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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

☒

For the quarterly period ended March 31, 2024

FISCALNOTE HOLDINGS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	001-396972	88-3772307
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

1201 Pennsylvania Avenue NW, 6th Floor
,

Washington

, D.C.

20004

(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code: (202) 793-5300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	**NOTE**	**NYSE**
Warrants to purchase one share of Class A common stock, each at an exercise price of $11.50 per share	**NOTE.WS**	**NYSE**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 6, 2024, the registrant had

126,087,528
shares of Class A common stock, $0.0001 par value per share, outstanding, and

8,290,921
shares of Class B common Stock, $0.0001 par value per share, outstanding.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “seeks,” “projects,” “intends,” “plans,” “may” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places throughout this Quarterly Report on Form 10-Q, including Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A, “Risk Factors,” and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our future results of operations, financial condition and liquidity; our prospects, growth, strategies and the markets in which FiscalNote operates. Such forward-looking statements are based on available current market material and management’s expectations, beliefs and forecasts concerning future events impacting FiscalNote. Factors that may impact such forward-looking statements include:

• FiscalNote's ability to effectively manage its growth;

• changes in FiscalNote's strategy, future operations, financial position, estimated revenue and losses, forecasts, projected costs, prospects and plans;

• FiscalNote's future capital requirements;

• FiscalNote’s ability to service its repayment obligations and maintain compliance with covenants and restrictions under its existing debt agreements;

• demand for FiscalNote's services and the drivers of that demand;

• FiscalNote's ability to provide highly useful, reliable, secure and innovative products and services to its customers;

• FiscalNote's ability to attract new customers, retain existing customers, expand its products and service offerings with existing customers, expand into geographic markets or identify areas of higher growth;

• any cost reduction initiatives undertaken by FiscalNote;

• risks associated with international operations, including compliance complexity and costs, increased exposure to fluctuations in currency exchange rates, political, social and economic instability, and supply chain disruptions;

• FiscalNote's ability to develop, enhance, and integrate its existing platforms, products, and services;

• FiscalNote's estimated total addressable market and other industry and performance projections;

• FiscalNote's reliance on third-party systems and data, its ability to integrate such systems and data with its solutions and its potential inability to continue to support integration;

• potential technical disruptions, cyberattacks, security, privacy or data breaches or other technical or security incidents that affect FiscalNote's networks or systems or those of its service providers;

• FiscalNote's ability to obtain and maintain accurate, comprehensive, or reliable data to support its products and services;

• FiscalNote's ability to maintain and improve its methods and technologies, and anticipate new methods or technologies, for data collection, organization, and analysis to support its products and services;

• competition and competitive pressures in the markets in which FiscalNote operates; including larger well-funded companies shifting their existing business models to become more competitive with FiscalNote;

• FiscalNote's ability to protect and maintain its brands;

• FiscalNote's ability to comply with laws and regulations in connection with selling products and services to U.S. and foreign governments and other highly regulated industries;

• FiscalNote's ability to retain or recruit key personnel;

• FiscalNote's ability to effectively maintain and grow its research and development team and conduct research and development;

• FiscalNote's ability to adapt its products and services for changes in laws and regulations or public perception, or changes in the enforcement of such laws, relating to artificial intelligence, machine learning, data privacy and government contracts;

• adverse general economic and market conditions reducing spending on our products and services;

• the outcome of any known and unknown litigation and regulatory proceedings;

• FiscalNote's ability to successfully establish and maintain public company-quality internal control over financial reporting; and

• the ability to adequately protect FiscalNote's intellectual property rights.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the “Risk Factors” section of this Quarterly Report on Form 10-Q and the other documents filed by us from time to time with the U.S. Securities and Exchange Commission ("SEC"). The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on current expectations and beliefs concerning future developments and their potential effects on us and our business. There can be no assurance that future developments affecting us will be those that we have anticipated. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or

otherwise, except as may be required under applicable securities laws.

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PART I—FINANCIAL INFORMATION
Item 1. Financial Statements.

FISCALNOTE HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(in thousands, except shares, and par value)
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 36,464	$ 16,451
Restricted cash	852	849
Short-term investments	7,134	7,134
Accounts receivable, net	14,381	16,931
Costs capitalized to obtain revenue contracts, net	3,156	3,326
Prepaid expenses	4,000	2,593
Other current assets	3,679	2,521
Total current assets	69,666	49,805
Property and equipment, net	5,859	6,141
Capitalized software costs, net	13,762	13,372
Noncurrent costs capitalized to obtain revenue contracts, net	3,790	4,257
Operating lease assets	18,070	17,782
Goodwill	164,334	187,703
Customer relationships, net	46,720	53,917
Database, net	18,274	18,838
Other intangible assets, net	16,786	18,113

Other non-current assets	499	633
Total assets	$ 357,760	$ 370,561
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt	$ 67	$ 105
Accounts payable and accrued expenses	11,101	12,909
Deferred revenue, current portion	45,034	43,530
Customer deposits	839	3,032
Contingent liabilities from acquisitions, current portion	113	130
Operating lease liabilities, current portion	3,395	3,066
Other current liabilities	3,212	2,878
Total current liabilities	63,761	65,650
Long-term debt, net of current maturities	152,962	222,310
Deferred tax liabilities	2,062	2,178
Deferred revenue, net of current portion	389	875
Operating lease liabilities, net of current portion	25,845	26,162
Public and private warrant liabilities	3,840	4,761
Other non-current liabilities	2,805	5,166
Total liabilities	251,664	327,102
Commitment and contingencies (Note 17)		
Stockholders' equity:		

Class A Common stock ($ 0.0001 par value, 1,700,000,000 authorized, 122,749,497 and 121,679,829 issued and outstanding at March 31, 2024 and December 31, 2023, respectively)	11	11
Class B Common stock ($ 0.0001 par value, 9,000,000 authorized, 8,290,921 issued and outstanding at March 31, 2024 and December 31, 2023, respectively)	1	1
Additional paid-in capital	866,932	860,485
Accumulated other comprehensive income (loss)	4,969	(622)
Accumulated deficit	(765,817)	(816,416)
Total stockholders' equity	106,096	43,459
Total liabilities and stockholders' equity	$ 357,760	$ 370,561

See accompanying notes to unaudited condensed consolidated financial statements.

FISCALNOTE HOLDINGS, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except shares and per share data)
(Unaudited)

	Three Months Ended March 31, 2024	2023
Revenues:		
Subscription	$ 29,626	$ 28,467
Advisory, advertising, and other	2,486	3,062
Total revenues	32,112	31,529
Operating expenses: [1]		
Cost of revenues	7,244	8,937
Research and development	3,480	5,120
Sales and marketing	9,415	12,298
Editorial	4,660	4,265
General and administrative	16,076	18,221
Amortization of intangible assets	2,685	2,814
Impairment of goodwill	-	5,837
Transaction (gains) costs, net	(4)	1,408
Total operating expenses	43,556	58,900
Operating loss	(11,444)	(27,371)
Gain on sale of business (Note 4)	(71,599)	-
Interest expense, net	7,362	6,681
Change in fair value of financial instruments	527	(14,680)

Other expense (income), net	241	(129)
Net income (loss) before income taxes	52,025	(19,243)
Provision from income taxes	1,426	30
Net income (loss)	50,599	(19,273)
Other comprehensive income (loss)	5,591	(359)
Total comprehensive income (loss)	$ 56,190	$ (19,632)
Earnings (Loss) per share attributable to common shareholders (Note 14):		
Basic	$ 0.39	$ (0.14)
Diluted	$ 0.37	$ (0.14)
Weighted average shares used in computing earnings (loss) per share attributable to common shareholders:		
Basic	130,712,032	133,082,639
Diluted	146,027,085	133,082,639

(1) Amounts include stock-based compensation expenses, as follows:

	Three Months Ended March 31, 2024	2023
Cost of revenues	$ 101	$ 58
Research and development	310	390
Sales and marketing	426	360
Editorial	100	66
General and administrative	5,238	5,632

See accompanying notes to unaudited condensed consolidated financial statements.

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FISCALNOTE HOLDINGS, INC.
Condensed Consolidated Statements of Changes in Stockholders’ Equity (Deficit)
(in thousands, except share data)
(Unaudited)

	Equity (Deficit)					
	Common Stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount				
Balance at December 31, 2022	131,416,516	13	846,205	(785)	(700,743)	144,690
Adoption of new accounting standard	-	-	-	-	(212)	(212)
Issuance of Class A common stock in connection with business acquisitions	1,885,149	-	9,539	-	-	9,539
Issuance of Class A common stock upon vesting of restricted share units	287,157	-	-	-	-	-
Issuance of Class A common stock upon exercise of stock options	194,775	-	264	-	-	264
Issuance of Class A common stock upon settlement of contingent consideration	83,393	-	196	-	-	196
Stock-based compensation expense	-	-	6,506	-	-	6,506
Withholding taxes on net share settlement of stock-based compensation and option exercises	-	-	(917)	-	-	(917)
Net loss	-	-	-	-	(19,273)	(19,273)
Foreign currency translation loss	-	-	-	(359)	-	(359)
Balance at March 31, 2023	133,866,990	$ 13	$ 861,793	$ (1,144)	$ (720,228)	$ 140,434
Balance at December 31, 2023	129,970,750	12	860,485	(622)	(816,416)	43,459
Issuance of Class A common stock upon vesting of restricted share units	867,341	-	-	-	-	-
Issuance of Class A common stock upon exercise of employee stock purchase plan	202,327	-	196	-	-	196
Stock-based compensation expense	-	-	6,175	-	-	6,175
Withholding taxes on net share settlement of stock-based compensation and option exercises	-	-	76	-	-	76

Change in fair value of debt instruments (Note 16)	-	-	-	5,707	-	5,707
Net income	-	-	-	-	50,599	50,599
Foreign currency translation loss	-	-	-	(116)	-	(116)
Balance at March 31, 2024	131,040,418	$ 12	$ 866,932	$ 4,969	$ (765,817)	$ 106,096

See accompanying notes to unaudited condensed consolidated financial statements.

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FISCALNOTE HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2024	2023
Operating Activities:		
Net income (loss)	$ 50,599	$ (19,273)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	304	336
Amortization of intangible assets and capitalized software development costs	5,113	5,411
Amortization of deferred costs to obtain revenue contracts	1,009	832
Gain on sale of business (Note 4)	(71,599)	-
Impairment of goodwill	-	5,837
Non-cash operating lease expense	297	1,832
Stock-based compensation	6,175	6,506
Other non-cash expenses	-	190
Bad debt expense	29	156
Change in fair value of acquisition contingent consideration	(4)	(156)
Unrealized loss on securities	49	-
Change in fair value of financial instruments	527	(14,680)
Deferred income taxes	(71)	(218)
Paid-in-kind interest, net	2,035	970
Non-cash interest expense	737	1,074
Changes in operating assets and liabilities:		
Accounts receivable, net	1,320	(696)

Prepaid expenses and other current assets	(1,924)	619
Costs capitalized to obtain revenue contracts, net	(932)	(1,126)
Other non-current assets	148	27
Accounts payable and accrued expenses	460	(3,225)
Deferred revenue	10,436	10,002
Customer deposits	(1,239)	(1,923)
Other current liabilities	318	(1,222)
Contingent liabilities from acquisitions, net of current portion	(13)	(39)
Operating lease liabilities	(969)	(4,052)
Other non-current liabilities	(64)	(8)
Net cash provided by (used in) operating activities	2,741	(12,826)
Investing Activities:		
Capital expenditures	(1,692)	(1,869)
Cash proceeds from the sale of business, net (Note 4)	90,884	-
Cash paid for business acquisitions, net of cash acquired	-	(5,010)
Net cash provided by (used in) investing activities	89,192	(6,879)
Financing Activities:		
Proceeds from long-term debt, net of issuance costs	801	6,000
Principal payments of long-term debt	(65,727)	(27)
Payment of deferred financing costs	(7,068)	-
Proceeds from exercise of stock options and ESPP purchases	196	264
Net cash (used in) provided by financing activities	(71,798)	6,237

Effects of exchange rates on cash	(119)	(251)
Net change in cash, cash equivalents, and restricted cash	20,016	(13,719)
Cash, cash equivalents, and restricted cash, beginning of period	17,300	61,223
Cash, cash equivalents, and restricted cash, end of period	$ 37,316	$ 47,504
Supplemental Noncash Investing and Financing Activities:		
Warrants issued in conjunction with long-term debt issuance	$ -	$ 178
Amounts held in escrow related to the sale of Board.org	$ 785	$ -
Property and equipment purchases included in accounts payable	$ 124	$ 121
Supplemental Cash Flow Activities:		
Cash paid for interest	$ 5,303	$ 4,740
Cash paid for taxes	$ 2	$ 112

See accompanying notes to unaudited condensed consolidated financial statements.

FISCALNOTE HOLDINGS, INC.
Notes to the Condensed Consolidated Financial Statements
(in thousands, except shares, par value, per share amounts, or as otherwise noted)
(Unaudited)

Note 1. Summary of Business and Significant Accounting Policies

Description of Business

FiscalNote Holdings, Inc. ("FiscalNote," or the "Company") is a leading technology provider of global policy and market intelligence. It delivers critical, actionable legal and policy insights in a rapidly evolving political, regulatory and macroeconomic environment. By combining artificial intelligence (AI) technology, other technologies with analytics, workflow tools, and expert peer insights, FiscalNote empowers customers to manage policy, address regulatory developments, and mitigate global risk. FiscalNote ingests unstructured legislative and regulatory data, and employs AI and data science to deliver structured, relevant and actionable information in order to facilitate key operational and strategic decisions by global enterprises, midsized and smaller businesses, government institutions, trade groups, and nonprofits. FiscalNote delivers that intelligence through its suite of public policy and issues management products. The Company is headquartered in Washington, D.C.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances have been eliminated in consolidation.

These condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the financial information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, the unaudited condensed consolidated financial statements include all adjustments necessary for the fair presentation of the Company's balance sheet and its results of operations, including its comprehensive loss, temporary equity, stockholders' equity (deficit), and cash flows. All adjustments are of a normal recurring nature. The results for the three months ended March 31, 2024 are not necessarily indicative of the results to be expected for any subsequent quarter or for the fiscal year ending December 31, 2024. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Liquidity and Going Concern

Historically the Company's cash flows from operations have not been sufficient to fund its current operating model and the Company funded operations through raising equity and debt. The Company's ability to maintain its minimum cash requirement, fund its future cash interest requirements under its senior term loan and fund its operations depend in part on general economic, financial, competitive, legislative, regulatory and other conditions that may be beyond the Company's control. Accordingly, the Company continues to closely monitor expenses to assess whether any immediate, or long-term changes, are necessary to maintain compliance with its financial covenants.

The Company's cash, cash equivalents, restricted cash, and short-term investments were $

44.5
million at March 31, 2024, compared with $

24.4
million at December 31, 2023. Further, the Company had a negative working capital balance of $

38.5
million (excluding cash and short-term investments) at March 31, 2024 and had an accumulated deficit of $

765.8
million and $

816.4
million as of March 31, 2024 and December 31, 2023, respectively. The Company has incurred net losses of $

21.0
million (excluding the effect of the gain on sale of business) and $

19.3
million for the three months ended March 31, 2024 and 2023, respectively. Management expects that significant on-going operating and capital expenditures will be necessary to continue to implement the Company's business plan of entering new markets, future acquisitions, and infrastructure and product development.

In addition, as disclosed in Note 8, "Debt", the Company is subject to certain financial covenants. The Company's ability to maintain compliance with these financial covenants are based on the Company's current expectations regarding continued growth in revenues, collections, cost structure, current cash burn rate and other operating assumptions. The Company believes our cash on hand at March 31, 2024, proceeds from our expected product sales, and available borrowings under our Senior Term Loan for certain acquisition activity, will be sufficient to meet our obligations and our required covenants for at least the next twelve months from the date of this filing.

Segments

The Company operates as

one

operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and assess performance. Over the past several years, the Company has completed a number of acquisitions. These acquisitions have allowed the Company to expand its offerings, presence, and reach in various market segments. While the Company has offerings in multiple market segments and operates in multiple countries, the Company’s business operates in one operating segment because the Company’s CODM evaluates the Company’s financial information and resources, and assesses the performance of these resources, on a consolidated basis.

Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the net income or loss available to common stockholders by the weighted average number of shares of common stock outstanding for the period without consideration for common stock equivalents. Diluted EPS is computed by dividing the net income or loss available to common stockholders by the weighted average number of shares of common stock outstanding for the period and the weighted average number of dilutive common stock equivalents outstanding for the period determined using the if-converted method (convertible debt instruments) or treasury-stock method (warrants and share-based payment arrangements).

For purposes of this calculation, common stock issuable upon conversion of debt, options and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive.

Fair Value of Financial Instruments

The Company has elected the fair value option on the subordinated convertible promissory notes issued as part of the Dragonfly acquisition, refer to Note 4, "Business Combinations" and Note 8, "Debt" for further details, and for the New GPO Note and Era Convertible Notes, refer to Note 8, "Debt" for further details. The Company records changes in fair value through the condensed consolidated statement of operations where the portion of the change that results from a change in the instrument-specific credit risk is recorded separately in accumulated other comprehensive income, if applicable. Additionally, under the fair value option, all issuance costs are expensed in the period that the debt is incurred.

Investments

The Company has invested in highly liquid investments that have investment-grade ratings. These investments are accounted for at fair value through the condensed consolidated statement of operations. The Company is able to easily liquidate these into cash; accordingly, the Company has presented these investments as available for current operations and are presented as short-term investments within current assets in the condensed consolidated balance sheets. Purchases and sales of short-term investments are classified in the investing section of our consolidated statement of cash flows.

Concentrations of Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company generally maintains its cash and cash equivalents with various nationally recognized financial institutions. The Company’s cash and cash equivalents at times exceed amounts guaranteed by the Federal Deposit Insurance Corporation. The Company considers cash on deposit and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At March 31, 2024, approximately

77

% of the Company’s cash and cash equivalents were held at JPMorgan Chase Bank, N.A.

The Company does not require collateral for accounts receivable. The Company maintains an allowance for its doubtful accounts receivable due to estimated credit losses. This allowance is based upon historical loss patterns, the number of days billings are past due, collection history of each customer, an evaluation of the potential risk of loss associated with delinquent accounts and current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss patterns. The Company records the allowance against bad debt expense through the condensed consolidated statements of operations, included in sales and marketing expense, up to the amount of revenues recognized to date. Any incremental allowance is recorded as an offset to deferred revenue on the condensed consolidated balance sheets. Receivables are written off and charged against the recorded allowance when the Company has exhausted collection efforts without success. As of March 31, 2024 and December 31, 2023, allowance for credit losses of $

1,120
and $

1,252

, respectively, was included in the accounts receivable, net balance.

No single customer accounted for more than

10

% of the Company's accounts receivable balance as of March 31, 2024 and December 31, 2023. Revenue derived from the U.S. Federal Government was

17

% of revenue for both of the three months ended March 31, 2024 and 2023, respectively. As of both of March 31, 2024 and December 31, 2023, assets located in the United States were approximately

85

% percent of total assets.

As of March 31, 2024 one vendor accounted for more than

10

% of the Company's accounts payable balance. No vendors individually accounted for more than

10

% of the Company’s accounts payable as of December 31, 2023. During the three months ended March 31, 2024 and March 31, 2023, one vendor represented more than

10

% of the total purchases made.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13")* guidance with respect to measuring credit losses on financial instruments, including trade receivables. The guidance eliminates the probable initial recognition threshold that was previously required prior to recognizing a credit loss on financial instruments. The credit loss estimate now reflects an entity's current estimate of all future expected credit losses. Under the previous guidance, an entity only considered past events and current conditions. The Company adopted ASC 2016-13 on January 1, 2023 using the modified retrospective transition method. Upon adoption, the Company recorded a $

212

cumulative-effect adjustment to accumulated deficit on the condensed consolidated balance sheets, our allowance for doubtful accounts receivable changed from $

468

at December 31, 2022 to $

680

at January 1, 2023.

