FiscalNote (NOTE) Management Presentation

April 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

Connecting policy-making participants to a 360-degree view of critical information and data

GOVERNMENT AGENCIES

FiscalNote Value

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

BUDGET ALLOCATION

- $695BN[1]
- $64BN[2]
- $63BN[3]

CORPORATES

FiscalNote Value

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

REVENUE

- Nestlé: $94BN[4]
- FedEx: $84BN[5]
- Microsoft: $168BN[6]

NON-PROFIT ASSOCIATIONS

FiscalNote Value

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

MEMBERS

- NEA National Education Association: ~3MM[7]
- American Farm Bureau Federation®: ~6MM[8]
- National Association of REALTORS®: ~1.4MM[9]

Note: (1) Senate Appropriations Committee press release; (2) House Committee on Appropriations press release; (3) Office of the Director of National Intelligence press release; (4) Nestle 2021 Annual Report; (5) FedEx 2021 Annual Report; (6) Microsoft 2021 Annual Report; (7) National Education Association website; (8) American Farm Bureau Federation website; (9) NRF website.

FiscalNote

Blue Chip Diverse Client Base

Relied upon and recognized across major public and private sector customers

Government



Finance

New York Life
BNP Paribas
usbancorp
UBS
Goldman Sachs
SallieMae

Energy

Chevron
eni
ConocoPhillips
Strata Solar
Vistra
Energinet

Consumer & Retail

pepsi
L'Oréal
7-Eleven
Nestlé
Drizly
Jewelers of America

Transport

Delta
Amtrak
Lyft
FedEx
Nikola
Hertz
Rail Passengers
Uber

Healthcare

Amgen
BlueCross BlueShield Association
Abbott
AANP
AstraZeneca
abbvie

Education

nea National Education Association
Penn
Harvard Kennedy School
2U
MIT Massachusetts Institute of Technology
Education Commission of the States

TMT

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

Business Services

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

Note: Data as of March 2023. Figures and logos exclude products acquired in 2021.

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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

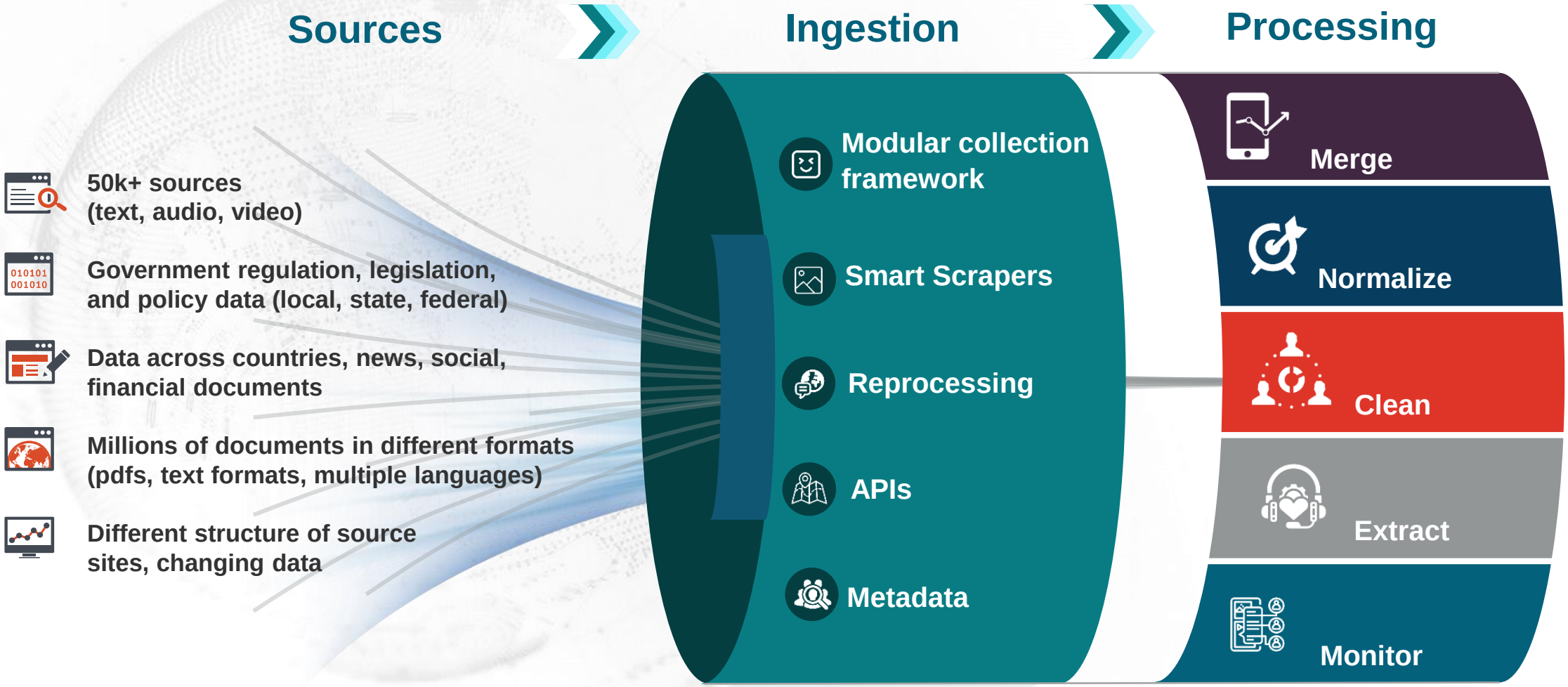
> “ **We need governments to provide clear pathways and a consistent taxonomy** for sustainability policy, regulation, and disclosure across markets.”
>
> **— CEO Larry Fink**
> *2022 Letter to CEOs*
>
> BlackRock

