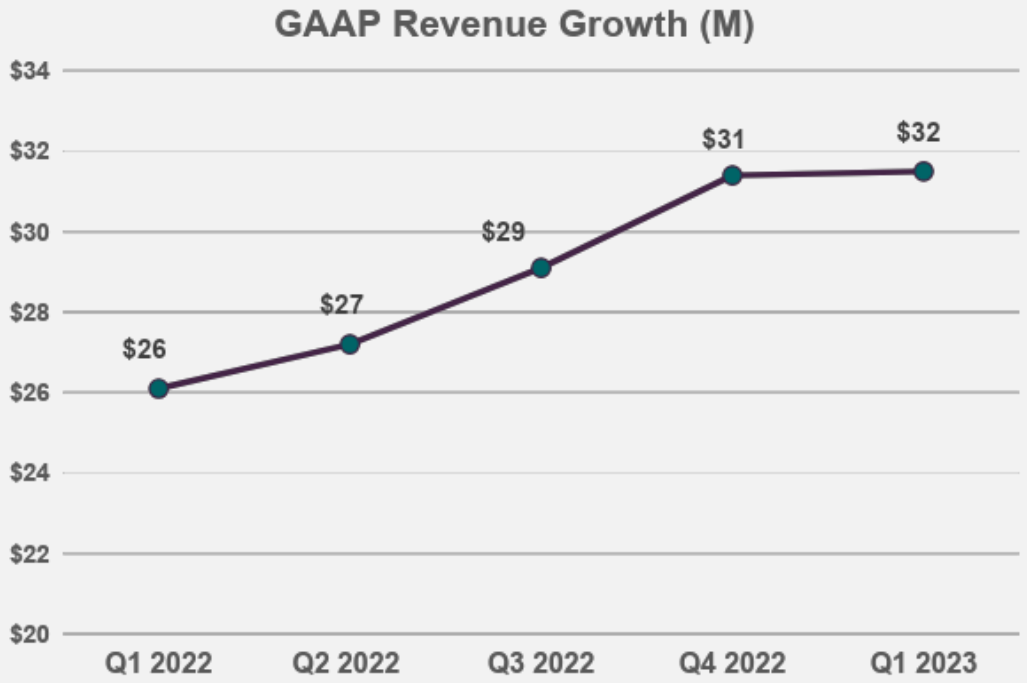
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Q1 2023 Summary
FY 2023 Guidance

FiscalNote

1Q 2023 Financial Summary

Total GAAP Revenue	Gross Profit	Adjusted Gross Profit[1]	Cash
$31.5M (+21% y/y)	**$22.6M** (72% gross margin)	**$25.2M** (80% adjusted gross margin)	**$47.5M** Sufficient capital to support growth plans



(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.

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FY 2023 Guidance:

- **GAAP revenue of $136 to $141 million**, representing **20% to 24% year over year** growth inclusive of the Company's recent acquisition of Dragonfly Eye, Ltd.

- **Total run-rate revenue[(1)(2)] of $148 million to $155 million** representing **growth of 17% to 22%** over the prior year inclusive of the Company's recent acquisition of Dragonfly Eye, Ltd. and growth of 10% to 16% over the prior year on an organic basis.

- An **adjusted EBITDA**[(3)] loss of $8 million to $6 million for the year[(4)], marking an improvement of approximately 71% year-over-year at the midpoint.

- Reiterates that it expects to achieve **positive Adjusted EBITDA in the fourth quarter of 2023** and ongoing positive adjusted EBITDA beyond this milestone.

(1) "Run-Rate Revenue," is a key performance indicator (KPIs). Please see "Key Performance Indicators" in our earnings release for the definitions and important disclosures regarding these measures.
(2)Total run rate revenue includes completed acquisitions but does not include any future acquisitions under consideration.
(3)Non-GAAP measure. Please see "Non-GAAP Financial Measures" in this presentation for definitions and important disclosures regarding these financial measures, including reconciliations to the most directly comparable GAAP measure.
(4)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.

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Summary

Why FiscalNote

- ✓ Large, growing market with tailwinds from increasing regulatory and geopolitical complexities
- ✓ Diverse, blue chip customer base providing a durable asset for upsells and cross-sells
- ✓ AI and data-driven workflows differentiate FiscalNote and help customers turn insights into action
- ✓ Multiple avenues of growth across adjacent verticals, geographies & regulated industries
- ✓ M&A track record, and opportunities for market consolidation
- ✓ On path for Adjusted EBITDA profitability in Q4 of 2023

Addendum

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 Revenue

Adjusted revenue represents revenue adjusted to include amounts that would have been recognized if deferred revenue was not adjusted to fair value in connection with acquisition accounting. Adjusted revenue is presented because we use this measure to evaluate performance of our business against prior periods and believe it is useful for investors as an indicator of the underlying performance of our business. Adjusted revenue is not a recognized term under U.S. GAAP. Adjusted revenue does not represent revenues, as that term is defined under GAAP, and should not be considered as an alternative to revenues as an indicator of our operating performance. Adjusted revenue as presented herein is not necessarily comparable to similarly titled measures presented by other companies.