In August 2020, the FASB issued ASU 2020-06 *Debt – Debt with Conversion and Other Options (ASC 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (ASC 815-40) ("ASU 2020-06")* guidance modifying the requirements for the accounting for convertible instruments and contracts in an entity’s own equity. The modifications eliminate certain accounting models for convertible debt instruments, eliminate certain requirements for equity classification of embedded derivatives and align earnings per share calculations for convertible instruments. The Company adopted ASC 2020-06 on January 1, 2023 using the modified retrospective approach. The adoption of ASC 2020-06 did not have a material impact on the Company's condensed consolidated financial statements.

Recent Accounting Pronouncements Not Yet Effective

In November 2023, the FASB issued ASU 2023-07 *Segment Reporting (Topic 280)* guidance for segment reporting. The new guidance amends segment reporting to include significant segment expenses. The guidance is effective for the Company beginning with our annual report for the year ended December 31, 2024, and the subsequent interim periods and is required to be disclosed retrospectively to all prior periods presented. The Company does not expect that this guidance will have a significant impact on our disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in the ASU enhance income tax disclosures, primarily through standardization, disaggregation of rate reconciliation categories, and income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption allowed. We are currently evaluating the impact of adoption on our financial disclosures.

Note 2. Business Combination with DSAC

On July 29, 2022, the Company consummated the transactions contemplated by the Agreement and Plan of Merger, dated as of November 7, 2021, and as amended on May 9, 2022, (the “Merger Agreement”), by and among FiscalNote Holdings, Inc., a Delaware corporation (“Old FiscalNote”), Duddell Street Acquisition Corp., a Cayman Islands exempted company (“DSAC”), and Grassroots Merger Sub, Inc., a Delaware Corporation and a wholly owned direct subsidiary of DSAC (“Merger Sub” and, together with DSAC, the “DSAC Parties”). Pursuant to these transactions, Merger Sub merged with and into Old FiscalNote, with Old FiscalNote becoming a wholly owned subsidiary of DSAC (the “Business Combination” and, collectively with the other transactions described in the Business Combination Agreement, the “Transactions”). In connection with the closing of the Transactions, DSAC domesticated and continued as a Delaware corporation under the name of “FiscalNote Holdings, Inc.” (“New FiscalNote”). Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to the “Company,” “FiscalNote,” “we,” “us,” or “our” refer to the business of Old FiscalNote, which became the business of New FiscalNote and its subsidiaries following the closing on July 29, 2022. Subseq uent to the closing of the Business Combination, the Company's Class A common stock and public warrants began trading on the New York Stock Exchange (“NYSE”) under the symbols “NOTE” and “NOTE WS,” respectively. The Company accounted for the Business Combination as a reverse recapitalization whereby Old FiscalNote was determined as the accounting acquirer and DSAC as the accounting acquiree. Accordingly, the Business Combination was treated as the equivalent of Old FiscalNote issuing stock for the net assets of DSAC, accompanied by a recapitalization. The net assets of DSAC are stated at historical cost, with no goodwill or other intangible assets recorded.

In connection with the closing of the Business Combination Agreement, FiscalNote also entered into the Credit Agreement with Runway Growth Finance Corp., ORIX Growth Capital, LLC, Clover Orochi LLC, and ACM ASOF VIII SaaS FinCo LLC (together the “New Senior Lenders”), pursuant to which a new senior term loan was consummated simultaneously with the Closing (the "Senior Term Loan").

Note 3. Revenues

Disaggregation of Revenue

The following table depicts the Company's disaggregated revenue for the periods presented:

	Three Months Ended March 31, 2024	2023
Subscription	$ 29,626	$ 28,467
Advisory	1,257	1,113
Advertising	514	418
Books	148	584
Other revenue	567	947
Total	$ 32,112	$ 31,529

Revenue by Geographic Locations

The following table depicts the Company’s revenue by geographic operations for the periods presented:

	Three Months Ended March 31, 2024	2023

North America	$ 25,997	$ 26,152
Europe	5,269	4,100
Australia	303	289
Asia	543	988
Total	$ 32,112	$ 31,529

Revenues by geography are determined based on the region of the Company's contracting entity, which may be different than the region of the customer. North America revenue consists solely of revenue attributed to the United States. For the three months ended March 31, 2024 and 2023, revenue attributed to the United Kingdom represented approximately thirteen percent and ten percent of total revenues, respectively. No other foreign country represented more than five percent of total revenue during the three months ended March 31, 2024 and 2023.

Contract Assets

The Company had contract assets of $ 1,044 and $ 1,183, as of March 31, 2024 and December 31, 2023, respectively. Contract assets are generated when contractual billing schedules differ from the timing of revenue recognition or cash collections. They represent a conditional right to consideration for satisfied performance obligations that becomes a receivable when the conditions are satisfied. They are recorded as part of other current assets on the condensed consolidated balance sheets.

Deferred Revenue

Details of the Company's deferred revenue for the periods presented are as follows:

Balance at December 31, 2022	$	36,487
Acquired deferred revenue		4,013
Revenue recognized in the current period from amounts in the prior balance		(16,610)
New deferrals, net of amounts recognized in the current period		25,928
Effects of foreign currency		32
Balance at March 31, 2023	$	49,850
Balance at December 31, 2023	$	44,405
Sale of Board.org		(9,117)
Revenue recognized in the current period from amounts in the prior balance		(19,249)
New deferrals, net of amounts recognized in the current period		29,502
Effects of foreign currency		(118)
Balance at March 31, 2024	$	45,423

Costs to Obtain

During the three months ended March 31, 2024 and 2023, the Company capitalized $941 and $1,114 of costs to obtain revenue contracts. The Company amortized costs to obtain revenue contracts in the amount of $1,009 and $832 to sales and marketing expense during the three months ended March 31, 2024 and 2023, respectively. There were no impairments of costs to obtain revenue contracts for the three months ended March 31, 2024 and 2023.

Unsatisfied Performance Obligations

At March 31, 2024, the Company had $

90,981
of remaining contract consideration for which revenue has not been recognized due to unsatisfied performance obligations. The Company expects to recognize this over the next five years.

Note 4. Acquisitions and Dispositions

2024 Disposition

On March 11, 2024, the Company entered into an agreement (the "Purchase Agreement") to sell the equity of the Company's subsidiary owning and operating its Board.org business ("Board.org") with Exec Connect Intermediate LLC (the “Buyer”). On March 11, 2024, after adjustments based on Board.org’s working capital, indebtedness and transaction expenses, as well as retention payments payable to certain employees of Board.org, the Company received $

90,905
in cash (excluding $

785
of the purchase price that was deposited into escrow to satisfy certain potential post-closing purchase price adjustments and indemnification claims and including $

21
of cash acquired by the Buyer). The Company is entitled to receive an earn-out payment of up to $

8,000
, less the amount of certain retention payments potentially owing to the former Board.org employees, if the Board.org business achieves specified revenue targets for fiscal year 2024. The Purchase Agreement contains representations, warranties and indemnification obligations of the parties customary for transactions similar to those contemplated by the Purchase Agreement. As a result of the sale of Board.org, the Company recorded a pre-tax gain on disposal of $

71,599
, inclusive of the $

785
of funds placed in escrow that the Company anticipates receiving and $

50
of estimated post-closing purchase price adjustment which are included in other current assets.

The proceeds from the sale of Board.org were used in part to prepay $

65,700
of term loans under the Company’s Credit Agreement, and pay $

7,068
of related prepayment and exit fees associated with the retired amount. The remaining $

18,137
of net proceeds were retained by the Company for general corporate purposes. As part of the sale the Company recorded a current tax liability for federal and state income tax of $

1,448
and a non-cash deferred tax charge of $

280
.

The Company determined that Board.org was not a significant subsidiary, and the disposition of Board.org did not constitute a strategic shift that would have a major effect on the Company’s operations or financial results. As a result, the results of operations for Board.org were not reported as discontinued operations under the guidance of ASC 205 “Presentation of Financial Statements."

Pursuant to the Employee Lease Agreement entered into in connection with the closing of the sale of Board.org, the Company is the employer of record for the Board.org employees. Under the terms of the Employee Lease agreement, the Company is responsible for the payment of salaries and benefits to the Board.org employees at the direction of the buyer, until the buyer legally assumes those employees. The Company will be reimbursed by the buyer for the actual costs incurred pursuant to the Employee Lease Agreement. Accordingly, at March 31, 2024 the Company is due $

378
from the buyer for payroll and benefit costs paid by the Company during the period from March 11, 2024 to March 31, 2024, which has been presented in other current assets on the condensed consolidated balance sheet.

Additionally, the Company entered into a Transition Services Agreement in connection with the closing of the sale of Board.org whereby the Company will provide certain transitional support services for a period of time following the closing and the buyer will reimburse FiscalNote for certain direct costs of those services. No material costs were incurred under the Transition Services Agreement during the period from March 11, 2024 to March 31, 2024.

2023 Acquisition

Dragonfly Acquisition

On January 27, 2023, the Company entered into a Sale and Purchase Agreement for all of the issued and outstanding share capital of Dragonfly Eye Limited ("Dragonfly"), a UK- based SaaS-based geopolitical and security intelligence provider of actionable data and analysis delivered through Dragonfly's SaaS-based, proprietary Security Intelligence and Analysis Service subscription platform and API.

The aggregate purchase price consisted of (i) $ 5.6 million in cash (£ 4.5 million pounds sterling), (ii) 1,885,149 shares of the Company’s Class A Common Stock, and (iii) $ 11.1 million (£ 8.9 million pounds sterling) in aggregate principal amount of subordinated convertible promissory notes (“Seller Convertible Notes”). The Company incurred expenses of $ 1,272 in connection with the transaction during the year ended December 31, 2023 (inclusive of $ 446 of amounts paid on January 27, 2023 that were recognized as expense during the three months ended March 31, 2023).

The acquisition date fair value of the consideration transferred for Dragonfly consisted of the following:

Cash	$	5,617
Fair value of Class A common stock		9,539
Fair value of Seller Convertible Notes		8,635
Fair value of contingent consideration		1,445
Total	$	25,236

The Class A common stock issued as consideration as part of the acquisition of Dragonfly represents non-cash activity on the condensed consolidated statement of stockholders equity and condensed consolidated statement of cash flows.

Certain employees of Dragonfly are eligible for employee earnout bonus awards ("Employee Earnout Awards") based on 2024 revenue targets. The Employee Earnout Awards are subject to forfeiture in the event that Dragonfly does not achieve its revenue target or these employees terminate their employment. Any Employee Earnout Awards that are forfeited are reallocated to the other eligible employees.

The following table summarizes the fair values of assets acquired and liabilities assumed as of the date of acquisition:

Cash and cash equivalents	$	607

Current assets, net	3,690
Property and equipment, net	18
Intangible assets	9,600
Deferred revenues	(3,933)
Current liabilities	(1,764)
Deferred tax liabilities	(1,517)
Total net assets acquired	6,701
Goodwill	18,535
Total purchase price	$ 25,236

The following table sets forth the components of identified intangible assets acquired and their estimated useful lives as of the date of acquisition:

	Estimated Fair Value	Estimated Useful Life (Years)
Customer relationships	$ 7,300	6, 10 (a)
Developed technology	1,750	10
Tradename	550	3
Total intangible assets acquired	$ 9,600	

(a) Includes two separate customer relationships with two different useful lives

The fair values of the customer relationships, developed technology and tradename were determined using the income approach. The approaches used to estimate the fair values use significant unobservable inputs including revenue and cash flow forecasts, customer attrition rates, and appropriate discount rates.

The purchase price allocation includes UK deferred income tax assets and liabilities for acquired book and tax basis differences. Goodwill recorded for this acquisition is not tax deductible.

Note 5. Leases

The Company has operating leases, principally for corporate offices under non-cancelable operating leases that expire at various dates through 2031. The non-cancellable base terms of these leases typically range from one to nine years . Certain lease agreements include

options to renew or terminate the lease, which if not reasonably certain to be exercised are therefore not factored into the determination of lease payments.

The following table details the composition of lease expense for the periods presented:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating lease cost	$ 1,238	$ 2,585
Variable lease cost	94	155
Short-term lease cost	37	178
Total lease costs	$ 1,369	$ 2,918
Sublease income	$ (26)	$ (1,364)

Cash payments related to operating lease liabilities were $ 1,499 and $ 4,797 (inclusive of $ 1,682 lease termination fee) for the three months ended March 31, 2024 and 2023, respectively.

Note 6. Intangible Assets

The following table summarizes the gross carrying amounts and accumulated amortization of the Company's intangible assets by major class:

	March 31, 2024				December 31, 2023				
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount	Weighted Average Remaining Useful Life (Years) March 31, 2024
Customer relationships	$ 76,071	$ (27,116)	$ (2,235)	$ 46,720	$ 88,544	$ (32,392)	$ (2,235)	$ 53,917	8.5
Developed technology	29,968	(20,338)	(1,909)	7,721	37,205	(26,743)	(1,909)	8,553	6.7
Databases	29,864	(11,590)	-	18,274	29,895	(11,057)	-	18,838	8.6
Tradenames	11,119	(3,789)	(579)	6,751	12,077	(4,367)	(579)	7,131	8.2
Expert network	2,669	(1,391)	-	1,278	2,692	(1,291)	-	1,401	2.9

Patents	803	(213)	(8)	582	784	(217)	(8)	559	17.5
Content library	592	(138)	-	454	592	(123)	-	469	7.7
Total	$ 151,086	$ (64,575)	$ (4,731)	$ 81,780	$ 171,789	$ (76,190)	$ (4,731)	$ 90,868	

Finite-lived intangible assets are stated at cost, net of amortization, generally using the straight-line method over the expected useful lives of the intangible assets. Amortization of intangible assets, excluding developed technology, was $ 2,685 and $ 2,814 for the three months ended March 31, 2024 and 2023, respectively.

Amortization of developed technology was recorded as part of cost of revenues in the amount of $ 765 and $ 1,316 for the three months ended March 31, 2024 and 2023, respectively.

The expected future amortization expense for intangible assets as of March 31, 2024 is as follows:

2024 (remainder)	$ 8,800
2025	10,441
2026	10,183
2027	9,774
2028	9,427
Thereafter	33,155
Total	$ 81,780

Capitalized software development costs

Capitalized software development costs are as follows.

	March 31, 2024				December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Capitalized software development costs	$ 27,008	$ (11,754)	$ (1,492)	$ 13,762	$ 27,659	$ (12,795)	$ (1,492)	$ 13,372

During the three months ended March 31, 2024 and 2023, the Company capitalized interest on capitalized software development costs in the amount of $

132 and $ 117 , respectively. Amortization of capitalized software development costs was recorded as part of cost of revenues in the amount of $ 1,663 and $ 1,281 for the three months ended March 31, 2024 and 2023, respectively. The estimated useful life is determined at the time each project is placed in service.

Note 7. Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired. Goodwill amounts are not amortized, but are rather tested for impairment at least annually as of October 1 of each year.

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The changes in the carrying amounts of goodwill, which are generally not deductible for tax purposes, are as follows:

Balance at December 31, 2023	$	187,703
Sale of Board.org		(23,022)
Impact of foreign currency fluctuations		(347)
Balance at March 31, 2024	$	164,334

Due to the decline in the Company's stock price and market capitalization in the first quarter of 2023, and the underperformance of the Company's ESG reporting unit compared to internal projections, the Company performed a quantitative goodwill impairment assessment as of March 31, 2023. This quantitative assessment resulted in all the goodwill in our ESG reporting unit being impaired; accordingly, an impairment charge of $ 5,837 was recognized during the three months ended March 31, 2023. Prior to the quantitative goodwill impairment the Company tested the recoverability of its long-lived assets, and concluded that such assets were not impaired.

The fair value estimate of the Company's reporting units was derived based on an income approach. Under the income approach, the Company estimated the fair value of reporting units based on the present value of estimated future cash flows, which the Company considers to be a Level 3 unobservable input in the fair value hierarchy. The Company prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic, industry, and market conditions. The Company based the discount rate on the weighted-average cost of capital considering Company-specific characteristics and the uncertainty related to our reporting unit's ability to execute on the projected cash flows.

Potential indicators of impairment include significant changes in performance relative to expected operating results, significant negative industry or economic trends, or a significant decline in the Company's stock price and/or market capitalization for a sustained period of time. It is reasonably possible that one or more of these impairment indicators could occur or intensify in the near term, which may result in an impairment of long-lived assets or further impairment of goodwill.

Note 8. Debt

The following presents the carrying value of the Company's debt as of the respective period ends:

		March 31, 2024		December 31, 2023
Senior Term Loan	$	92,891	$	158,228
New GPO Note		33,252		36,954
Convertible Notes		14,557		14,052
Dragonfly Seller Convertible Notes		7,857		9,002
Era Convertible Note		8,461		5,977
Aicel Convertible Note		1,114		1,156
PPP loan		117		144

Total gross debt	158,249	225,513
Debt issuance costs	(5,220)	(3,098)
Total	153,029	222,415
Less: Current portion	(67)	(105)
Total	$ 152,962	$ 222,310

Senior Term Loan

On July 29, 2022, concurrent with the closing of the Company's Business Combination, FiscalNote, Inc., a wholly owned indirect subsidiary of FiscalNote Holdings, Inc., entered into a senior credit agreement (the "Credit Agreement") providing for a Senior Term Loan consisting of a fully funded principal amount of $

150,000
and an uncommitted incremental loan facility totaling $

100,000
available upon notice if the Company meets certain financial growth criteria and other customary requirements (the “Incremental Term Facility”) (collectively the “Senior Credit Facility”). The annual interest of the Senior Term Loan consists of two components: a cash interest component of (a) the greater of (i) Prime Rate plus

5.0
% per annum or (ii)

9.0
% payable monthly, and (b) interest payable in kind component of

1.00
% per annum, payable in kind monthly. The Senior Credit Facility will mature on July 29, 2027 .

On March 17, 2023, the Company entered into Amendment No. 1 (“Amendment No. 1”) to the Credit Agreement dated July 29, 2022. Among other things, Amendment No. 1 provided for the extension of an incremental term loan by one of the lenders under the facility in the principal amount of $

6,000
which was received by the Company on March 31, 2023, on the same terms as the existing term loans (the “Incremental Facility”). In connection with the funding of the Incremental Facility, the Company issued the lender warrants expiring July 15, 2027 , to purchase up to

80,000
Class A Common Stock at an exercise price of $

0.01
per share, in a transaction exempt from registration under the Securities Act of 1933, as amended, in reliance on Regulation D promulgated thereunder. The lender warrants represented a non-cash financing activity.

On May 16, 2023, the Company entered into Amendment No. 2 ("Amendment No. 2") to the Credit Agreement dated July 29, 2022. Among other things, Amendment No. 2 joined Dragonfly Eye Limited and Oxford Analytica Limited (“Oxford Analytica”), each a wholly owned subsidiary of the Company, as Guarantors under the Credit Agreement.