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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Proprietary Ingestion and Processing Infrastructure with AI at the Core



Human Augmentation layered in both ingestion and processing steps

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FiscalNote Snapshot

Compounding Growth, Strong Retention, High Gross Margins

~5,000 Customers[5]

$113M ARR[1]

As of December 31, 2022

37%

Y/Y GAAP Revenue Growth % 2022

FORTUNE 100

60+ of the Fortune 100

Are FiscalNote customers

80%

Adjusted Gross Margin[2]

Q4 2022

14%

Y/Y Organic Revenue Growth

100%

Net Revenue Retention[1]

Q4 2022

Fast track to positive Adj. EBITDA[2]

Projected in Q4 2023[3]

$61M Cash[4]

Sufficiently capitalized to support growth

Diverse Revenue Base

Balanced across enterprise, government and mid-market accounts

(1) “Annual Recurring Revenue” or “ARR” and “Net Revenue Retention” or “NRR”, are key performance indicators (KPIs). Please see "Key Performance Indicators” for the definitions and important disclosures regarding these measures.
(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 December 31. 2022
(5) Customers refer to individual buyers within a parent organization.

FiscalNote

Category Creator

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

Legal and Policy

FiscalNote

Finance

S&P CAPITAL IQ

Bloomberg Terminal®

FACTSET

EV/23 Rev Multiple: 8.9x

HR

ADP

PeopleSoft

workday.

EV/23 Rev Multiple: 6.1x

Other Sector – Specific Info Services

Clarivate™

Avalara

CoStar Group™

tyler technologies

DEFINITIVE HEALTHCARE

EV/23 Rev Multiple: 6.9x

Note: Average EV/23 Revenue Multiple for the public entities listed in each segment as of 03/24/2023. Source: Factset.