Adjusted Gross Profit and Adjusted Gross Profit Margin

We define Adjusted Gross Profit as Adjusted 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 Adjusted 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 Adjusted 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.

Q1 2023 Summary - Reconciliation to non-GAAP measures

Adjusted Revenues

The following table presents our calculation of Adjusted Revenues for the periods presented, and a reconciliation of this measure to our GAAP revenues for the same periods:

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Subscription revenue	$ 28,467	$ 22,779
Deferred revenue adjustment	-	993
Adjusted subscription revenue	28,467	23,772
Advisory, advertising, and other revenue	3,062	3,292
Adjusted revenues	**$ 31,529**	**$ 27,064**

Adjusted Gross Profit and Adjusted Gross Profit Margin

The following table presents our calculation of Adjusted Gross Profit and Adjusted Gross Profit Margin for the periods presented

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Adjusted Revenues	$ 31,529	$ 27,064
Costs of revenue	(8,937)	(7,170)
Amortization of intangible assets	2,597	1,823
Adjusted Gross Profit	**$ 25,189**	**$ 21,717**
Adjusted Gross Margin	*80%*	*80%*

FiscalNote

1Q 2023 Summary - Reconciliation to non-GAAP measures

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

	Three Months Ended March 31,	
(in thousands)	2023	2022
Net loss	$ (19,273)	$ (28,351)
Income tax provision / (benefit)	30	(374)
Depreciation and amortization	5,747	4,717
Interest expense, net	6,681	22,523
EBITDA	**(6,815)**	**(1,485)**
Deferred revenue adjustment (a)	-	993
Stock-based compensation	6,506	260
Change in fair value of financial instruments (b)	(14,680)	1,338
Other non-cash (gains) charges (c)	5,873	(8,609)
Acquisition related costs (d)	1,222	72
Employee severance costs (e)	369	-
Non-capitalizable debt raising costs	206	403
Other infrequent costs (f)	-	20
Costs incurred related to the transaction (g)	184	203
Loss contingency (h)	168	-
Adjusted EBITDA	**$ (6,967)**	**$ (6,805)**
Adjusted EBITDA Margin	*(22.1)%*	*(25.1)%*

(a) Reflects deferred revenue fair value adjustments arising from the purchase price allocation in connection with the 2021 Acquisitions.

(a) Reflects the non-cash impact from the mark to market adjustments on our financial instruments.

(b) Reflects the non-cash impact of the following:
- (i) impairment of goodwill of $5,837 in the first quarter of 2023,
- (ii) loss from equity method investment of $34 in the first quarter of 2023,
- (iii) charge of $2 in the first 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;
- (iv) gain of $1,320 in the first quarter of 2022 from the change in fair value related to the contingent consideration and contingent compensation related to the 2021 Acquisitions,
- (v) gain of $7,667 related to the partial forgiveness of our PPP Loan during the first quarter of 2022, and
- (vi) $378 impairment charge recognized in the first quarter of 2022 related to the abandonment of one of our leases upon adoption of ASC 842 on January 1, 2022.

(c) Reflects the costs incurred to identify, consider, and complete business combination transactions consisting of advisory, legal, and other professional and consulting costs.

(d) Severance costs associated with workforce changes related to business realignment actions.

(e) Costs incurred related to litigation we believe to be outside of our normal course of business totaling $20 in the first quarter of 2022.

(f) Includes non-capitalizable transaction costs associated with the Business Combination.

(g) Reflects $168 of legal costs incurred during the first quarter of 2023 related to the proposed term sheet with GPO FN Noteholder LLC.

FiscalNote

Equity Capital - Fully Diluted Shares

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

Common Stock		$2.23	$5.50	$7.50	$10.50	$12.50	$15.00	$20.00	$25.00
Public Class A	*Shares held by Affiliates*	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8
	Shares held by Other Shareholders	79.7	79.7	79.7	79.7	79.7	79.7	79.7	79.7
Class B - Co-Founders Only		8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Subtotal		**133.8**	**133.8**	**133.8**	**133.8**	**133.8**	**133.8**	**133.8**	**133.8**
Potentially Dilutive									
deSPAC Earnout Shares (i)		0.0	0.0	0.0	3.8	7.7	11.5	15.4	19.2
Outstanding Seller Earnout (ii)		0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Employee RSUs and Options (iii)		2.9	6.0	7.8	9.2	9.7	10.2	10.8	11.2
Subtotal		**3.3**	**6.4**	**8.2**	**13.4**	**17.8**	**22.1**	**26.6**	**30.8**
Convertible Instruments									
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)		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Subtotal		**2.0**	**2.0**	**2.6**	**9.3**	**11.3**	**12.3**	**13.7**	**14.5**
TOTAL AS OF 3/31/2023		**139.1**	**142.2**	**144.6**	**156.5**	**162.9**	**168.2**	**174.1**	**179.1**

Note: All dilutive shares outstanding are prepared on the treasury stock method based on the Company's shares outstanding at March 31, 2023. $2.23 is the Company's closing share price on March 31, 2023

(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 December 31, 2022. 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 we 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 $12.2mm 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.

FiscalNote

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	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

Sara Buda
VP, Investor Relations FiscalNote (NOTE)
sara.buda@fiscalnote.com
617-331-0955