On August 3, 2023, the Company entered into Amendment No. 3 ("Amendment No. 3") to the Credit Agreement dated July 29, 2022. Among other things, Amendment No. 3 provided for: (a) the extension of the July 2023 Deferred Fee from July 29, 2023 to July 29, 2024, (b) the increase of the July 2023 Deferred Fee from $

1,734
to $

2,034
, (c) an increase of the Restatement Date Final Agreement from $

7,410

to $

8,970
and (d) the revision to the minimum annual recurring revenue ("ARR") and adjusted EBITDA covenants (as both are defined in the Credit Agreement).

In connection with the completion of the sale of Board.org on March 11, 2024, the Company also entered into Amendment No. 4 to the Credit Agreement (the “Amendment No. 4”), pursuant to which, among other things, the lenders consented to the release of the liens on Board.org’s assets and permitted the consummation of the sale in exchange for the permanent prepayment of $

65,700
of term loans under the Credit Agreement. The Company also made a payment of $

1,314
and $

5,754
of related prepayment and exit fees, respectively. Amendment No. 4 also requires that upon receipt of any earn-out payment pursuant to the equity purchase agreement underlying the sale of Board.org, the Company will prepay outstanding obligations under the Credit Agreement in an amount equal to

70
% of the net proceeds received from such earn-out payment, together with a prepayment fee and an exit fee, equal to

5.75
% of the amount of such prepayment.

In addition, Amendment No. 4 extended the commencement of amortization payments under the Credit Agreement from August 15, 2025 to August 15, 2026, with such payments to fully amortize the term loans by the maturity date of July 15, 2027 . Amendment No. 4 also increased the Company’s minimum liquidity covenant to $

22,500
and modified the Company’s minimum ARR and adjusted EBITDA (as defined in the Credit Agreement, as amended) in order to appropriately reflect the sale of Board.org and the absence of its future contributions to the Company’s overall financial performance and position.

The Prime Rate in effect for the Senior Term Loan was

8.50
% at March 31, 2024. For the three months ended March 31, 2024, the Company incurred $

4,911
of cash interest and $

364
of paid-in-kind interest, respectively, on the Senior Term Loan. Paid-in-kind interest is reflected as a component of the carrying value of the Senior Term Loan as the payment of such interest will occur upon the settlement of the Senior Term Loan.

The Company may prepay the Senior Term Loan in whole, subject to a

2.0
% prepayment fee if prepaid prior to July 30, 2024,

1.0
% prepayment fee if prepaid after July 30, 2024 but prior to July 30, 2025, and

no
prepayment fee if prepaid on or after July 30, 2025. The July 2023 Deferred Fee, as previously amended, of $

2,034
was paid as part of Amendment No. 4. Accordingly, the Company recognized the accretion of the July 2023 Deferred Fee as interest expense through March 11, 2024. Prior to Amendment No. 4, the Company had $

8,970
of deferred fees due at the earlier of prepayment or maturity of the Senior Term Loan which were amortized over the term of the Senior Term Loan using the effective interest method. On March 11, 2024, and as a result of Amendment No. 4, the Company had $

5,250

of deferred fees outstanding which the Company recognized the accretion of these deferred fees as interest expense. The $

1,134

of prepayment fee paid on March 11, 2024 was treated as a debt discount. The amortization recorded for the three months ended March 31, 2024 and March 31, 2023 is $

646

and $

149

, respectively, and is included within interest expense in the condensed consolidated statements of operations and comprehensive income (loss). The remaining unamortized debt discount at March 31, 2024 is $

4,629

, excluding any deferred fees, and is reflected net against debt on the condensed consolidated balance sheets.

The Senior Term Loan is senior to all other debt and has a first priority lien on substantially all of the Company's assets. The Senior Term Loan contains customary negative covenants related to borrowing, events of default and covenants, including certain non-financial covenants and covenants limiting the Company's ability to dispose of assets, undergo a change in control, merge with or acquire stock, and make investments, in each case subject to certain exceptions. In addition to the negative covenants, there were four financial covenants in place at March 31, 2024: a minimum cash balance requirement, minimum ARR requirement, an adjusted EBITDA requirement and a capital expenditure limitation. As of, and for the three months ended March 31, 2024, the Company was in compliance with all required financial covenants. Upon the occurrence of an event of default, in addition to the lenders being able to declare amounts outstanding under the Senior Term Loan due and payable the lenders can elect to increase the interest rate by

5.0

% per annum.

New GPO Note

On June 30, 2023 (the "Subscription Date"), the Company entered into an Exchange and Settlement Agreement (the "Exchange and Settlement Agreement") with GPO FN Noteholder LLC (the "Investor") pursuant to which (i) the Investor returned

5,881,723

shares of Class A Common Stock held by the Investor to the Company for cancellation, (ii) the Company issued to the Investor a subordinated convertible promissory note in an initial principal amount of $

46,794

(the "New GPO Note"), and (iii) the parties agreed to a mutual settlement and release of all claims including, but not limited to, any claims by the Investor for additional shares or money damages resulting from the entry into the Merger Agreement, relating to or arising from the conversion of the Amended and Restated Senior Secured Subordinated Promissory Note, dated December 29, 2020, previously issued by a subsidiary of the pre-business combination FiscalNote Holdings, Inc. to the Investor. The exchange and settlement are non-cash exchanges in the condensed consolidated statement of cash flows. The before mentioned transactions closed on July 3, 2023.

The New GPO Note will mature on July 3, 2028 , unless earlier redeemed or repurchased by the Company or converted in accordance with the terms thereof. The New GPO Note bears interest at a rate of

7.50

% per annum payable quarterly in arrears, as follows: (i) for the first year following the date of issuance, interest will be payable in kind by adding interest to the principal amount of the New GPO Note; and (ii) for any period thereafter, interest will be payable in cash or freely tradeable shares of Class A Common Stock, at the Company's option, with the value per share determined with reference to the trailing 30-day volume weighted average trading price prior to the interest payment date, subject to certain exceptions under which the Company will be permitted to pay PIK Interest.

The New GPO Note is subordinate to the Company's obligations under its Senior Term Loan which limits certain actions that the Company and the Investor may take under the New GPO Note. At any time prior to the July 3, 2028, the Investor is entitled to convert all or any portion of the principal amount of the New GPO Note and accrued interest thereon into shares of Class A Common Stock at $

8.28

per share (adjusted to $

6.89

on April 11, 2024 pursuant to the terms of the New GPO Note as a result of the issuance of the Additional Fee Shares to Era as described in Note 18, "Subsequent Events"). The New GPO Note is subject to customary anti-dilution adjustments for stock splits and similar transactions and, subject to standard exceptions, weighted average anti-dilution protection. The principal amount, together with accrued interest thereon, of the New GPO Note is redeemable by the Company in whole or in part based on certain conditions as defined in the New GPO Note.

The Company elected to account for the New GPO Note using the fair value option. The New GPO Note was recorded at its June 30, 2023 acquisition date fair value of $

36,583

. The Company initially recorded a loss contingency of $

11,700

in its fiscal year 2022 financial statements representing the difference between the fair value of the shares returned by the Investor and the fair value of the New GPO Note on the date of exchange. With the execution of the Exchange and Settlement Agreement and New GPO Note, the Company recorded an additional non-cash loss on settlement with GPO of $

3,474

in the condensed consolidated statement of operations for the year ended December 31, 2023. The fair market value at March 31, 2024 and December 31, 2023 was $

33,252

and $

36,954

, respectively. The unrealized change in the fair value of the New GPO Note of $

4,443

is recorded in accumulated other comprehensive income for the period ended March 31, 2024 and the non-cash gain of $

180

was recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) during the three months ended March 31, 2024. The Company incurred total interest expense related to the new GPO note of $

921

for the three months ended March 31, 2024.

Convertible Notes

At March 31, 2024, the holders of four convertible notes that were previously issued by Old FiscalNote (the “Convertible Notes”) with a principal and accrued PIK balance of $

14,557

remain outstanding. The Company incurred total interest expense related to the Convertible Notes, including the amortization of the various discounts, of $

598

and $

515

during the three months ended March 31, 2024 and 2023, respectively.

Dragonfly Seller Convertible Notes

In connection with the Company's acquisition of Dragonfly, the Company financed part of the purchase with the issuance of convertible notes. The Dragonfly Convertible Notes were issued in a principal amount of £

8.9

million pounds sterling (approximately $

11,050

on the closing date of the acquisition), with interest at an annual rate of

8

%, which can be paid in cash or paid-in-kind. The paid-in-kind interest will be annually credited to the principal amount. All principal and accrued interest are due upon maturity on January 27, 2028 .

At any time after August 2, 2023, the Company can convert any portion of the principal and accrued interest at the volume weighted-average price for the five consecutive trading day period ending on the last trading day of the calendar month preceding the date the Company provides notice of conversion to the Sellers.

At any time after the 18 month anniversary of the Dragonfly acquisition closing date, the lender has the right to convert the outstanding principal and accrued interest for FiscalNote common stock at $

10.00
per share, subject to adjustment in the event of any stock dividend, stock split, reverse stock split, combination or other similar recapitalization with respect to common stock.

The Company elected to account for the Dragonfly Seller Convertible Notes using the fair value option. The Dragonfly Seller Convertible Notes were recorded at their acquisition date fair value of $

8,635
. The fair market value at March 31, 2024 and at December 31, 2023 was $

7,857
and $

9,002
. The unrealized change in the fair value of the Dragonfly Seller Convertible Note of $

1,264
is recorded in accumulated other comprehensive income for the period ended March 31, 2024 and the non-cash gain of $

47
was recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) during the three months ended March 31, 2024 and a non-cash gain of $

574
is recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) during the three months ended March 31, 2023, respectively. The Company incurred total interest expense related to the Dragonfly Seller Convertible Notes of $

241
and $

153
during the three months ended March 31, 2024 and March 31, 2023, respectively.

Era Convertible Notes

In connection with the Company’s strategic commercial partnership, the Company issued a convertible note to Era, a third-party lender, dated December 8, 2023 for $

5,500
on December 8, 2023 (the "Issuance Date"). Pursuant to the terms of the December 8, 2023 convertible note, the Company issued that same third-party lender a second convertible note for $

801
on January 5, 2024 (collectively, the "Era Convertible Notes"). The Era Convertible Notes were issued in a principal amount of $

6,301
, with cash interest at a rate equal to the applicable federal rate published by the Internal Revenue Service beginning on the six-month anniversary of the Issuance Date. All principal and unpaid interest are due on maturity at December 8, 2027 .

The Era Convertible Notes are contractually subordinated to the Company’s obligations under its senior secured indebtedness, and accordingly, the Company’s right to make certain cash payments in connection therewith is limited by the terms of such subordination agreement (the “Subordination Agreement”). Era may convert the Notes into shares of Common Stock (the “Underlying Shares”), beginning on the six-month anniversary of the Issuance Date based on the volume weighted average price of the trailing 30 trading day period prior to the conversion. In addition, the Company may elect to convert the Era Convertible Notes into the Underlying Shares if the Underlying Shares are registered for resale under the Securities Act of 1933, as amended (the “Securities Act”).

Pursuant to the copilot agreement (the "Co-Pilot Agreement") entered into by and among the Company, FiscalNote Inc., a subsidiary of the Company, and Era on December 8, 2023, the Company agreed to issue Era up to an additional $

3,105,105
in the form of shares of the Company's Class A Common Stock no later than June 2024 (the "Partnership Shares"). The Co-Pilot Agreement requires the Company to issue additional shares of Common Stock (“Additional Shares”) to Era if Era’s sales of the Partnership Shares and the Underlying Shares do not generate aggregate cash proceeds to Era that equal or exceed approximately $

9.5
million during the sell-off period set forth in the Co-Pilot Agreement. Any such Additional Shares would be valued based on the volume weighted average price of the trailing 30 trading day period, calculated prior to the date of any such issuance.

The Company elected to account for the Era Convertible Notes using the fair value option. The Era Convertible Note dated December 8, 2023 was recorded at its acquisition date fair value of $

5,500
. The Era Convertible Note Dated January 5, 2024 was recorded at its acquisition date fair value of $

801
. The fair market value of the Era Convertible Note dated December 8, 2023 was $

5,977
at December 31, 2023. The fair market value of the two Era Convertible Notes was $

8,461
at March 31, 2024. The non-cash loss was recorded in the change

in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) in the amount of a loss of $

1,683
for the three months ended March 31, 2024.

Aicel Convertible Note

In connection with the Company's acquisition of Aicel, the Company assumed a convertible note ("Aicel Convertible Note") issued by Aicel in a private placement to a third-party lender dated July 27, 2022. The Aicel Convertible Note was issued in a principal amount of $

1,131
, with paid-in-kind interest at an annual rate of

1
%. All principal and accrued and unpaid interest are due on maturity at July 27, 2027 . The Aicel Convertible Note provides for no prepayments until maturity without written consent of the lender.

The Aicel Convertible Note can be converted upon the occurrence of certain events, including (i) Aicel initial public offering ("IPO"), (ii) change in control of Aicel (the acquisition of Aicel by FiscalNote did not constitute a change in control as defined in the purchase agreement), or (iii) sale of substantially all of Aicel's assets (collectively, a "Conversion Event"). The Company has the right to convert the Aicel Convertible Note into shares of common stock issued in an IPO, if (a) the Conversion Event is an IPO and (b) the price per share paid in an IPO is greater than the stipulated initial conversion price. The lender has the right to elect to convert the Aicel Convertible Note into shares of common stock upon the occurrence of a Conversion Event.

At any time after the second anniversary of the Aicel acquisition closing date until the earlier of (a) the Aicel Convertible Note maturity date, or (b) the occurrence of any liquidity event, the lender has the right to require FiscalNote to repurchase the outstanding principal in exchange for FiscalNote common stock. The lender will receive a number of shares of FiscalNote equal to the outstanding principal plus accrued interest divided by the FiscalNote common stock price and rounded to the nearest whole share.

Upon the occurrence of an event of default, in addition to the lenders being able to declare amounts outstanding under the Aicel Convertible Note due and payable the lenders can elect to increase the paid-in-kind interest rate to

12.0
% per annum.

The Company concluded that the contingent default interest provision was required to be bifurcated and treated as an embedded derivative liability. The associated value was immaterial and required no initial amount to be recorded and continues to be immaterial as of the reporting date . The Company determined that the remaining embedded features were clearly and closely related to the debt host and did not require bifurcation from the debt host.

The Aicel Convertible Note was recorded at its acquisition fair value of $

1,131
. The Company incurred total interest expense related to the Aicel Convertible Note of $

19
and $

3
during the three months ended March 31, 2024 and March 31, 2023, respectively.

PPP Loan

On April 13, 2020, the Company received funding in the principal amount of $

8,000
under the CARES Act. Interest accrues annually at

1
%. On February 14, 2022, the SBA forgave $

7,667
of the PPP Loan with the remaining balance of $

333
to be repaid over five years . The Company recognized the forgiveness of PPP Loan as a gain on debt extinguishment in the condensed consolidated statements of operations and comprehensive income (loss) in 2022. As of March 31, 2024, the Company recorded $

67
of the remaining PPP Loan as short-term debt and $

50
as long-term debt in the condensed consolidated balance sheets.

Total Debt

The following table summarizes the total estimated fair value of the Company's debt as of March 31, 2024 and December 31, 2023, respectively. These fair values are deemed Level 3 liabilities within the fair value measurement framework.

	March 31, 2024	December 31, 2023
Senior Term Loan	$ 92,497	$ 168,702
New GPO Note	33,252	36,954
Convertible Notes	13,709	13,992
Dragonfly Seller Convertible Notes	7,857	10,407
Era Convertible Notes	8,461	5,977
Total	$ 155,776	$ 236,032

Warrants

Old FiscalNote Warrants

At March 31, 2024,

118,700
warrants (previously issued by Old FiscalNote to lenders prior to the Senior Term Loan) with an exercise price of $

8.56
, remain outstanding. These warrants are accounted for as a liability with a fair value of $

0
at March 31, 2024, and are included as part of the other non-current liabilities within the condensed consolidated balance sheets.

Warrants associated with Amendment No. 1

On March 17, 2023, in connection with Amendment No. 1 discussed above, the Company issued

80,000
warrants with an exercise price of $

0.01
. These warrants are accounted for as a liability with a fair value of $

106
at March 31, 2024, and are included as part of the other non-current liabilities within the condensed consolidated balance sheets.

Note 9. Stockholders’ Equity

Authorized Capital Stock

The Company’s charter authorizes the issuance of

1,809,000,000
shares, which includes Class A common stock, Class B common stock, and preferred stock.

Class A Common Stock

Subsequent to the Closing of the Business Combination, the Company's Class A common stock and public warrants began trading on the New York Stock Exchange (“NYSE”) under the symbols “NOTE” and “NOTE WS,” respectively. Pursuant to the Company’s charter, the Company is authorized to issue

1,700,000,000
shares of Class A common stock, par value $

0.0001
per share. As of March 31, 2024, the Company had

122,749,497

shares of Class A common stock issued and outstanding.

Additionally, the Company has outstanding warrants to purchase shares of New FiscalNote Class A common stock that became exercisable upon the Closing of the Business Combination. Refer to Note 11, "Warrant Liabilities."

Class B Common Stock

Pursuant to the Company’s charter, the Company is authorized to issue

9,000,000
shares of Class B common stock, par value $

0.0001
per share.

In connection with the Closing of the Business Combination, the Co-Founders, or entities controlled by the Co-Founders, received Class B shares of New FiscalNote common stock as consideration (see further details in Note 2, "Business Combination with DSAC").

As of March 31, 2024, the Company had

8,290,921

shares of Class B common stock issued and outstanding.

Preferred Stock

Pursuant to the Company’s charter, the Company is authorized to issue

100,000,000
shares of preferred stock, par value $

0.0001
per share. Our board of directors has the authority without action by the stockholders, to designate and issue shares of preferred stock in one or more classes or series, and the number of shares constituting any such class or series, and to fix the voting powers, designations, preferences, limitations, restrictions and relative rights of each class or series of preferred stock, including, without limitation, dividend rights, conversion rights, redemption privileges and liquidation preferences, which rights may be greater than the rights of the holders of the common stock. As of March 31, 2024, there were

no

shares of preferred stock issued and outstanding.

Dividends

The Company's Class A and Class B common stock are entitled to dividends if and when any dividend is declared by the Company's board of directors, subject to the rights of all classes of stock outstanding having priority rights to dividends. The Company has not paid any cash dividends on common stock to date. The Company may retain future earnings, if any, for the further development and expansion of the Company's business and have no current plans to pay cash dividends for the foreseeable future. Any future determination to pay dividends will be made at the discretion of the Company's board of directors and will depend on, among other things, the Company's financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as the Company's board of directors may deem relevant.

Note 10. Earnout Shares and RSUs

The shareholders and other equity holders of Old FiscalNote as described below are entitled to receive up to 19,195,100 additional shares of Class A common stock of New FiscalNote (the "Earnout Awards") in the form of Earnout Shares or as shares reserved for issuances upon settlement of Earnout RSUs, as described below. The Earnout Awards are split into five tranches each consisting of 3,839,020 shares of Class A common stock in New FiscalNote. Certain Old FiscalNote equity holders will receive Earnout Restricted Stock Units (the "Earnout RSUs"), which are settled in Class A common stock. The right to receive Earnout Awards will expire five years after the Closing Date (the "Earnout Period"). Each tranche of the Earnout Awards will be issued only when the dollar volume-weighted average price of one share of New FiscalNote Class A common stock is greater than or equal to $10.50, $12.50, $15.00, $20.00, or $25.00, respectively, for any 10 trading days within any period of 20 consecutive trading days during the Earnout Period (collectively, the "Triggering Events").