Summary

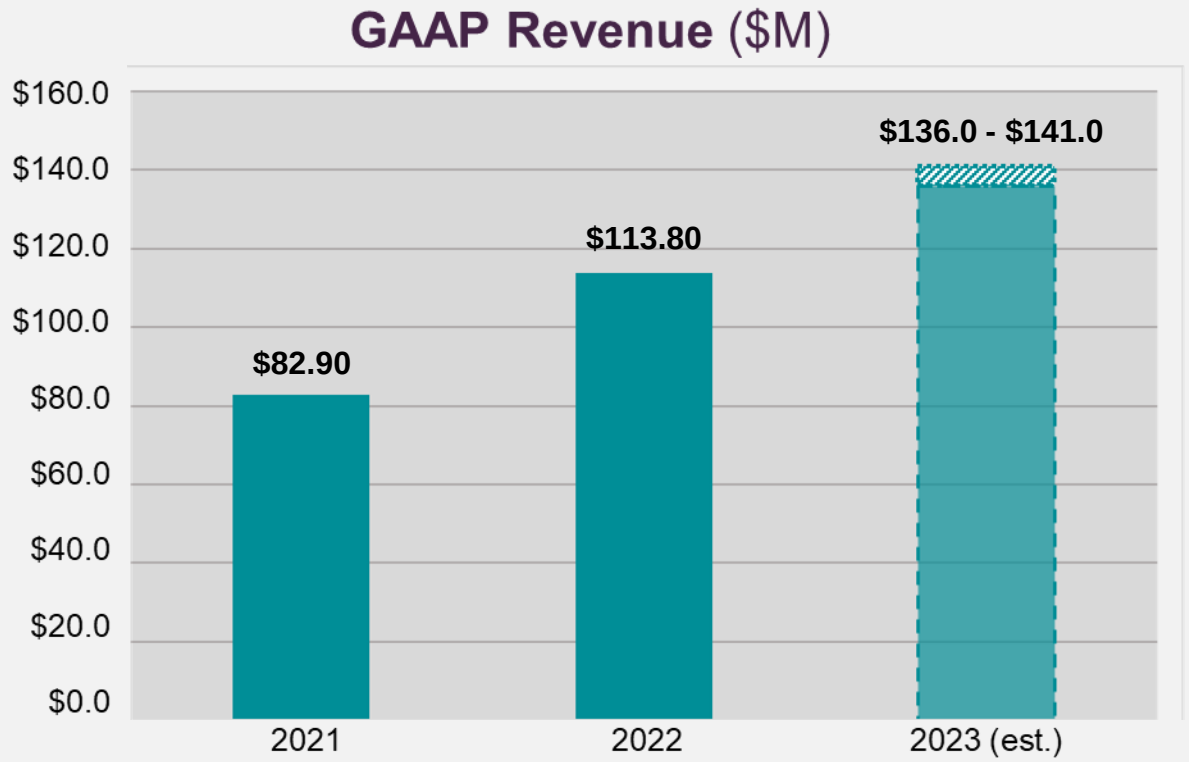
Why FiscalNote

- ✓ 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

FY 2022 Financial Summary

Total GAAP Revenue	ARR[1]	Gross Profit	Adjusted Gross Profit[2]
$113.8M (+37% y/y)	**$113M** (14% growth Y/Y)	**$81.8M** (72% gross margin)	**$92.8M** (80% Adjusted gross margin)



(1) "Run-Rate Revenue," "Annual Recurring Revenue" or "ARR" and "Net Revenue Retention", are key performance indicators (KPIs). Please see "Key Performance Indicators" in this earnings release for the definitions and important disclosures regarding these measures. Technologies (for which a definitive acquisition agreement was signed as of December 31, 2021, with closing conditioned upon FiscalNote's public listing). Pro forma growth rates are calculated as if the Company owned such businesses at the end of the prior period referenced.
(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.

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FY 2023 Guidance: FiscalNote Provided FY 2023 Guidance as follows:

- **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.

- 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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Non-GAAP Financial Measures

Non-GAAP 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 Revenues. 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.

4Q 2022 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:

	3 months ended December 31		Years ended December 31	
(in thousands)	2022	2021	2022	2021
Subscription revenue	$ 27,336	$ 20,904	$ 100,522	$ 74,002
Deferred revenue adjustment	43	1,225	1,896	2,758
Adjusted subscription revenue	27,379	22,129	102,418	76,760
Advisory, advertising, and other revenue	4,113	3,558	13,243	8,910
Adjusted revenues	**$ 31,492**	**$ 25,687**	**$ 115,661**	**$ 85,670**

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

	3 months ended December 31		Years ended December 31	
(in thousands)	2022	2021	2022	2021
Adjusted Revenues	$ 31,492	$ 25,687	$ 115,661	$ 85,670
Costs of revenue	(8,356)	(7,138)	(31,937)	(21,802)
Amortization of intangible assets	2,430	1,767	9,094	5,844
Adjusted Gross Profit	**$ 25,566**	**$ 20,316**	**$ 92,818**	**$ 69,712**
Adjusted Gross Margin	*81%*	*79%*	*80%*	*81%*

(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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4Q 2022 Summary - Reconciliation to non-GAAP measures