Pursuant to the terms of the Business Combination Agreement, the holders of Old FiscalNote common stock, Old FiscalNote warrants, vested Old FiscalNote options and vested Old FiscalNote RSUs outstanding immediately prior to the Closing Date will be entitled to receive their proportionate allocation of Earnout Shares subject to achievement of the Triggering Event. Holders of unvested Old FiscalNote options and unvested Old FiscalNote RSUs outstanding immediately prior to the Closing Date will be entitled to receive their proportionate allocation of Earnout Shares in the form of Earnout RSUs subject to achievement of the Triggering Event. To the extent the equity award issued upon New FiscalNote's assumption of such any Old FiscalNote Option or Old FiscalNote RSU (each a "Converted Award") is outstanding and has vested as of the occurrence of a Triggering Event, the holder thereof will receive a proportionate allocation of Earnout Shares in lieu of Earnout RSUs.

If a Converted Award is forfeited after the Closing Date but prior to the Triggering Event, no Earnout RSUs will be issued for such Converted Award. The right to receive Earnout RSUs that have been forfeited shall be reallocated pro-rata to the remaining holders of vested Converted Awards in the form of Earnout Shares and unvested Converted Awards in the form of Earnout RSUs in the manner described above. Reallocated Earnout RSUs are subject to the remaining vesting schedule and conditions of the Converted Award held by such equity holder. The forfeiture and subsequent reallocation of the Earnout RSUs are accounted for as the forfeiture of the original award and the grant of a new award.

A portion of the Earnout Shares that may be issued to Old FiscalNote common stockholders, Old FiscalNote vested option holders and Old FiscalNote warrant holders and all of the Earnout RSUs were determined to represent additional compensation for accounting purposes pursuant to ASC 718, “Compensation-Stock Compensation”. The Company recognizes stock-compensation expense based on the fair value of the Earnout Awards over the requisite service period for each tranche. Upon Closing, the Company recognized $

17,712
of share-based compensation expense for vested Earnout Awards. The Company recognized $

131
and $

1,124
of share-based compensation expense during the three months ended March 31, 2024 and March 31, 2023, respectively. The remaining Earnout Shares were determined to represent an equity transaction in conjunction with the reverse recapitalization and were evaluated pursuant to ASC 480, “Distinguishing Liabilities from Equity” and ASC 815, “Derivatives and Hedging”. These remaining Earnout Shares will be accounted for as a liability as the arrangement is indexed to something other than the Company’s stock. The liability is revalued at each reporting period with changes being recorded as a non-operating gain or loss in the condensed consolidated statements of operations and comprehensive income (loss). The liability of $

68

was recorded in other non-current liabilities on the condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023.

As of March 31, 2024, there was $

546
of unrecognized compensation expense related to the Earnout Awards to be recognized over a weighted-average period of approximately one and a half years. As of March 31, 2024,

no
Earnout Shares and no Earnout RSUs have been issued as

no
Triggering Events have occurred.

Note 11. Warrant Liabilities

Upon the Closing of the Business Combination, the Company assumed

8,750,000
public warrants and

7,000,000
private placement warrants that were previously issued by Old DSAC. Each public warrant and private placement warrant is exercisable for

1.571428
shares of New FiscalNote Class A common stock (or an aggregate of up to

24,750,000
shares of New FiscalNote Class A common stock).

During the three months ended March 31, 2024,

no
public warrants were exercised into shares of Class A common stock.

No
private placement warrants have been exercised to date. Accordingly, as of March 31, 2024, the Company had

8,358,964
public warrants and

7,000,000
private placement warrants outstanding with a per share fair value of $

0.44
. These warrants are accounted for as a liability and have a fair value of $

3,840
at March 31, 2024.

Public Warrants

Each public warrant entitles the registered holder to acquire 1.571428 shares of the Company's Class A common stock at a price of $

7.32
per share, subject to adjustment as discussed below. The warrants became exercisable on August 29, 2022. Warrants may only be exercised for a whole number of shares of Class A common stock. The public warrants will expire on July 29, 2027 , or earlier upon redemption or liquidation.

Redemption of warrants for cash

The Company may call the public warrants for redemption for cash:

• in whole and not in part;

• at a price of $

0.01
per warrant;

• upon a minimum of 30 days ' prior written notice of redemption to each warrant holder; and

• if, and only if, the last reported sale price of the Company's Class A common stock equals or exceeds $

11.45
per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like and for certain issuances of the Company's Class A common stock and equity-linked securities) for any 20 trading days within a 30 -trading day period ending on the third trading day prior to the date the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company for cash, the Company may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of warrants for shares of Class A common stock

The Company may redeem the outstanding warrants for shares of Class A common stock:

• in whole and not in part;

• at $

0.10
per warrant upon a minimum of 30 days ' prior written notice of redemption provided that holders will be able to exercise their warrants prior to redemption and receive that number of shares determined by reference to an agreed table, based on the redemption date and the "fair market value" of Class A common stock (as defined below) except as otherwise described below;

• if, and only if, the last reported sale price of the Company's Class A common stock equals or exceeds $

6.36
per share (as adjusted per stock splits, stock dividends, reorganizations, recapitalizations and the like and for certain issuances of the Company's Class A common stock and equity-linked securities) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and

• if and only if, the private placement warrants are also concurrently exchanged at the same price (equal to a number of shares of our Class A common stock) as the outstanding public warrants, as described above.

• The "fair market value" of the Class A common stock shall mean the average of the last reported sales price for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. In no event will the warrants be exercisable in connection with this redemption feature for more than

0.567
shares of Class A common stock per warrant (subject to adjustment).

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Private Placement Warrants

The private placement warrants are not redeemable by the Company so long as they are held by the sponsor of DSAC or its permitted transferees, except in certain limited circumstances. The DSAC Sponsor, or its permitted transferees, has the option to exercise the private placement warrants on a cashless basis and the DSAC Sponsor and its permitted transferees has certain registration rights related to the private placement warrants (including the shares of Class A common stock issuable upon exercise of the private placement warrants). Except as described in this section, the private placement warrants have terms and provisions that are identical to those of the public warrants. If the private placement warrants are held by holders other than the DSAC Sponsor or its permitted transferees, the private placement warrants will be redeemable by the Company and exercisable by the holders on the same basis as the public warrants.

Note 12. Stock-Based Compensation

2022 Long-Term Incentive Plan

In connection with the Business Combination, the Company's board of directors adopted, and its stockholders approved, the 2022 Long-Term Incentive Plan (the “2022 Plan”) under which

20,285,600
shares of Class A common stock were initially reserved for issuance. The 2022 Plan allows for the issuance of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, other stock-based awards and cash-based awards. The number of shares of the Company’s Class A common stock available for issuance under the 2022 Plan increases on the first day of each calendar year, starting on January 1, 2023 and continuing through and including January 1, 2027, by the lesser of (a)

13,523,734
, (b) three percent (

3
%) of the total number of shares of Class A Common Stock outstanding on December 31st of the immediately preceding fiscal year or (c) a lesser number determined by the Company’s board of directors prior to January 1 of a given year. In accordance with this provision, on each of January 1, 2023 and January 1, 2024, the number of shares authorized for issuance under the 2022 Plan increased by

3,693,767
and

3,650,394
, respectively.

During the three months ended March 31, 2024, the Company issued

1,271,410
stock options and

239,663
restricted stock units. At March 31, 2024,

7,868,951
stock options,

2,601,649
performance stock options,

5,499,350
restricted stock units, and

75,000
performance based restricted stock units remain outstanding. As of March 31, 2024, the Company had

4,219,656
shares of Class A common stock available for issuance under the 2022 Plan.

The Company recognized $

5,776
and $

6,404
of stock-based compensation expense for all long term incentive plans in effect during the three months ended March 31, 2024 and 2023, respectively. The Company recognized $

169

of stock-based compensation expense related to acquisition earnouts during the three ended March 31, 2024 and 2023, respectively.

2022 Employee Stock Purchase Plan

In connection with the Business Combination, the Company’s board of directors adopted, and its stockholders approved, the 2022 Employee Stock Purchase Plan (the “ESPP”) whereby eligible employees may authorize payroll deductions of up to

15
% of their regular base salary to purchase shares at the lower of

85
% of the fair market value of the common stock on the date of commencement of the offering period or on the last day of the six-month offering period. The plan is defined as compensatory, and accordingly, a stock-based compensation charge of $

99
and $

102
was recorded as the difference between the fair market value and the discounted purchase price of the Company's common stock for the three months ended March 31, 2024 and 2023, respectively. The number of shares of Common Stock reserved for issuance under the ESPP will automatically increase on January 1st each year, starting on January 1, 2023 and continuing through and including January 1, 2027, by the lesser of (a)

3,267,760
, (b) one percent (

1
%) of the total number of shares of all classes of Common Stock outstanding on December 31st of the preceding fiscal year, or (c) a lesser number determined by the Board prior to January 1 of a given year. Pursuant to this provision, on each of January 1, 2023 and January 1, 2024, the number of shares authorized for issuance under the ESPP increased by

1,231,255
and

1,299,707
, respectively. During the three months ended March 31, 2024,

202,327
shares have been issued under the ESPP and the Company had

5,493,588
shares of Class A common stock available for issuance under the ESPP.

Withholding Taxes on Equity Awards

In connection with the settlement of equity awards, the Company records a non-cash liability and corresponding APIC adjustment for the withholding taxes on net share settlement of stock-based compensation and option exercises until such time as those taxes have been remitted to the respective taxing authorities.

Note 13. Transaction (Gains) Costs, net

The Company incurred the following transaction costs related to businesses acquired and the consummation of the Business Combination during the periods presented:

	Three Months Ended March 31,	
	2024	2023
Transaction costs related to acquired businesses	$ -	$ 1,222
Non-capitalizable Business Combination costs	-	184
Change in contingent consideration liabilities	(4)	(156)

Contingent compensation expense	-	158
Total transaction (gains) costs, net	$ (4)	$ 1,408

Note 14. Earnings (Loss) Per Share

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The Company has two classes of common stock authorized: Class A common stock and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to twenty-five votes per share. The Company allocates undistributed earnings attributable to common stock between the common stock classes on a one-to-one basis when computing net loss per share. As a result, basic and diluted net income (loss) per share of Class A common stock and Class B common stock are equivalent.

The following is a calculation of the basic and diluted earnings per share for the Company's common stock, including a reconciliation between net income attributable to common stockholders used for Basic EPS and Diluted EPS for the three months ended March 31, 2024 and 2023:

(in thousands, except per share data)	Three Months Ended March 31, 2024	2023
Basic Earnings Per Share		
Numerator:		
Net income (loss) attributable to common stockholders	$ 50,599	$ (19,273)
Denominator:		
Weighted average common stock outstanding used in basic EPS computations	130,712,032	133,082,639
Basic Earnings Per Share	$ 0.39	$ (0.14)
Diluted Earnings Per Share		
Numerator:		
Net income (loss) attributable to common stockholders	$ 50,599	$ (19,273)
If-converted impact on net income (loss) attributable to common stockholders	3,673	-
Net income (loss) attributable to common stockholders for diluted EPS	$ 54,272	$ (19,273)
Denominator:		
Weighted average common stock outstanding used in basic EPS computations	130,712,032	133,082,639
Weighted average effect of dilutive securities	15,315,053	-
Weighted average common stock outstanding used in diluted EPS computations	146,027,085	133,082,639
Diluted Earnings Per Share	$ 0.37	$ (0.14)

Since the Company was in a net loss position during the three months ended March 31, 2023, basic net loss per share attributable to common stockholders is the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been anti-dilutive.

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

Anti-dilutive securities excluded from diluted loss per share:	Three Months Ended March 31, 2024	2023

Anti-dilutive Earnout Awards	19,195,100	19,195,100
Anti-dilutive stock options	-	2,033,574
Anti-dilutive Convertible Notes	-	2,075,225
Anti-dilutive contingently issuable shares	-	1,339,924
Anti-dilutive restricted stock units	5,569,966	7,022,744
Anti-dilutive Aicel Convertible Notes	-	112,899
Total anti-dilutive securities excluded from diluted loss per share	24,765,066	31,779,466

Note 15. Provision (Benefit) from Income Taxes

Effective Tax Rate

The Company computes its quarterly and year-to-date provisions for income taxes by applying the estimated effective tax rates to the quarterly and year-to-date pre-tax income or losses and adjusting the provisions for discrete tax items recorded in the periods. For the three months ended March 31, 2024 the Company reported tax expense of $ 1,426 on pre-tax income of $ 52,025, which resulted in an effective tax rate of 2.74 percent. The Company’s effective tax rate differed from the U.S. statutory rate of 21 percent primarily due to the impact of a valuation allowance on the Company’s deferred tax assets. During the three months ended March 31, 2024, the Company recorded a discrete tax charge for the impact of the sale of Board.org of $ 1,729.

For the three months ended March 31, 2023, the Company reported tax expense of $ 30 on a pre-tax loss of $ 19,243, which resulted in an effective tax rate of (0.16) percent. The Company's effective tax rate differed from the U.S. statutory rate of 21 percent primarily due to the impact of a valuation allowance on the Company’s deferred tax assets. During the three months ended March 31, 2023, the Company had discrete items relating to goodwill impairment, unrecognized tax benefits and the tax impact of interest expense on unrecognized tax benefits.

Unrecognized Tax Benefits and Other Considerations

The Company records liabilities related to its uncertain tax positions. Tax positions for the Company and its subsidiaries are subject to income tax audits by multiple tax jurisdictions throughout the world. The Company believes that it has provided adequate reserves for its income tax uncertainties in all open tax years. As the outcome of the tax audits cannot be predicted with certainty, if any issues arising in the Company's tax audits progress in a manner inconsistent with management's expectations, the Company could adjust its provision for

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income taxes in the future. For the three months ended March 31, 2024, the Company reported an uncertain tax position totaling $ 639 relating to a state tax filing position. The Company has the following activities relating to unrecognized tax benefits for the periods presented:

Beginning balances at December 31, 2023 and 2022	$ 639	$ 639
Lapses in statutes of limitations	-	-
Ending balances at March 31, 2024 and 2023	$ 639	$ 639

Note 16. Fair Value Measurements and Disclosures

The carrying value of cash and cash equivalents (including investments with an original maturity of three months or less at the date of purchase), restricted cash, accounts receivable, accounts payable, and other accruals readily convertible into cash approximate fair value because of the short-term nature of the instruments.

The following table presents the Company's financial assets and liabilities accounted for at fair value on a recurring basis as of March 31, 2024 by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 3,157	$ -	$ -	$ 3,157
Short-term investments	-	7,134	-	7,134
Liabilities:				
Public warrants	$ 2,090	$ -	$ -	$ 2,090
Private placement warrants	-	1,750	-	1,750
Contingent liabilities from acquisitions	-	-	113	113
New GPO Note	-	-	33,252	33,252
Dragonfly Seller Convertible Notes	-	-	7,857	7,857
Era Convertible Note	-	-	8,461	8,461

The following table presents the Company's financial assets and liabilities accounted for at fair value on a recurring basis as of

December 31, 2023 by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 3,044	$ -	$ -	$ 3,044
Short-term investments	-	7,134	-	7,134
Liabilities:				
Public warrants	$ 2,591	$ -	$ -	$ 2,591
Private placement warrants	-	2,170	-	2,170
Contingent liabilities from acquisitions	-	-	130	130
Liability classified warrants [(a)]	-	-	23	23
New GPO Note	-	-	36,954	36,954
Dragonfly Seller Convertible Notes	-	-	9,002	9,002
Era Convertible Note	-	-	5,977	5,977

(a) - Included in other non-current liabilities on the condensed consolidated balance sheets

The following table summarizes changes in fair value of the Company's level 3 liabilities during the periods presented:

	Contingent Liabilities from Acquisitions	Liability Classified Warrants	New GPO Note	Dragonfly Seller Convertible Notes	Era Convertible Note
Balance at December 31, 2023	$ 130	$ 23	$ 36,954	$ 9,002	$ 5,977
Fair value at issuance date	-	-	-	-	801
Change in fair value included in the determination of net (income) loss[(a)]	(3)	(23)	(180)	(47)	1,683
Change in fair value included in accumulated other comprehensive income	-	-	(4,443)	(1,264)	-
Cash contingent consideration earned and subsequently settled	(14)	-	-	-	-

Paid in kind interest	-	-	921	241	-
Foreign exchange	-	-	-	(75)	-
Balance at March 31, 2024	$ 113	$ -	$ 33,252	$ 7,857	$ 8,461

(a) The change in contingent liabilities from acquisitions is recorded as transaction costs on the condensed consolidated statements of operations and comprehensive income (loss).

Short-Term Investments

The fair value of the short-term investments is based on the quoted market price of the securities on the valuation date. As of March 31, 2024, the estimated fair value of the short-term investments was $ 7,134. The Company recognized a non-cash loss of $ 49 for the three months ended March 31, 2024 resulting from the change in fair value of the short-term investments. The change in fair value is recorded in the condensed consolidated statements of operations and comprehensive income (loss).

Public Warrants

The fair value of the public warrants is based on the quoted market price of such warrants on the valuation date. As of March 31, 2024 and December 31, 2023, the estimated fair value of the public warrants was $ 2,090 and $ 2,591 , respectively. The Company recognized a non-cash gain of $ 501 and $ 7,607 during the three months ended March 31, 2024 and 2023, respectively, resulting from the change in fair value of the public warrants. The change in fair value is recorded in change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss).

Private Placement Warrants

As of March 31, 2024 and December 31, 2023, the estimated fair value of the private warrants was $ 1,750 and $ 2,170 , respectively. The Company recognized a non-cash gain of $ 420 and $ 6,370 during the three months ended March 31, 2024 and March 31, 2023, respectively, resulting from the change in fair value of the private warrants. The change in fair value is recorded in change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss).

New GPO Note

The New GPO Note was recognized as a liability in connection with the settlement of litigation on June 30, 2023 at its estimated fair value of $ 36,583 . As of March 31, 2024 and December 31, 2023, the estimated fair value of the New GPO Note was $ 33,252 and $ 36,954 , respectively. The unrealized change in the fair value of the New GPO Note of $ 4,443 is recorded in accumulated other comprehensive income for the period ended March 31, 2024 and the non-cash gain of $ 180 was recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) during the three months ended March 31, 2024. The estimated fair value of the New GPO Note was determined based on a trinomial lattice model. The following table presents the assumptions used to determine the fair value of the New GPO Note at March 31, 2024 and at December 31, 2023:

	March 31, 2024	December 31, 2023
Common stock share price	$ 1.33	$ 1.14

Risk free rate	4.3 %	3.9 %
Yield	18.5 %	14.5 %
Expected volatility	50.0 %	50.0 %
Expected term (years)	4.3	4.5

Dragonfly Seller Convertible Notes

The Dragonfly Seller Convertible Notes were recognized as a liability in connection with the acquisition on January 27, 2023 at a fair value of $ 8,635 . As of March 31, 2024 and December 31, 2023, the estimated fair value of the Dragonfly Seller Convertible Notes were $ 7,857 and $ 9,002 , respectively. The unrealized change in the fair value of the Dragonfly Seller Convertible Note of $ 1,264 is recorded in accumulated other comprehensive income for the period ended March 31, 2024, a non-cash gain of $ 47 is recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) during the three months ended March 31, 2024 and a non-cash gain of $ 573 is recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations and comprehensive income (loss) during the three months ended March 31, 2023, respectively. The following table presents the assumptions used to determine the fair value of the Dragonfly Seller Convertible Notes at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Common stock share price	$ 1.33	$ 1.14
Risk free rate	4.3 %	3.9 %
Yield	20.0 %	15.5 %
Expected volatility	50.0 %	50.0 %
Expected term (years)	3.8	4.1

As of March 31, 2024, the difference between the aggregate fair value and the unpaid principal balance of the Dragonfly Seller Convertible Notes is $ 4,490 .

Era Convertible Note

The Era Convertible Note was recognized as a liability associated with the Company’s strategic commercial partnership on December 8, 2023 at a fair value of $ 5,500 . During the first quarter of 2024, the Company issued $

801
of new debt related to the new Era Convertible Note. At March 31, 2024 and December 31, 2023 the fair value of the Era Convertible Note was $

8,461
and $

5,977
, respectively. The non-cash loss of $

1,684
is recorded in the change in fair value of financial instruments in the condensed consolidated statements of operations

and comprehensive income (loss) during the three months ended March 31, 2024. The following table presents the assumptions used to determine the fair value of the Era Convertible Note at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Common stock share price	$ 1.33	$ 1.14
Risk free rate	4.8 %	4.17 %
Yield	156.1 %	153.24 %
Expected volatility	51.0 %	63.00 %
Expected term (years)	3.7	3.9

Contingent Liabilities from acquisitions

The contingent liabilities from acquisitions are classified as Level 3 in the fair value hierarchy. At March 31, 2024 and December 31, 2023, the contingent consideration and compensation relates to the following acquisitions:

	March 31, 2024	December 31, 2023
Curate	$ -	$ 4
Equilibrium	113	112
DT Global	-	14
Total contingent liabilities from acquisitions	$ 113	$ 130

The Company settled part of the Curate contingent consideration and compensation through an issuance of 83,393 additional shares in a non-cash transaction during the first quarter of 2023.

Liability classified warrants

The Last Out Lender Warrants are classified as Level 3 in the fair value hierarchy. The fair value of the Last Out Lender Warrants is calculated using the Black-Scholes calculation with the following inputs:

	March 31, 2024
Common stock fair value	$ 1.33
Time to maturity (years)	1.3
Risk free rate	4.88 %

Volatility	52 %
Exercise price	$ 8.56

Non-Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The Company’s long-lived assets, including property and equipment, intangible assets and goodwill are measured at fair value on a non-recurring basis when an impairment has occurred. The Company has recognized an impairment of goodwill as disclosed in Note 7, "Goodwill" during the three months ended March 31, 2023. The Company has not identified any additional impairments to be recorded during both the three months ended March 31, 2024 and 2023.

There were

no

other transfers of assets or liabilities between levels during both the three months ended March 31, 2024 and 2023.

Changes to fair value are recognized as income or expense in the condensed consolidated statements of operations and comprehensive income (loss).

Note 17. Commitments and Contingencies

Legal Proceedings

From time to time the Company is a party to various disputes, claims, lawsuits and other regulatory and legal matters, including both asserted and unasserted legal claims, in the ordinary course of business. The status of each such matter, referred to herein as a loss contingency, is reviewed and assessed in accordance with applicable accounting rules regarding the nature of the matter, the likelihood that a loss will be incurred, and the amounts involved.

Legal fees are recognized as incurred when the legal services are provided, and therefore are not recognized as part of the loss contingency.

Note 18. Subsequent Events

The Company has evaluated subsequent events through May 10, 2024, the date that the financial statements were available to be issued.

Era Convertible Note

On April 11, 2024, the “Company entered into a letter agreement (the “Letter Agreement”) with Era modifying certain provisions of the Era Convertible Notes and the Co-Pilot Agreement. The Letter Agreement permitted and required the Company to convert approximately

$

1.6

million in aggregate principal amount of the Era Convertible Notes (the “Early Converted Notes”) into a portion of the Underlying Shares. Pursuant to the Letter Agreement, the Company was also required to issue to Era the Partnership Shares. Pursuant to the Letter Agreement, Era has the right to convert the aggregate principal amount of the remaining Era Convertible Notes (the “Remaining Notes”), but only on or after June 30, 2024, if such conversion right is not cancelled by the terms of the Letter Agreement. In addition, the Letter Agreement terminates the Company’s obligation to issue the Additional Shares under the circumstances specified therein. On April 11, 2024 and pursuant to the Letter Agreement, the Company issued the Investor an aggregate of

3,003,268

shares of Common Stock to satisfy its obligations with respect to the Partnership Shares and a portion of the Underlying Shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion provides information that FiscalNote's management believes is relevant to an assessment and understanding of FiscalNote's condensed consolidated results of operations and financial condition. The discussion should be read together with the unaudited interim condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Certain monetary amounts, percentages and other figures included below have been subject to rounding adjustments as amounts are presented in thousands or millions, as the context describes. Percentage amounts included below have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts may vary from those obtained by performing the same calculations using the figures in our condensed consolidated financial statements included elsewhere herein. Certain other amounts that appear below may not sum due to rounding.

This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part II, Item 1A, "Risk Factors" and other factors set forth in other parts of this Quarterly Report on Form 10-Q. Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to the "Company," "FiscalNote," "we," "us," or "our" refer to the business of Old FiscalNote, which became the business of New FiscalNote and its subsidiaries following the Closing.

Overview

FiscalNote is a leading technology provider of global policy and market intelligence. It delivers critical, actionable legal and policy insights in a rapidly evolving political, regulatory and macroeconomic environment. By combining artificial intelligence (AI) technology, other technologies with analytics, workflow tools, and expert peer insights, FiscalNote empowers customers to manage policy, address regulatory developments, and mitigate global risk. FiscalNote ingests unstructured legislative and regulatory data, and employs AI and data science to deliver structured, relevant and actionable information in order to facilitate key operational and strategic decisions by global enterprises, midsized and smaller businesses, government institutions, trade groups and nonprofits. FiscalNote delivers that intelligence through its suite of public policy and issues management products, coupled with expert research and analysis of markets and geopolitical events, as well as powerful tools to manage workflows, advocacy campaigns and constituent relationships.

Business Combination

On July 29, 2022, the Company consummated the transactions contemplated by the Agreement and Plan of Merger, dated as of November 7, 2021, and as amended on May 9, 2022, (the "Merger Agreement"), by and among FiscalNote Holdings, Inc., a Delaware corporation ("Old FiscalNote"), Duddell Street Acquisition Corp., a Cayman Islands exempted company ("DSAC"), and Grassroots Merger Sub, Inc., a Delaware Corporation and a wholly owned direct subsidiary of DSAC ("Merger Sub" and, together with DSAC, the "DSAC Parties"). Pursuant to these transactions, Merger Sub merged with and into Old FiscalNote, with Old FiscalNote becoming a wholly owned subsidiary of DSAC (the "Business Combination" and, collectively with the other transactions described in the Business Combination Agreement, the "Transactions"). In connection with the closing of the Transactions, DSAC domesticated and continued as a Delaware corporation under the name of "FiscalNote Holdings, Inc." ("New FiscalNote"). Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to the "Company," "FiscalNote," "we," "us," or "our" refer to the business of Old FiscalNote, which became the business of New FiscalNote and its subsidiaries following the closing on July 29, 2022. Subsequent to the closing of the Business Combination, the Company's Class A common stock and public warrants began trading on the New York Stock Exchange ("NYSE") under the symbols "NOTE" and "NOTE WS," respectively. The Company accounted for the Business Combination as a reverse recapitalization whereby Old FiscalNote was determined as the accounting acquirer and DSAC as the accounting acquiree. Accordingly, the Business Combination was treated as the equivalent of Old FiscalNote issuing stock for the net assets of DSAC, accompanied by a recapitalization. The net assets of DSAC are stated at historical cost, with no goodwill or other intangible assets recorded.

Factors Impacting the Comparability of Our Operating Results

Acquisitions / Disposals

On March 11, 2024, we completed the sale of Board.org for a total value of up to $103.0 million, consisting of $95.0 million in cash at closing and a potential earnout opportunity of up to $8.0 million. The Company recorded a gain on sale of business of $71.6 million during the three months ended March 31, 2024.

On January 27, 2023, we completed the acquisition of Dragonfly for up to $25.2 million (the "2023 Acquisition"), which included a combination of cash, stock, convertible notes and contingent payments.

As a result of our acquisitions, respectively, we have, and will continue to incur, significant non-cash amortization expense related to the amortization of purchased intangibles, which have reduced our operating income by approximately $1.0 million and $1.2 million during the three months ended March 31, 2024 and 2023, respectively.

Product rationalization

From time to time, management reviews the Company's existing products and services based on their financial profile and other strategic factors. In connection with such reviews, management decided to cease actively selling and therefore sunset certain noncore products, representing, in aggregate:

- subscription revenue of approximately $0.2 million and $0.3 million during the three months ended March 31, 2024 and 2023; and

- Non-subscription advisory revenue of approximately $0.1 million and $0.8 million during the three months ended March 31, 2024 and 2023.

On March 11, 2024, we sold Board.org. Board.org's contributions to FiscalNote through March 11, 2024 were as follows:

- Subscription revenue of approximately $2.8 million and $3.0 million during the three months ended March 31, 2024 and 2023;
- Run-rate revenue of approximately $15.2 million at December 31, 2023 and $12.7 million at March 31, 2023; and
- Annual Recurring Revenue ("ARR") of approximately $14.7 million at December 31, 2023 and $12.7 million at March 31, 2023.

At the end of the first quarter of 2023 the Company had approximately 825 employees. In conjunction with the Company's product rationalization, business simplification, and cost takeout actions, the Company's full-time equivalent headcount reduced by approximately 150 from the end of the first quarter of 2023 through December 31, 2023. As a result, the Company has seen a reduction in overall costs across all operating expenses. We continue to invest for future growth. We are focused on several key growth levers, including cross-selling and upselling opportunities at existing clients, expanding our client base with a focus on enterprise and government customers, expansion into adjacent markets and deepening our offerings for regulated industries or sectors, and continuing to execute on our acquisition strategy. Several of these growth drivers require investment in and refinement of our go-to-market approach and, as a result, we may continue to incur additional costs upfront to obtain new customers and expand our relationships with existing customers, including additional sales and marketing expenses specific to subscription revenue.

We plan to invest a portion of the available capital resources in building innovative products, acquiring complementary businesses, attracting new customers and expanding our leadership role in the legal and regulatory information market. We drive growth both organically and through acquisitions. We regularly evaluate acquisitions and investment opportunities in complementary businesses to supplement our existing platform, enable us to enter new markets and ensure that we are well positioned to provide critical insights to the regulated sectors of the future. Past acquisitions have enabled us to deliver innovative solutions in new categories, such as global risk analysis and AI-enabled new products, and new data sets to enhance the functionality of our existing products. Strategic acquisitions will remain a core component of our strategy in the future.

Key Performance Indicators

In addition to our GAAP results further described and discussed below in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," we monitor the following key performance indicators to evaluate growth trends, prepare financial projections, make strategic decisions, and measure the effectiveness of our sales and marketing efforts. Our management team assesses our performance based on these key performance indicators because it believes they reflect the underlying trends and indicators of our business and serve as meaningful indicators of our continuous operational performance.

Annual Recurring Revenue ("ARR")

Approximately 90% of our revenues are subscription based, which leads to high revenue predictability. Our ability to retain existing subscription customers is a key performance indicator that helps explain the evolution of our historical results and is a leading indicator of our revenues and cash flows for subsequent periods. We use ARR as a measure of our revenue trend and an indicator of our future revenue opportunity from existing recurring subscription customer contracts. We calculate ARR on a parent account level by annualizing the contracted subscription revenue, and our total ARR as of the end of a period is the aggregate thereof. ARR is not adjusted for the impact of any known or projected future customer cancellations, upgrades or downgrades, or price increases or decreases. The amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to timing of the revenue bookings during the period, cancellations, upgrades, or downgrades and pending renewals. ARR should be viewed independently of revenue as it is an operating metric and is not intended to be a replacement or forecast of revenue. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

Our ARR at March 31, 2024 and December 31, 2023, was $109.6 million and $126.1 million, respectively. Excluding Board.org, our ARR at December 31, 2023 and March 31, 2023 was $111.4 and $106.2, respectively.

Run-Rate Revenue

Management also monitors Run-Rate Revenue, which we define as ARR plus non-subscription revenue earned during the last twelve months. We believe Run-Rate Revenue is an indicator of our total revenue growth, incorporating the non-subscription revenue that we believe is a meaningful contribution to our business as a whole. Although our non-subscription business is non-recurring, we regularly sell different advisory services to repeat customers. The amount of actual subscription and non-subscription revenue that we recognize over any 12-month period is likely to differ from Run-Rate Revenue at the beginning of that period, sometimes significantly. Our Run-Rate Revenue at March 31, 2024 and December 31, 2023, was $122.0 million and $139.7 million, respectively. Excluding Board.org, our Run-Rate Revenue at December 31, 2023 and March 31, 2023 was $124.5 and $120.9 million, respectively.

Net Revenue Retention ("NRR")

Our NRR, which we use to measure our success in retaining and growing recurring revenue from our existing customers, compares our recognized recurring revenue from a set of customers across comparable periods. We calculate our NRR for a given period 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 our parent account level. Customers from acquisitions are not included in NRR until they have been part of our condensed consolidated results for 12 months. Accordingly, the 2022 and

2023 Acquisitions are not included in our NRR for the three months ended March 31, 2023. Our calculation of NRR for any fiscal period includes the positive recurring revenue impacts of selling additional licenses and services to existing customers and the negative recognized recurring revenue impacts of contraction and attrition among this set of customers. Our NRR may fluctuate as a result of a number of factors, including the growing level of our revenue base, the level of penetration within our customer base, expansion of products and features, the timing of renewals, and our ability to retain our customers. Our calculation of NRR may differ from similarly titled metrics presented by other companies. NRR was 96% for the three months ended March 31, 2024 and 2023, respectively.

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 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 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 in this Quarterly Report on Form 10-Q 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 income (loss), net income (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 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 otherwise 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.

Key Components of Results of Operations

Revenues

We derive our revenues from subscription revenue arrangements and advisory, advertising and other revenues. Subscription revenues accounted for approximately 92% and 90% of our total revenues for the three months ended March 31, 2024 and 2023.

Subscription revenue

Subscription revenues consist of revenue earned from subscription-based arrangements that provide customers the right to use the Company’s software and products in a cloud-based infrastructure. Subscription revenues are driven primarily by the number of active licenses, the types of products and the price of the subscriptions. The Company also earns subscription revenues by licensing to customers its digital content, including transcripts, news and analysis, images, video and podcast data.

Our subscription arrangements generally have contractual terms of 12 months or more and are non-refundable regardless of the actual use of the service. Subscription revenues are recognized ratably over the non-cancellable contract terms beginning on the commencement date of each contract, which is the date our service is first made available to customers.

Advisory, advertising, and other revenue

Advisory revenue is typically earned under contracts for specific deliverables and are non-recurring in nature, although we regularly sell different advisory services to repeat customers. One-time advisory revenues are invoiced according to the terms of the contract, usually delivered to the customer over a short period of time, during which revenues are recognized.

Advertising revenue is primarily generated by delivering advertising in our own publications (Roll Call and CQ) in both print and digital formats. Revenue for print advertising is recognized upon publication of the advertisement. Revenue for digital advertising is recognized over the period of the advertisement or, if the contract contains impression guarantees, based on delivered impressions.

Books revenue is recognized when the product is shipped to the customer, which is when control of the product transfers to the customer. Shipping and handling costs are treated as a fulfillment activity and are expensed as incurred.

Events revenue is deferred and only recognized when the event has taken place and is included in other revenues.

Cost of revenues

Cost of revenues primarily consists of expenses related to hosting our service, the costs of data center capacity, amortization of developed technology and capitalized software development costs, certain fees paid to various third parties for the use of their technology, services, or data, costs of compensation, including bonuses, stock compensation, benefits and other expenses for employees associated with providing professional services and other direct costs of production. Also included in cost of revenues are our costs related to the preparation of contracted advisory deliverables, as well as costs to develop, publish, print and deliver our publications underlying our books revenue.

Research and development

Research and development expenses include the costs of compensation, including bonuses, stock compensation, benefits and other expenses for employees associated with the creation and testing of the products we offer, related software subscriptions, consulting and contractor fees and allocated overhead.

Sales and marketing

Sales and marketing expenses consist primarily of salaries and related expenses, including bonuses, stock compensation, benefits and other expenses for our sales and marketing staff, including commissions, related software subscriptions, consulting fees, marketing programs and allocated overhead. Marketing programs consist of advertising, events, corporate communications, brand building and product marketing activities.

Editorial

Editorial expenses consist of salaries and related expenses, including bonuses, stock compensation, benefits and other expenses for the editorial team involved in acquiring, creating, and distributing content and allocated overhead.

General and administrative

General and administrative expenses are primarily related to our executive offices, finance and accounting, human resources, legal, internal operations and other corporate functions. These expenses consist of salaries and related expenses, including bonuses, stock compensation, benefits and other expenses, along with professional fees, depreciation and other allocated overhead.

Amortization of intangible assets

Amortization expense relates to our finite-lived intangible assets, including developed technology, customer relationship, databases and tradenames. These assets are amortized over periods of between three and twenty years. Finite-lived intangible assets are tested for impairment when indicators are present, and, if impaired, are written down to fair value. No impairment of intangible assets has been identified during any financial period included in our accompanying condensed consolidated financial statements.

Impairment of goodwill

Goodwill is tested for impairment when indicators are present, and if impaired are written down to fair value. An impairment of goodwill has been identified for the three months ended March 31, 2023 and is included in our accompanying condensed consolidated financial statements.

Transaction costs, net

Transaction costs consist of acquisition related costs (including due diligence, accounting, legal, and other professional fees, incurred from acquisition activity), fair value adjustments to contingent consideration due to sellers, and non-capitalizable costs.

Interest expense, net

Interest expense, net, consists of expense related to interest on our borrowings, the amortization and write off of debt issuance costs and original discount, and interest related to certain derivative instruments.

Fair value of financial instruments

The fair value of warrants, debt accounted for under the fair value option, and derivative liabilities are accounted for in accordance with ASC 815, ASC 825, and ASC 480. These financial instruments are marked to market each reporting period in accordance with ASC 820 with all gains and losses being recorded within the condensed consolidated statement of operations and comprehensive loss, with the exception of any gains or losses recorded due to changes in the fair value of instrument-specific credit risk being recorded as a component of accumulated other comprehensive income in the condensed consolidated balance sheets.

Income taxes

We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the condensed consolidated financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the condensed consolidated statements of operations and comprehensive income (loss) in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts that are expected to be realized based on the weighting of positive and negative evidence.

Results of Operations

The period-to-period comparisons of our results of operations have been prepared using the historical periods included in our condensed consolidated financial statements. The following discussion should be read in conjunction with those condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q.

Comparison of the Consolidated Results for the Three Months Ended March 31, 2024 and March 31, 2023

The following table presents our results of operations for the periods indicated:

	Three Months Ended March 31,		Change	
(In thousands)	**2024**	**2023**	**$**	**%**
Revenues:				
Subscription	$ 29,626	$ 28,467	$ 1,159	4.1%
Advisory, advertising, and other	2,486	3,062	(576)	(18.8)%
Total revenues	32,112	31,529	583	1.8%
Operating expenses:				
Cost of revenues	7,244	8,937	(1,693)	(18.9)%
Research and development	3,480	5,120	(1,640)	(32.0)%
Sales and marketing	9,415	12,298	(2,883)	(23.4)%
Editorial	4,660	4,265	395	9.3%
General and administrative	16,076	18,221	(2,145)	(11.8)%
Amortization of intangible assets	2,685	2,814	(129)	(4.6)%
Impairment of goodwill	-	5,837	(5,837)	0%
Transaction (gains) costs, net	(4)	1,408	(1,412)	(100.3)%
Total operating expenses	43,556	58,900	(15,344)	(26.1)%
Operating loss	(11,444)	(27,371)	15,927	(58.2)%
Gain on sale of business	(71,599)	-	(71,599)	100.0%
Interest expense, net	7,362	6,681	681	10.2%
Change in fair value of financial instruments	527	(14,680)	15,207	(103.6)%
Other expense (income), net	241	(129)	370	NM
Net income (loss) before income taxes	52,025	(19,243)	71,268	NM
Provision from income taxes	1,426	30	1,396	NM
Net income (loss)	$ 50,599	$ (19,273)	$ 69,872	NM

Revenue:

Subscription revenue

Subscription revenue of $29.6 million for the three months ended March 31, 2024 increased $1.2 million, or 4%, from $28.5 million for the three months ended March 31, 2023.