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

	3 months ended December 31		Years ended December 31	
(in thousands)	2022	2021	2022	2021
Net loss	$ (42,544)	$ (20,959)	$ (218,257)	$ (109,421)
Benefit from income taxes	(418)	(1,152)	(3,254)	(7,889)
Depreciation and amortization	5,409	4,782	20,783	16,380
Interest expense, net	6,069	18,698	95,741	64,800
EBITDA	**(31,484)**	**1,369**	**(104,987)**	**(36,130)**
Deferred revenue adjustment (a)	43	1,225	1,896	2,758
Stock-based compensation	7,179	463	38,047	1,010
Change in fair value of warrant and derivative liabilities (b)	5,778	(12,811)	(12,747)	(3,405)
Loss on debt extinguishment, net	-	-	45,250	-
Other non-cash (gains) charges (c)	217	1,562	(9,069)	3,969
Acquisition related costs (d)	178	367	1,181	2,054
Employee severance costs	426	120	575	180
Non-capitalizable debt raising costs	-	-	403	584
Other infrequent costs (e)	-	29	20	1,484
Costs incurred related to the transaction (f)	743	239	2,993	1,128
Loss contingency (g)	11,702	-	11,988	-
Adjusted EBITDA	**$ (5,218)**	**$ (7,437)**	**$ (24,450)**	**$ (26,368)**
Adjusted EBITDA Margin	*(17)%*	*(29)%*	*(21)%*	*(31)%*

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

b) Reflects the non-cash impact from the mark to market adjustments on our warrant and derivative liabilities.

c) Reflects the non-cash impact of the following:

i. Gain of $1,320 in the first quarter of 2022, charge of $271 in the second quarter of 2022, gain of $948 in the third quarter of 2022, charge of $217 in the fourth quarter of 2022, charge of $1,045 in the third quarter of 2021, and charge of $1,107 in the fourth quarter of 2021 from the change in fair value related to the contingent consideration and contingent compensation related to the 2021 Acquisitions, respectively

ii. Gain of $7,667 related to the partial forgiveness of our PPP Loan during the first quarter of 2022,

iii. $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, and

iv. Loss from modification to a sub-lease in April 2021 for $1,362 and a loss from a lease abandonment in the fourth quarter of of 2021 for $455

d) Reflects the costs incurred to identify, consider, and complete business combination transactions consisting of advisory, legal, and other professional and consulting costs, including $636 of costs incurred related to acquisitions we did not consummate in 2021 and presented in general and administrative expense. Includes a $500 charge we recognized related to a discretionary bonus paid to certain employees of Predata during the second quarter of 2022

e) Reflects the following infrequent charges:

i. Costs incurred related to litigation we believe to be outside of our normal course of business totaling $246 during the first quarter of 2021, $372 during the second quarter of 2021, $251 during the third quarter of 2021, $29 during the fourth quarter of 2021, and $20 during the first quarter in 2022

ii. Costs to satisfy sales tax remittances incurred during the second quarter in 2021 totaling $506,

iii. Costs incurred related to our adoption of ASC 606 totaling $80 during the first quarter in 2021

f) Includes non-capitalizable transaction costs associated with the business combination

g) Reflects the following loss contingency charges:

i. $11,700 non-cash loss contingency recognized related to the previously disclosed term sheet we entered into with GPO FN Noteholder LLC we recorded in the fourth quarter of 2022 and

ii. $288 of legal costs incurred related to the proposed term sheet with GPO FN Noteholder LLC of which $286 was recognized in the third quarter of 2022 and $2 was recognized the in the fourth quarter of 2022

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Equity Capital - Fully Diluted Shares

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

Common Stock		$1.53	$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	77.3	77.3	77.3	77.3	77.3	77.3	77.3	77.3
Class B - Co-Founders Only		8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Subtotal		**131.4**	**131.4**	**131.4**	**131.4**	**131.4**	**131.4**	**131.4**	**131.4**
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 12/31/22		**136.7**	**139.8**	**142.2**	**154.1**	**160.5**	**165.8**	**171.7**	**176.7**

Note: All dilutive shares outstanding are prepared on the treasury stock method based on the Company's shares outstanding at December 31, 2022. $1.53 is the Company's closing share price on March 24, 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.

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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
Booking	A booking refers to when a customer books the Company's products and services and commits to the orders
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

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