The comparability of our revenues between periods was impacted by the Acquisitions described under “Factors Impacting the Comparability of Our Results of Operations” above. The table below presents the primary items that impacted the comparability of our subscription revenues between periods.

	Change for the Three Months Ended March 31, 2024 vs March 31, 2023	
(In thousands)	**$**	**%**
Revenue change driver:		
Decrease from sale of business	(155)	(5)%
Increase from 2023 Acquisitions	790	69%
Decrease from discontinued products	(127)	(43)%
Increase from organic business	652	3%
Revenues, net (total change)	**$ 1,160**	**4%**

The increase in subscription revenue is largely due to having a full quarter of subscription revenue from the Dragonfly acquisition while the first quarter of 2023 only includes Dragonfly subscription revenue from January 27, 2023 (the acquisition date) to March 31, 2023. This is partially offset by the reduction in revenue in the first quarter 2024 from the sale of Board.org on March 11, 2024.

Advisory, advertising, and other revenue

Advisory, advertising, and other revenue was $2.5 million for the three months ended March 31, 2024, as compared to $3.1 million for the three months ended March 31, 2023. The decrease of $0.6 million, or 19%, was primarily due to timing of revenue recognition for certain contracts combined with movement away from certain product lines.

Revenue by Geography

The below tables present our revenues split by geographic region for the periods presented:

	Three Months Ended March 31,		Change	
(In thousands)	**2024**	**2023**	**$**	**%**
North America	$ 25,997	$ 26,152	$ (155)	(0.6)%
Europe	5,269	4,100	1,169	28.5%
Australia	303	289	14	4.8%
Asia	543	988	(445)	(45.0)%
Total revenues	$ 32,112	$ 31,529	$ 583	1.8%

Revenues by geography are determined based on the region of the FiscalNote contracting entity, which may be different than the region of the customer. North America revenues decreased primarily for the reasons stated above. Revenues outside of North America increased primarily due to our acquisitions of Dragonfly (included in Europe).

Cost of revenues

Cost of revenues was $7.2 million for the three months ended March 31, 2024, as compared to $8.9 million for the three months ended March 31, 2023. The decrease of $1.7 million, or 19%, was primarily attributable to a decrease of $0.8 million from sunset products, and $0.7 million decrease from workforce planning actions made primarily throughout the second half of 2023.

Research and development

Research and development expense was $3.5 million for the three months ended March 31, 2024 as compared to $5.1 million for the three months ended March 31, 2023. The decrease of $1.6 million, or 32%, was primarily attributable to workforce planning actions made throughout the second half of 2023.

Sales and marketing

Sales and marketing expense was $9.4 million for the three months ended March 31, 2024 as compared to $12.3 million for the three months ended March 31, 2023. The decrease of $2.9 million, or 23%, was primarily attributable to a decrease in $0.5 million from sunset products, and the remainder primarily attributable to workforce planning actions made throughout the second half of 2023.

Editorial expense

Editorial expense was relatively flat at $4.7 million for the three months ended March 31, 2024 as compared to $4.3 million for the three months ended March 31, 2023.

General and administrative

General and administrative expense was $16.1 million for the three months ended March 31, 2024 as compared to $18.2 million for the three months ended March 31, 2023. The decrease of $2.1 million, or 12%, was primarily attributable to a decrease of $0.5 million from sunset products, $0.5 million reduction in public company insurance costs, with the remainder primarily attributable to workforce planning actions made throughout the second half of 2023.

Impairment of goodwill

Impairment of goodwill was $5.8 million recognized during the first quarter of 2023 related to the impairment of goodwill in the ESG reporting unit.

Amortization of intangibles

Amortization of intangibles was $2.7 million for the three months ended March 31, 2024 as compared to $2.8 million for the three months ended March 31, 2023.

Transaction (gains) costs, net

Transaction gains were $0.0 million for the three months ended March 31, 2024, as compared to transaction costs of $1.4 million for the three months ended March 31, 2023. The change of $1.4 million relates to a decrease of $1.2 million in non-capitalized costs related to business acquisitions primarily related to the acquisition of Dragonfly combined and $0.2 million from non-capitalizable business combination costs.

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Interest expense, net

Interest expense was $7.4 million for the three months ended March 31, 2024 as compared to $6.7 million for the three months ended March 31, 2023. The increase in interest expense of $0.7 million was primarily attributable to the new GPO note partially offset by interest income attributable to our investments.

Change in fair value of financial instruments

Change in fair value of financial instruments was a $0.5 million loss for the three months ended March 31, 2024 as compared to a $14.7 million gain for the three months ended March 31, 2023. The change in financial instruments of $15.2 million is primarily related to $13.2 million of less gain resulting of the fair value adjustment of the warrant liabilities that were assumed in connection with the Business Combination combined with the changes of $2.0 million in the Dragonfly Seller Convertible Notes, New GPO Note, and the Era Convertible Notes.

Income tax provision (benefit)

Income tax provision was $1.4 million for the three months ended March 31, 2024 as compared to an income tax provision of less than $0.1 million for the three months ended March 31, 2023. The change of $1.4 million in income tax was primarily driven by the discrete tax charge of $1.7 million for the impact of the sale of Board.org.

Certain Non-GAAP Measures

We present certain non-GAAP financial measures including Adjusted Gross Profit, Adjusted Gross Profit Margin and Adjusted EBITDA. Our management team assesses our performance based on these non-GAAP measures because it believes they reflect the underlying trends and indicators of our business and serve as meaningful indicators of our continuous operational performance. We believe these measures are useful for investors for the same reasons. Investors should be aware that these measures are not a substitute for GAAP financial measures or disclosures. Where applicable, we provide reconciliations of these non-GAAP measures to the corresponding most closely related GAAP measure.

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)	**2024**	**2023**
Total revenues	$ 32,112	$ 31,529
Costs of revenue	(7,244)	(8,937)
Amortization of intangible assets	2,428	2,597
Adjusted Gross Profit	$ 27,296	$ 25,189
Adjusted Gross Profit Margin	85%	80%

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

The following table presents our calculation of EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin for the periods presented:

	Three Months Ended March 31,	
(In thousands)	**2024**	**2023**
Net loss	$ 50,599	$ (19,273)
Provision from income taxes	1,426	30
Depreciation and amortization	5,417	5,747
Interest expense, net	7,362	6,681
EBITDA	64,804	(6,815)
Gain on sale of business (a)	(71,599)	-
Stock-based compensation	6,175	6,506
Change in fair value of financial instruments (b)	527	(14,680)
Other non-cash charges (c)	45	5,873
Acquisition and disposal related costs (d)	704	1,222
Employee severance costs (e)	107	369
Non-capitalizable debt raising costs	254	206
Business Combination with DSAC (f)	-	184
Loss contingency (g)	-	168
Costs incurred related to the Special Committee (h)	200	-
Adjusted EBITDA	$ 1,217	$ (6,967)
Adjusted EBITDA Margin	3.8%	(22.1)%

(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 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 (v) 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.

(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 accounting and legal costs incurred associated with the settlement with GPO FN Noteholder LLC totaling $168 in the first quarter of 2023.

(h) Reflects costs incurred related to the Special Committee.

Liquidity and Capital Resources

Historically the Company’s cash flows from operations have not been sufficient to fund its current operating model and the Company funded operations through raising equity and debt. At March 31, 2024, the Company’s cash, cash equivalents, restricted cash, and short-term investments was $44.5 million compared to $24.4 million at December 31, 2023.

The Company had a negative working capital balance of $38.5 million (excluding cash and short-term investments) at March 31, 2024 and had an accumulated deficit of $765.8 million and $816.4 million as of March 31, 2024 and December 31, 2023, respectively, and has incurred net losses of $21.0 million (excluding the gain on sale from business) and $19.3 million for the three months ended March 31, 2024 and 2023, respectively. Management expects that significant on-going operating and capital expenditures will be necessary to continue to implement the Company’s business plan of entering new markets, future acquisitions, and infrastructure and product development.

While the Company’s future projections indicate that the Company will have sufficient liquidity to meet its obligations in the normal course of business within one year from the date of this filing, our ability to maintain our minimum cash requirement, fund our future cash interest requirements under our senior term loan and fund our operating expenses and capital expenditure requirements will depend in part on general economic, financial, competitive, legislative, regulatory and other conditions that may be beyond our control. The Company has implemented various cost saving measures throughout 2023 and into 2024 and is actively seeking additional sources of capital. Volatility in the credit markets may have an adverse effect on our ability to obtain debt financing. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, or may require us to agree to unfavorable terms, and our existing stockholders may experience significant dilution.

Our historical financing activities included borrowings under senior secured credit facilities, senior secured promissory notes, convertible debt, and preferred share issuances. Our principal debt plus paid-in kind interest outstanding as of March 31, 2024 and December 31, 2023 consisted of the following (excluding any fair value adjustments and debt discounts, as applicable):

(In thousands)	**March 31, 2024**	**December 31, 2023**
Senior Term Loan	$ 92,891	$ 158,228
New GPO Note	49,496	48,575
Convertible Notes	14,557	14,052
Dragonfly Seller Convertible Notes	12,360	12,223
Era Convertible Note	6,301	5,500
Aicel Convertible Note	1,114	1,156
PPP Loan	117	144
Total Principal plus PIK Outstanding	$ 176,836	$ 239,878

Senior Term Loan

In connection with the closing of the business combination with DSAC, FiscalNote entered into a $150.0 million senior credit agreement (the “Credit Agreement”) with Runway Growth Finance Corp., ORIX Growth Capital, LLC, Clover Orochi LLC, and ACM ASOF VIII SaaS FinCo LLC (together the “Senior Lenders”). The Credit Agreement also provides for an uncommitted incremental loan facility totaling $100.0 million available upon notice if the Company meets certain financial growth criteria and other customary requirements (the “Incremental Term Facility”) (collectively the “Senior Credit Facility”). The annual interest of the Senior Term Loan consists of two components: a cash interest component of (a) the greater of (i) Prime Rate plus 5.0% per annum and (ii) 9.0% payable monthly, and (b) interest payable in kind component of 1.00% per annum, payable in kind monthly. The Senior Credit Facility will mature on July 29, 2027. Pursuant to Amendment No. 4, beginning on August 15, 2026, the Senior Term Loan must be repaid in even amounts on a monthly basis over the remaining 12 months, with the final balance due on July 15, 2027. Borrowings under our Senior Credit Facility are collateralized by substantially all assets of the borrowers and guarantors party thereto.

On March 17, 2023, the Company, entered into Amendment No. 1 (“Amendment No. 1”) to the Credit Agreement dated July 29, 2022. Among other things, Amendment No. 1 provided for the extension of an incremental term loan by one of the lenders to the borrowers under the facility in the principal amount of $6.0 million which was received by the Company on March 31, 2023, on the same terms as the existing term loans (the “Incremental Facility”).

On May 16, 2023, the Company, entered into Amendment No. 2 ("Amendment No. 2") to the Credit Agreement dated July 29, 2022. Among other things, Amendment No. 2 joined Dragonfly Eye Limited (“Dragonfly”) and Oxford Analytica Limited (“Oxford Analytica”), each a wholly owned subsidiary of the Company, as Guarantors under the Credit Agreement.

On August 3, 2023, the Company entered into Amendment No. 3 ("Amendment No. 3") to the Credit Agreement dated July 29, 2022. Among other things, Amendment No. 3 provides for: (a) the extension of the July 2023 Deferred Fee from July 29, 2023 to July 29, 2024, (b) the increase of the July 2023 Deferred Fee from $1,734 to $2,034, and (c) the revision to the minimum ARR and adjusted EBITDA covenants (as both are defined in the Credit Agreement).

In connection with the completion of the sale of Board.org on March 11, 2024, the Company also entered into Amendment No. 4 to the Credit Agreement (the “Amendment No. 4”), pursuant to which, among other things, the lenders consented to the release the liens on Board.org’s assets and permitted the consummation of the sale in exchange for the permanent retirement of $65.7 million of term loans under the Credit Agreement. The Company also made a payment of $1.3 million and $5.8 million of related prepayment and exit fees, respectively. Amendment No. 4 also requires that upon receipt of any earn-out payment pursuant to the equity purchase agreement underlying the sale of Board.org, the Company will prepay outstanding obligations under the Credit Agreement in an amount equal to 70% of the net proceeds received from such earn-out payment, together with a prepayment fee and an exit fee, equal to 5.75% of the amount of such prepayment.

In addition, Amendment No. 4 extended the commencement of amortization payments under the Credit Agreement from August 15, 2025 to August 15, 2026, with such payments to fully amortize the term loans by the maturity date of July 15, 2027. Amendment No. 4 also increased the Company's minimum liquidity covenant to $22.5 million and modified the Company's minimum ARR and adjusted EBITDA in order to appropriately reflect the sale of Board.org and the absence of its future contributions to the Company's overall financial performance and position.

During the three months ended March 31, 2024 and 2023, we made cash interest payments totaling $5.3 million and $4.7 million related to the Senior Term Loan.

The Senior Term Loan is senior to all other debt and has a first priority lien on substantially all of the Company's assets. The Senior Term Loan contains customary negative covenants related to borrowing, events of default and covenants, including certain non-financial covenants and covenants limiting the Company's ability to dispose of assets, undergo a change in control, merge with or acquire stock, and make investments, in each case subject to certain exceptions. In addition to the negative covenants, there were four financial covenants in place at March 31, 2024: a minimum cash balance requirement, minimum ARR requirement, an adjusted EBITDA requirement (as defined in the Credit Agreement, as amended) and a capital expenditure limitation. At March 31, 2024, the Company was in compliance with all of the covenants. Upon the occurrence of an event of default, in addition to the lenders being able to declare amounts outstanding under the Senior Term Loan due and payable the lenders can elect to increase the interest rate by 5.0% per annum.

See Note 8 "Debt" to the condensed consolidated financial statements included elsewhere herein.

New GPO Note

On June 30, 2023 (the "Subscription Date"), the Company entered into an Exchange and Settlement Agreement (the "Exchange and Settlement Agreement") with GPO FN Noteholder LLC (the "Investor") pursuant to which (i) the Investor returned 5,881,723 shares of Class A Common Stock held by the Investor to the Company for cancellation, (ii) the Company issued to the Investor a subordinated convertible promissory note in an initial principal amount of $46.8 million (the "New GPO Note"), and (iii) the parties agreed to a mutual settlement and release of all claims (including, but not limited to, any claims by the Investor for additional shares or money damages resulting from the entry into the Merger Agreement, relating to or arising from the conversion of the Amended and Restated Senior Secured Subordinated Promissory Note, dated December 29, 2020, previously issued by a subsidiary of the pre-business combination FiscalNote Holdings, Inc. to the Investor. The exchange and settlement are non-cash exchanges in the condensed consolidated statement of cash flows. The before mentioned transactions closed on July 3, 2023.

The New GPO Note will mature on July 3, 2028, unless earlier redeemed or repurchased by the Company or converted in accordance with the terms thereof. The New GPO Note bears interest at a rate of 7.50% per annum payable quarterly in arrears, as follows: (i) for the first year following the date of issuance, interest will be payable in kind by adding interest to the principal amount of the New GPO Note; and (ii) for any period thereafter, interest will be payable in cash or freely tradeable shares of Class A Common Stock, at the Company's option, with the value per share determined with reference to the trailing 30-day volume weighted average trading price prior to the interest payment date, subject to certain exceptions under which the Company will be permitted to pay PIK Interest.

The New GPO Note is subordinate to the Company's obligations under its New Senior Term Loan which limits certain actions that the Company and the Investor may take under the New GPO Note. At any time prior to the July 3, 2028, the Investor is entitled to convert all or any portion of the principal amount of the New GPO Note and accrued interest thereon into shares of Class A Common Stock at $8.28 per share (adjusted to $6.89 on April 11, 2024 pursuant to the terms of the New GPO Note as a result of the issuance of the Additional Fee Shares to Era as described in Note 18, "Subsequent Events"). The New GPO Note is subject to customary anti-dilution adjustments for stock splits and similar transactions and, subject to standard exceptions, weighted average anti-dilution protection. The principal amount, together with accrued interest thereon, of the New GPO Note is redeemable by the Company in whole or in part based on certain conditions as defined in the New GPO Note.

The Company elected to account for the New GPO Note using the fair value option. The New GPO Note was recorded at its June 30, 2023 acquisition date fair value of $36.6 million. The Company initially recorded a loss contingency of $11.7 million in its fiscal year 2022 financial statements representing the difference between the fair value of the shares returned by the Investor and the fair value of the New GPO Note on the date of exchange. With the execution of the Exchange and Settlement Agreement and New GPO Note, the Company recorded an additional loss on settlement with GPO of $3.5 million in the condensed consolidated statement of operations for the year ended December 31, 2023.

Convertible Notes

Four convertible noteholders with an aggregate principal amount (including accrued paid in kind interest) of $10.5 million as of the Closing Date elected not to convert their notes into shares of capital stock of the Company in conjunction with Closing. The convertible notes are unsecured, earn payable in kind interest of 15% per annum, payable in kind monthly, and mature in 2025.

Dragonfly Seller Convertible Note

On January 27, 2023, we acquired Dragonfly and financed part of the purchase with the issuance of convertible notes. The

Dragonfly Convertible Note is subordinate to our New Senior Credit Facility, accrues interest of 8% per annum, payable in kind or in cash, and matures in January 2028.

Era Convertible Note

On December 8, 2023 and January 5, 2024, we issued convertible notes in connection with the Company's strategic commercial partnership with Era. The Era Convertible Notes are contractually subordinated to the Company's obligations under its senior secured indebtedness, has cash interest at a rate equal to the applicable federal rate published by the Internal Revenue Service beginning on the six-month anniversary of the issuance date, and matures in December 2027. The Company elected to account for the Era Convertible Note using the fair value option.

Aicel Convertible Note

On July 29, 2022, we acquired Aicel Technologies and assumed its $1.0 million convertible note. The Aicel Convertible Note is subordinate to our New Senior Credit Facility, accrues interest of 1% per annum, payable in kind monthly, and matures in July 2027.

PPP Loan

The PPP Loan requires monthly principal and interest payments of approximately $9 thousand until maturity in 2027.

Capital expenditures

Capital expenditures primarily consist of purchases of capitalized software costs and property and equipment. Our capital expenditures program includes discretionary spending, which we can adjust in response to economic and other changes in our business environment to grow our business. We typically fund our capital expenditures through cash flow from operations and external financing. In the event that we are unable to obtain the necessary funding for capital expenditures, our long-term growth strategy could be significantly affected. Our total capital expenditures were $1.6 million and $1.9 million for the three months ended March 31, 2024 and 2023, respectively.

Cash Flow Summary

The following tables summarizes our cash flows for the periods presented:

	Three Months Ended March 31,	
	2024	2023
Net cash provided by (used in):		
Operating activities	$ 2,741	$ (12,826)
Investing activities	$ 89,192	$ (6,879)
Financing activities	$ (71,798)	$ 6,237
Effect of exchange rates on cash	$ (119)	$ (251)
Net change in cash and cash equivalents	$ 20,016	$ (13,719)

Operating activities

Cash used in operating activities consists of net loss adjusted for certain non-cash items including depreciation and amortization, stock based compensation, changes in fair value of warrant liabilities, non-cash interest expense, and gain on disposal, as well as the effect of changes in working capital and other activities.

Cash provided by operating activities in the three months ended March 31, 2024 was $2.7 million, a change of $15.6 million from cash used in operating activities of $12.8 million compared to the three months ended March 31, 2023. The primary factors affecting our net operating cash flows during this period was our net income of $50.6 million, which includes non-cash income and expense items totaling $55.4 million, including a gain on disposal of $71.6 million, non-cash and paid-in kind interest expense of $2.8 million, stock-based compensation expense of $6.2 million, a loss due to the change in fair value of financial instruments of $0.5 million, non-cash lease expense of $0.3 million, amortization and depreciation of $6.4 million, and the effect of changes in operating assets and liabilities that resulted in cash inflows of $7.5 million.

Net cash used in operating activities was $12.8 million during the three months ended March 31, 2023. The primary factors affecting our net operating cash flows during this period was our net loss of $19.3 million, which includes non-cash expenses items totaling $8.4 million, including impairment of goodwill of $5.8 million, non-cash interest expense of $2.0 million, stock-based compensation expense of $6.5 million, a gain due to the change in fair value of financial instruments of $14.1 million, non-cash lease expense of $1.8 million, and amortization and depreciation of $6.4 million, and the effect of changes in operating assets and liabilities that resulted in cash outflows of $1.6 million.

Investing activities

Net cash provided by investing activities was $89.2 million for the three months ended March 31, 2024 compared to net cash used in investing activities of $6.9 million in the three months ended March 31, 2023. Net cash provided by investing activities in the three months ended March 31, 2024 primarily consisted of cash proceeds from the sale of a business of $90.9 million partially offset by cash paid of $1.7 million of capital expenditures primarily related to software development costs. Net cash used in investing activities in the three months ended March 31, 2023 primarily consisted of cash paid for acquisitions, net of cash acquired of $5.0 million and cash paid of $1.9 million of capital expenditures primarily related to software development costs.

Financing activities

Net cash used in financing activities in the three months ended March 31, 2024 was $71.8 million, compared to net cash provided by financing activities of $6.2 million for the three months ended March 31, 2023. Net cash used in financing activities during the three months ended March 31, 2024 primarily consisted of payments of long-term debt and deferred financing costs primarily related to Amendment 4 to the Credit Agreement and the sale of Board.org of $72.8 million partially offset by the proceeds from the issuance of Era Convertible Notes of $0.8 million and proceeds from the issuance of stock options and ESPP purchases of $0.2 million. Net cash provided by financing activities during the three months ended March 31, 2023 primarily consisted of $6.0 million from Amendment 1 to the New Senior Term Loan and $0.3 million from the proceeds from the exercise of stock options.

Commitments and Contingencies

Our principal commitments consist of obligations under leases for office space. For more information regarding our lease obligations, see Note 5 “Leases” to the condensed consolidated financial statements included elsewhere herein. For more information regarding our debt service obligations, see Note 8 “Debt” to the condensed consolidated financial statements included elsewhere herein.

Off-Balance Sheet Arrangements

During the periods presented, we did not engage in any off-balance sheet financing activities or other arrangements that have or are reasonably likely to have a current or future material effect on our financial condition or results of operations.

Recently Issued Accounting Pronouncements

For information regarding new accounting pronouncements, and the impact of these pronouncements on our condensed consolidated financial statements, if any, refer to Note 1 of the notes to our financial statements included in this Quarterly Report on Form 10-Q.

Critical Accounting Estimates and Policies

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 1 “Summary of Business and Significant Accounting Policies” to our condensed consolidated financial statements, the following accounting policies and specific estimates involve a greater degree of judgment and complexity.

There were no significant and material changes in our critical accounting policies and use of estimates during the three months ended March 31, 2024, as compared to those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Estimates and Accounting Policies" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on March 15, 2024.

Revenue Recognition

Subscription revenues are recurring in nature and include subscription fees from customers accessing our company’s cloud-based infrastructure, digital content, transcripts, news and analysis, images, video and podcast data. Advisory, advertising and other revenue includes revenues derived from non-recurring activities where we deliver specific deliverables for clients as well as where we provide advertising in our own publications (Roll Call and CQ) in both print and digital formats, the sale of various publications, and sponsorship revenue for events organized by the Company. Our company’s subscription arrangements are generally non-cancelable and do not contain refund-type provisions. Our company recognizes revenues upon the satisfaction of its performance obligation(s) (upon transfer of control of promised goods or services to its customers) in an amount that reflects the consideration to which it expects to be entitled to in exchange for those goods or services.

Our company’s contracts with customers may include promises to transfer multiple services. For these contracts, our company accounts for individual promises separately if they are distinct performance obligations. Determining whether services are considered distinct performance obligations may require significant judgment. Judgment is also required to determine the standalone selling price (“SSP”) for each distinct performance obligation. In instances where SSP is not directly observable, such as when our company does not sell the services separately, our company determines the SSP using available information, including market conditions and other observable inputs.

Costs Capitalized to Obtain Revenue Contracts

Costs capitalized related to new revenue contracts are amortized on a straight-line basis over four years, which, although longer than the typical initial contract period, reflects the average period of benefit, including expected contract renewals. Significant judgment is required in arriving at this average period of benefit. Therefore, we evaluate both qualitative and quantitative factors, including the estimated life cycles of our offerings and our customer attrition.

Business Combinations

Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date with respect to tangible and intangible assets acquired and liabilities assumed and pre-acquisition contingencies. We use our best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date as well as the useful lives of those acquired intangible assets.

Critical estimates in valuing certain of the intangible assets and goodwill we have acquired are:

- future expected cash flows from subscription and content contracts, other customer contracts and acquired developed technologies, and trade names;
- historical and expected customer attrition rates and anticipated growth in revenue from acquired customers;

- assumptions about the period of time the acquired trade name will continue to be used in our offerings;
- discount rates;
- uncertain tax positions and tax-related valuation allowances assumed; and
- fair value of earnout consideration.

Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Goodwill and Intangible Assets

Significant judgment is required to estimate the fair value of our reporting units. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant reporting units for purposes of determining whether there is goodwill impairment. The fair value estimates are based on available historical information and on future expectations. We typically estimate the fair value of these assets using the income method, which is based on the present value of estimated future cash flows attributable to the respective assets. The valuations used to establish and to test goodwill for impairment are dependent on a number of significant estimates and assumptions, including macroeconomic conditions, overall growth rates, competitive activities, cost containment and margin progression, Company business plans and the discount rate applied to cash flows.

Goodwill is not amortized, but tested at least annually for impairment. Our ongoing annual impairment testing for goodwill occurs on October 1st. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections and operating plans. We believe these estimates and assumptions are reasonable and comparable to those that would be used by other marketplace participants. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. For example, future changes in the judgments, assumptions and estimates that are used in our impairment testing for goodwill and indefinite-lived intangible assets, including discount and tax rates or future cash flow projections, could result in significantly different estimates of the fair values. In addition, changes to or a failure to achieve business plans or deterioration of macroeconomic conditions could result in reduced cash flows or higher discount rates, leading to a lower valuation that would trigger an impairment of the goodwill of these businesses.

If the fair value of the reporting unit is less than its carrying value, that difference represents an impairment.

Determining the useful life of an intangible asset also requires judgment. Acquired intangible assets (customer relationships, patents and technologies, and tradenames) are expected to have determinable useful lives. Finite-lived intangible assets are amortized to expense over their estimated lives. An impairment assessment for finite-lived intangibles is only required when an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable.

The most significant assumptions utilized in the determination of the estimated fair values of our reporting units are the net sales and earnings growth rates (including residual growth rates) and discount rate. The residual growth rate represents the expected rate at which the reporting units are expected to grow beyond the shorter-term business planning period. The residual growth rate utilized in our fair value estimates is consistent with the reporting unit operating plans and approximates expected long-term market growth rates. The residual growth rate is dependent on overall market growth rates, the competitive environment, inflation, and business activities that impact market share. As a result, the residual growth rate could be adversely impacted by a sustained deceleration in category growth or an increased competitive environment. The discount rate, which is consistent with a weighted average cost of capital that is likely to be expected by a market participant, is based upon industry required rates of return, including consideration of both debt and equity components of the capital structure. Our discount rate may be impacted by adverse changes in the macroeconomic environment, volatility in the equity and debt markets or other country specific factors.

Future sustained depression of our stock price may indicate that a triggering event has occurred that may require us to reassess our goodwill for impairment and may trigger future impairment charges of one or all of our reporting units. Further, changes in operating plans or adverse changes in the business or in the macroeconomic environment in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of our reporting units.

Due to the decline in the Company’s stock price and market capitalization in the first quarter of 2023, and the underperformance of the Company’s ESG reporting unit compared to internal projections, the Company performed a quantitative goodwill impairment assessment as of March 31, 2023. This quantitative assessment resulted in all the goodwill in our ESG reporting unit being impaired; accordingly, a non-cash impairment charge of $5.8 million was recognized during the three months ended March 31, 2023. Prior to the quantitative goodwill impairment the Company tested the recoverability of its long-lived assets, and concluded that such assets were not impaired.

See Note 7, “Goodwill” to the condensed consolidated financial statements for additional discussion on goodwill.

Warrant Liabilities

The Company evaluates its financial instruments, including its outstanding warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company has outstanding public and private warrants, both of which do not meet the criteria for equity classification and are accounted for as liabilities. Accordingly, the Company recognizes the warrants as liabilities at fair value and adjusts the warrants to fair value at each reporting period. The warrant liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company’s unaudited condensed consolidated statement of operations.

The fair value of the public warrants is estimated based on the quoted market price of such warrants. The fair value of the private warrants is estimated using a binomial option pricing model.

Debt instruments measured at fair value

The Company accounts for certain of its debt obligations at fair value. Accordingly, the Company recognizes the debt obligations upon inception at fair value. The debt obligations are subject to re-measurement at each balance sheet date, and any change in fair value is recognized in the Company's unaudited condensed consolidated statement of operations. The Company estimates the fair value of the debt obligation using a lattice model.

Deferred Taxes and Valuation Allowance

Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts that are expected to be realized based on the weighting of positive and negative evidence. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the applicable tax law. We regularly review the deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute its business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the tax provision would increase or decrease in the period in which the assessment is changed.

Incremental Borrowing Rate Used to Calculate Lease Balances

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate as the discount rate to measure the operating lease assets and liabilities. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease and includes considerations of both the market, our current capital structure and exiting debt borrowings. We perform an incremental borrowing rate analysis on a quarterly basis, or upon execution of any individually material agreement, to ensure that the rates being applied to newly acquired leases are still accurate.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

We are exposed to market risks in the ordinary course of our business. These risks primarily consist of inflation risk and fluctuations in interest rates and foreign currency exchange rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Foreign Currency Exchange Risk

We use the U.S. Dollar ("USD") as our reporting currency. Our local subsidiaries transact generally in their local currency, considered the functional currency for that subsidiary. Our foreign currency exchange rate risk is related to translation of our assets and liabilities from the subsidiaries' functional currencies to USD. These adjustments are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling and Australian Dollar. Our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the United States as well as the European Union, United Kingdom, Australia, South Korea, and India. Our results of operations and cash flows in the future may be adversely affected due to an expansion of non-U.S. dollar denominated contracts, growth of our international entities and changes in foreign exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our cash denominated in foreign currency. To date, we have not engaged in any hedging strategies. As our international operations grow, we will continue to reassess our approach to manage the risk relating to fluctuations in currency rates.

Fluctuations in foreign currencies impact the amount of total assets, liabilities, revenues, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into USD. Total revenue for the three months ended March 31, 2024, was negatively impacted by approximately 1.0% compared to the three months ended March 31, 2023.

Interest Rate Risk

We are subject to market risk associated with changing interest rates within our variable rate Senior Term Loan. Our exposure to changes in interest rates is associated with the Prime Rate.

As of March 31, 2024, we had outstanding borrowings on our Senior Term Loan of $92.9 million, which bears cash interest at a floating rate based on the Prime Rate plus an applicable margin. At March 31, 2024, the interest rate on our Senior Term Loan was 13.50%. Assuming no change in the outstanding borrowings on our Senior Term Loan, we estimate that a one percentage point increase in the Prime Rate would increase our annual cash interest expense by approximately $0.9 million.

Inflation Risk

Although we do not believe inflation has had a material impact on our financial condition, results of operations or cash flows to date, a high rate of inflation in the future may have an adverse effect on our business.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Disclosure Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of the disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, due to the material weaknesses identified in the prior year, our disclosure controls and procedures were not effective as of March 31, 2024. Notwithstanding the material weaknesses, our management has concluded that the financial statements included elsewhere in this report present fairly, in all material respects, our financial position, results of operations and cash flows in conformity with GAAP.

Changes in Internal Control over Financial Reporting

Other than the material weaknesses identified in prior year and material weakness remediation activities, there were no changes in our internal control over financial reporting, as identified in connection with the evaluation required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal or regulatory proceedings, including intellectual property claims, commercial contract matters or employment-related disputes. Such cases may raise complex factual and legal issues, may subject us to material risks and uncertainties, could require significant management time and corporate resources to defend, could result in significant media coverage and negative publicity, and could be harmful to our reputation and our brand. We are not currently a party to any litigation or regulatory proceeding that we expect to have a material adverse effect on our business, results of operations, financial conditions or cash flows.

Item 1A. Risk Factors.

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on March 15, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

Other than as reported on each of our Current Reports on Form 8-K, we did not have any unregistered sales of equity securities during the three months ended March 31, 2024.

Use of Proceeds

Not applicable

Purchase of Equity Securities

We did not repurchase shares of our common stock during the three months ended March 31, 2024.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

In the first quarter of 2024, the Company effectuated an internal reorganization intended to, among other matters, streamline operations, increase efficiency, and accelerate progress against its product roadmap and other strategic objectives. In light of the reorganization, the Board of Directors determined on May 8, 2024 that the Company’s “executive officers,” as defined in Rule 3b-7 under the Exchange Act, are: Tim Hwang (Chairman, Chief Executive Officer and Co-Founder); Gerald Yao (Chief Strategy Officer, Global Head of ESG and Co-Founder); Josh Resnik (President and Chief Operating Officer); Jon Slabaugh (Chief Financial Officer and SVP of Corporate Development); and Todd Aman (SVP, General Counsel and Secretary). Messrs. Vladimir Eidelman (Chief Technology Officer) and Richard Henderson (Chief Revenue Officer) were reclassified as non-executive officers, although their roles and responsibilities remain unchanged.

On May 8, 2024, our board of directors approved a new form of indemnification agreement (“Indemnification Agreement”) which we expect to enter into with our directors and officers to supersede any indemnification agreements currently in effect. The Indemnification Agreement provides for indemnification and advancements of certain expenses and costs relating to claims, suits or proceedings arising from each of our director or executive officer’s service to the Company, or, at our request, service to other entities, as officers or directors to the maximum extent permitted by applicable law. The foregoing description of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by reference to the Indemnification Agreement, a copy of which is filed as Exhibit 10.3 to this Quarterly Report on Form 10-Q and is hereby incorporated by reference.

In addition, on May 8, 2024, our board of directors approved a modification to our non-employee director compensation program. Pursuant to the modification, in lieu of the annual cash retainer otherwise owed to a non-employee director on a quarterly basis, such non-employee director can elect to receive shares of our Class A common stock, par value $0.0001 per share. A non-employee director’s election to receive shares of Class A common stock will apply for all payments with respect to the annual cash retainer for a given year. The terms of our non-employee director compensation program are otherwise unchanged and are included in our Annual Proxy Statement filed on April 12, 2024.

Insider Trading Arrangements

Tim Hwang , the Company’s Chairman, Chief Executive Officer and Co-Founder , adopted a trading plan on March 20, 2024 , and Gerald Yao , the Company’s Chief Strategy Officer, Global Head of ESG, and Co-Founder , adopted a trading plan on March 19, 2024 (each, a "Trading Plan"). Each Trading Plan is intended to satisfy the Rule 10b5-1 affirmative defense. Mr, Hwang's Trading Plan covers the disposition of up to

25,000
shares per month of the Company’s Class A common stock, and will terminate on May 30, 2025 , unless earlier

terminated in accordance with its terms. Mr. Yao's Trading Plan covers the disposition of up to

2,750
shares per month of the Company's Class A common stock, and will terminate on May 30, 2025 , unless earlier terminated in accordance with its terms.

Item 6. Exhibits.

Furnish the exhibits required by Item 601 of Regulation S-K (§ 229.601 of this chapter).

Exhibit Number	Description	Incorporation by Reference (where a report is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)
2.1	Agreement and Plan of Merger, dated as of November 7, 2021, by and among Duddell Street Acquisition Corp. (renamed “FiscalNote Holdings, Inc.”), Grassroots Merger Sub, Inc. and FiscalNote Holdings, Inc. (renamed “FiscalNote Intermediate Holdco, Inc.”).	*Annex A to the Proxy Statement/Prospectus filed on July 5, 2022 (File No.333-261483).*
2.2	First Amendment to Agreement and Plan of Merger, dated as of May 9, 2022, by and among Duddell Street Acquisition Corp. (renamed “FiscalNote Holdings, Inc.”), Grassroots Merger Sub, Inc. and FiscalNote Holdings, Inc. (renamed “FiscalNote Intermediate Holdco, Inc.”).	*Annex A-2 to the Proxy Statement/Prospectus filed on July 5, 2022 (File No.333-261483).*
3.1	Certificate of Incorporation of FiscalNote Holdings, Inc. (f/k/a/ Duddell Street Acquisition Corp.).	*Exhibit 3.1 to the Current Report on Form 8-K filed on August 2, 2022 (File No. 001-396972).*
3.2	Bylaws of FiscalNote Holdings, Inc. (f/k/a/ Duddell Street Acquisition Corp.).	*Exhibit 3.2 to the Current Report on Form 8-K filed on August 2, 2022 (File No. 001-396972).*
4.1	Description of Securities.	*Exhibit 4.1 to the Annual Report on Form 10-K filed on March 28, 2023.*
4.2	Warrant Agreement, dated as of October 28, 2020, by and among Duddell Street Acquisition Corp ad Continental Stock Transfer & Trust Company, as warrant agent.	*Exhibit 4.1 of DSAC’s Current Report on Form 8-K filed with the SEC on November 2, 2020 (File No. 333-249207).*
4.3	Form of Restricted Stock Agreement, dated as of March 25, 2022, pursuant to the Membership Interest Purchase Agreement, dated as of November 19, 2021, by and among FiscalNote, Inc., the unitholders listed on the Appendix 1 thereto and Legacy FiscalNote.	*Exhibit 4.6 of DSAC’s Form S-4/A filed with the SEC on June 27,2022 (File No. 333-261483).*
4.4	Form of Warrant	*Exhibit 10.2 to the Current Report on Form 8-K filed on March 20, 2023 (File No. 001-39672).*
10.1	Purchase Agreement, dated as of March 11, 2024, by and between the Registrant, FiscalNote, Inc. Exec Connect Intermediate LLC and FiscalNote Boards LLC.	*Exhibit 10.1 to the Current Report on Form 8-K filed on March 15, 2024 (File No. 001-39672).*
10.2+	Amendment No. 4 to Second Amended and Restated Credit and Guaranty Agreement by and among FiscalNote, Inc., CQ-Roll Call, Inc. and VoterVoice, L.L.C. as Borrowers, the Company, FiscalNote Intermediate Holdco, Inc., Fireside 21, LLC, Factsquared, LLC, The Oxford Analytica International Group, LLC, Oxford Analytica Inc., Predata, Inc., Curate Solutions, Inc., Frontier Strategy Group LLC, Oxford Analytica Limited, Dragonfly Eye Limited and Timebase PTY Ltd, as Guarantors, Runway Growth Finance Corp., as administrative agent and collateral agent, and each lender party thereto.	*Exhibit 10.2 to the Current Report on Form 8-K filed on March 15, 2024 (File No. 001-39672).*
10.3	Form of Indemnification Agreement	*Filed with this report.*
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).	*Filed with this report.*
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).	*Filed with this report.*
32	Section 1350 Certifications.	*Furnished with this report.*
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.	*Submitted electronically with this report.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	*Submitted electronically with this report.*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).	*Submitted electronically with this report.*

+ Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	FISCALNOTE HOLDINGS, INC.
Date: May 10, 2024	By: /s/ Jon Slabaugh **Name: Jon Slabaugh** **Title: Chief Financial Officer**
Date: May 10, 2024	By: /s/ Timothy Hwang **Name: Timothy Hwang** **Title: Chief Executive Officer**

Execution Version

FISCALNOTE HOLDINGS, INC.
INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is entered into, effective as of the 2nd day of May 2024, by and between FiscalNote Holdings, Inc., a Delaware corporation (the "**Company**"), and the individual signatory hereto ("**Indemnitee**").

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director and/or officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the risk of litigation and other claims against directors and officers of corporations;

WHEREAS, the certificate of incorporation of the Company provides that the Company shall have the power to indemnify and advance expenses to its directors and officers to the fullest extent permitted under applicable law; and

WHEREAS, in recognition of Indemnitee's need for specific contractual assurance of substantial protection against personal liability, and as an inducement to provide effective services to the Company as a director and/or officer, the Company wishes to provide for (a) the indemnification of and the advancement of expenses to Indemnitee as provided in this Agreement and, subject to the provisions of this Agreement, except to the extent prohibited by applicable law (whether partial or complete), and (b) to the extent insurance is maintained, the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

    a. "**Board**" shall mean the Board of Directors of the Company.

    b. "**Affiliate**" shall mean any corporation or other person or entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with, the person specified, including, without limitation, with respect to the Company, any direct or indirect subsidiary of the Company.

    c. A "**Change in Control**" means (i) the liquidation, dissolution or winding-up of the Company, (ii) the sale, license or lease of all or substantially all of the assets of the Company, or (iii) a share exchange, reorganization, recapitalization, or merger or consolidation of the Company with or into any other corporation or corporations (or other form of business entity) or of any other corporation or corporations (or other form of business entity) with or into the Company, but excluding any merger effected exclusively for the purpose of changing the domicile of the Company; provided, however, that a Change in Control shall not include any of the aforementioned transactions listed in clauses (i), (ii) and (iii) involving the Company or a Subsidiary Corporation in which the holders of shares of the Company voting stock outstanding immediately prior to such transaction or any Affiliate of such holders continue to hold at least a majority, by voting power, of the capital stock or, by a majority, based on fair market value as determined in good faith by the Board, of the assets, in each case in substantially the same proportion, of (x) the surviving or resulting corporation (or other form of business entity), (y) if the surviving or resulting corporation (or other form of business entity) is a wholly owned subsidiary of another corporation (or other form of business entity) immediately following such transaction, the parent corporation (or other form of business entity) of such surviving or resulting corporation (or other form of business entity) or (z) a successor entity holding a majority of the assets of the Company.

d. "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

e. **"Expenses**" shall mean any expense, liability or loss, including reasonable attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments or other charges imposed thereon, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other costs and obligations, paid or incurred in connection with investigating, defending, resolving, being a witness in, participating in (including on appeal) or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

f. **"Indemnifiable Event**" shall mean any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director or officer of the Company or an Affiliate of the Company, or while a director or officer is or was serving at the request of the Company or an Affiliate of the Company as a director, officer, employee, trustee, agent or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust or other enterprise or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity.

g. "**Independent Counsel**" shall mean a law firm, or a person admitted to practice law in any State of the United States, that is experienced in matters of corporation law and neither presently is, nor in the past three years has been, retained to represent: (i) the Company or the Indemnitee in any matter material to either such party (other than with respect to serving as Independent Counsel (or similar independent legal counsel position) as to matters concerning the rights of

Indemnitee under this Agreement, the rights of other indemnitees under similar indemnification agreements or the rights of Indemnitee or other indemnitees to indemnification under the Company's certificate of incorporation or bylaws) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, "Independent Counsel" shall not include any law firm or person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement. For the avoidance of doubt, "Independent Counsel" also shall not include any law firm or person who represented or advised any entity or person in connection with a Change in Control of the Company.

h. "**Proceeding**" shall mean any threatened, pending or completed action, suit or proceeding or any alternative dispute resolution mechanism (including an action by or in the right of the Company or an Affiliate of the Company) or any inquiry, hearing or investigation, whether conducted by the Company or an Affiliate of the Company or any other party or entity (including a government agency), that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

i. "**Voting Securities**" shall mean any securities of the Company that vote generally in the election of directors.

2. Agreement to Indemnify.

a. General Agreement. In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses except to the extent prohibited by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's certificate of incorporation, its bylaws, vote of its stockholders or disinterested directors or applicable law.

b. Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director or officer of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding, (ii) the Proceeding is one to enforce rights under this Agreement or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such

Change in Control) and Independent Counsel has approved its initiation. The prohibition of indemnification contained in this subsection 2(b) shall apply to the defense of any counterclaim (except for a compulsory counterclaim by the Indemnitee against the Company for which the Indemnitee shall have rights to indemnification in accordance with the terms of this Agreement), cross-claim, affirmative defense or like claim of the Company in such Proceeding).

c. Expense Advances. Subject to Section 5(b), Indemnitee shall be entitled to select counsel to represent him or her and to select experts and consultants to be used in his or her defense. In selecting counsel, experts and consultants, Indemnitee shall consider whether his or her interests reasonably permit him or her to retain such persons along with other indemnitees; provided, however, that this Agreement shall not require such joint retentions. In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall, prior to the final disposition of a Proceeding, advance to Indemnitee any and all Expenses incurred in connection with such Proceeding (an "**Expense Advance**") within thirty (30) calendar days after the receipt by the Company of a written request for such advance or advances from time to time. Such written request shall include or be accompanied by a statement or statements reasonably evidencing the Expenses incurred by or on behalf of the Indemnitee and for which advancement is requested. The Indemnitee shall qualify for such Expense Advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to repay such Expense Advances if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. This Section 2(c) shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 2(b) or 2(f).

d. Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

e. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

f. Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which a final judgment is rendered against Indemnitee or Indemnitee enters into a settlement, in each case (i) for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act of 1934, as amended (the "**Exchange Act**") or similar provisions of any federal, state or local laws; (ii) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision and provided, however, that payment made to Indemnitee pursuant to an insurance policy purchased and maintained by Indemnitee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnitee pursuant to this Agreement; or (iii) for which payment is prohibited by law as determined by a court of competent jurisdiction in a final adjudication not subject to further appeal. Notwithstanding anything to the contrary stated or implied in this Section 2(f), indemnification pursuant to this Agreement relating to any Proceeding against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws shall not be prohibited if Indemnitee ultimately establishes in any Proceeding that no recovery of such profits from Indemnitee is permitted under Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws. With respect to subpart (ii) of this subparagraph, the Company shall make indemnification payments during the time periods otherwise required by this Agreement if payments by the insurance carrier(s) have not previously been made; and to the extent the carrier(s) later make payments, Indemnitee will transfer or assign those payments to the Company.

3. Indemnification Process and Appeal.

a. To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company (following the final disposition of the applicable Proceeding) a written request for indemnification, including therein or therewith, except to the extent previously provided to the Company in connection with a request or requests for advancement pursuant to Section 2(c), a statement or statements reasonably evidencing all Expenses incurred or paid by or on behalf of the Indemnitee and for which indemnification is requested. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

b. Upon written request by the Indemnitee for indemnification pursuant to the first sentence of Section 3(a), if required by applicable law and to the extent not otherwise provided pursuant to the terms of this Agreement, a determination with respect to the Indemnitee's entitlement to indemnification shall be made in the specific case as follows: (i) if a Change in Control shall have occurred and if so requested in writing by the Indemnitee, by Independent Counsel in a written opinion to the Board; or (ii) if a Change in Control shall not have occurred (or if a Change in Control shall have occurred but the Indemnitee shall not have requested that indemnification be determined by Independent Counsel as provided in clause (i) of this Section 3(b), (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board or (D) by the Company's stockholders in accordance with applicable law. Notice in writing of any determination as to the Indemnitee's entitlement to indemnification shall be delivered to the Indemnitee promptly after such determination is made, and if such determination of entitlement to indemnification has been made by Independent Counsel in a written opinion to the Board, then such notice shall be accompanied by a copy of such written opinion. If it is determined that the Indemnitee is entitled to indemnification, then payment to the Indemnitee of all amounts to which the Indemnitee is determined to be entitled shall be made within twenty (20) calendar days after such determination and, in no event, not later than sixty (60) calendar days after the Indemnitee's written request for indemnification. If it is determined that the Indemnitee is not entitled to indemnification, then the written notice to the Indemnitee (or, if such determination has been made by Independent Counsel in a written opinion, the copy of such written opinion delivered to the Indemnitee) shall disclose the basis upon which such determination is based. The Indemnitee shall cooperate with the person, persons or entity making the determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification.

c. If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 3(b), the Independent Counsel shall be selected as provided in this Section 3(c). If a Change in Control shall not have occurred (or if a Change in Control shall have occurred but the Indemnitee shall not have requested that indemnification be determined by Independent Counsel as provided in clause (i) of Section 3(b)), then the Independent Counsel shall be selected by the Board, and the Company shall give written notice to the Indemnitee advising the Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred and the Indemnitee shall have requested that indemnification be determined by Independent Counsel, then the Independent Counsel shall be selected by the Indemnitee (unless the Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and the Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, the Indemnitee or the Company, as the case may be, may, within ten (10) calendar days after such written notice of selection has been given, deliver to the Company or to the Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the law firm or person so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth the basis of such assertion. Absent a proper and timely objection, the person so selected shall act as

Independent Counsel. If such written objection is so made and substantiated, the law firm or person so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Chancery Court or another court of competent jurisdiction in the State of Delaware has determined that such objection is without merit. If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 3(b) and, following the expiration of twenty (20) calendar days after submission by the Indemnitee of a written request for indemnification pursuant to Section 3(a), Independent Counsel shall not have been selected, or an objection thereto has been made and not withdrawn, then either the Company or the Indemnitee may petition the Delaware Chancery Court or other court of competent jurisdiction in the State of Delaware for resolution of any objection that shall have been made by the Company or the Indemnitee to the other's selection of Independent Counsel and/or for appointment as Independent Counsel of a law firm or person selected by such court (or selected by such person as the court shall designate), and the law firm or person with respect to whom all objections are so resolved or the law firm or person so appointed shall act as Independent Counsel under Section 3(b). If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 3(b), then the Company agrees to pay the reasonable fees and expenses of such Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

d. Suit to Enforce Rights. If Indemnitee has not received full indemnification or Expense Advances within sixty (60) or thirty (30) calendar days, respectively, after making a demand in accordance with Section 3(a), or if Indemnitee contends that Company has not performed other obligations required by this Agreement, or if Company has not provided consents on counsel selection, settlement or any other issue as described in this Agreement, Indemnitee may enforce his or her rights under this Agreement by commencing litigation in any court in the State of Delaware having subject matter jurisdiction thereof seeking a determination of the issue by the court or challenging any determination by the Company (including by its directors, Independent Counsel or its stockholders) or any aspect thereof. The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Company (including by its directors, Independent Counsel or its stockholders) not challenged by the Indemnitee within two years of Indemnitee's formal notice thereof shall be binding on the Company and Indemnitee. The Company shall be precluded from asserting in any such proceeding that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The remedy provided for in this Section 3 shall be in addition to any other remedies available to Indemnitee at law or in equity. Company and Indemnitee may, by a written agreement signed by Company and Indemnitee, agree to a different method to resolve any disagreement concerning Indemnitee's rights, unless resolution by a court is required by law.

e. Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this

Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action, or any determination by the Company (including by its directors, Independent Counsel or its stockholders) or otherwise, as to whether Indemnitee is entitled to be indemnified, or is entitled to an Expense Advance, the burden of proving such a defense shall be on the Company by clear and convincing evidence, and it shall be presumed that the Indemnitee is entitled to indemnification or to an Expense Advance, as the case may be. Neither the failure of the Company (including by its directors, Independent Counsel or its stockholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because Indemnitee has met the standard of conduct set forth in applicable law, nor an actual determination by the Company (including by its directors, Independent Counsel or its stockholders) that the Indemnitee is not entitled to Indemnification or an Expense Advance or has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. Neither such failure to have made the determination, nor an actual determination that the Indemnitee is not entitled to indemnification or an Expense Advance shall be admissible for any purposes in any such proceeding. For purposes of any determination of good faith under any applicable standard of conduct, Indemnitee shall be deemed to have acted in good faith if Indemnitee relied on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser, investment banker or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of the preceding sentence shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct. The knowledge and/or actions, or failure to act, or any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. If the person or persons so empowered to make a determination pursuant to Section 3 hereof shall have failed to make the requested determination within ninety (90) days after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of *nolo contendere* or its equivalent, or other disposition or partial disposition of any Proceeding or any other event that could enable the Company to determine Indemnitee’s entitlement to indemnification, the requisite determination that Indemnitee is entitled to indemnification shall be deemed to have been made

4. <u>Indemnification for Expenses Incurred in Enforcing Rights</u>.

a. The Company shall, within sixty (60) calendar days of demand therefore, indemnify Indemnitee against any and all reasonable Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for: (i) indemnification or Expense Advances under this Agreement or any other agreement or under applicable law or the Company's certificate of incorporation or bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, or to enforce any other rights under this Agreement; and/or (ii) recovery under directors' and officers' liability insurance policies maintained by the Company; but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification, Expense Advance or other rights, or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

b. If Company and Indemnitee disagree about whether Expenses described in this Section 4 are reasonable, the issue shall first be presented to Independent Counsel, whose opinion shall be binding on Company. If Indemnitee disagrees with the opinion of Independent Counsel, he or she may file a lawsuit in an appropriate court in Delaware seeking a decision; provided, however, that Indemnitee and Company may agree in writing to an alternative method to resolve the disagreement.

5. <u>Notification and Defense of Proceeding</u>.

a. <u>Notice</u>. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve the Company from any liability that it may have to Indemnitee, except as provided in Section 5(c); and, *provided*, *further*, that notice will be deemed to have been given without any action on the part of Indemnitee in the event the Company is a party to the same Proceeding.

b. <u>Defense</u>. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will, if authorized by law and applicable procedural rules, be entitled to participate in the Proceeding at its own expense. Except as otherwise provided below, the Company may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. If requested by Indemnitee, such counsel shall have substantial experience representing people in Indemnitee's position in Proceedings of the type at issue. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee for the defense of such Proceeding except as provided below. Indemnitee shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of legal counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control, the employment of counsel by

Indemnitee has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company, or as to which Indemnitee shall have made the determination provided for in (ii) above or under the circumstances provided for in (i) and (i) above.

If the Company assumes the defense, as described above, Indemnitee’s right to indemnification for settlement or liability (as opposed to defense costs) shall be determined by the rules set forth for indemnification in this Agreement. By assuming the defense, the Company does not assume responsibility for indemnification for liability or settlement if such indemnification is not otherwise available.

If Indemnitee and the Company disagree about whether Indemnitee should have his or her own lawyer, expert or consultant, such dispute shall first be presented to the Independent Counsel. The determination of the Independent Counsel shall be binding on the Company; but if Indemnitee disagrees with the determination he or she may commence an action in an appropriate Delaware court to seek a judicial determination of the issue.

c. Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company’s written consent, such consent not to be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee’s written consent. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is party with respect to other parties (including the Company) if any portion of such settlement is to be funded from corporate insurance proceeds unless approved by (i) the written consent of Indemnitee or (ii) a majority of the independent directors of the board; provided, however, that the right to constrain the Company’s use of corporate insurance as described in this section shall terminate at the time the Company concludes (per the terms of this Agreement) that (i) Indemnitee is not entitled to indemnification pursuant to this agreement, or (ii) such indemnification obligation to Indemnitee has been fully discharged by the Company. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity as a result of Indemnitee's failure to provide notice, at its expense, to participate in the defense of such action, and the lack of such notice materially prejudiced the Company’s ability to participate in defense of such action. The Company’s liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

6. Establishment of Trust. In the event of a Change in Control, the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Independent Counsel; provided, however, that if Indemnitee disagrees with the determination of the Independent Counsel, Indemnitee may file a lawsuit in an appropriate Delaware court seeking a determination of the issue, as set forth in Sections 3 and 4 hereof. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of the Indemnitee, (ii) the Trustee shall advance, within thirty (30) calendar days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise no later than sixty (60) calendar days after notice pursuant to Section 3 and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Independent Counsel or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 6 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys’ fees), claims, liabilities, loss and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

7. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company’s certificate of incorporation, bylaws, applicable law or otherwise; provided, however, that this Agreement shall supersede any prior indemnification agreement between the Company and the Indemnitee. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under the Company’s certificate of incorporation, applicable law or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. The rights of Indemnitee under the Company’s certificate of incorporation as they exist as of the date hereof shall not be reduced or limited by any change therein occurring after the date hereof, unless Indemnitee agrees in writing to such reduction or limitation.

8. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing general and/or directors’ and officers’ liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer. The Company shall use its best efforts to maintain such insurance on substantially the same terms and

conditions, including limits of liability, as such exist (1) on the effective date of this Agreement or (2) if more favorable to the Indemnitee, on the date of the Company's first public listing on a U.S. or non-U.S. stock exchange. In the event of a change of control or the Company's becoming insolvent, the Company shall maintain in force any and all insurance policies then maintained by the Company in providing insurance--directors' and officers' liability, fiduciary, employment practices or otherwise--in respect of the individual directors and officers of the Company, for a fixed period of six years thereafter (a "Tail Policy"). Such coverage shall be non-cancellable and shall be placed and serviced for the duration of its term by the Company's incumbent insurance broker. Such broker shall place the Tail policy with the incumbent insurance carriers using the policies that were in place at the time of the change of control event (unless the incumbent carriers will not offer such policies, in which case the Tail Policy placed by the Company's insurance broker shall be substantially comparable in scope and amount as the expiring policies, and the insurance carriers for the Tail Policy shall have an AM Best rating that is the same or better than the AM Best ratings of the expiring policies).

9. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any Affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of three (3) years from the date of accrual of such cause of action or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its Affiliate shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern.

10. Amendment of this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights. However, if Company pursues an action as subrogee and that action leads to further claims against Indemnitee, this Agreement shall apply to such further claims.

12. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received an unconditional and non-recoverable payment (under any insurance policy or otherwise) of the amounts otherwise indemnifiable hereunder;

provided, however, that payment made to Indemnitee pursuant to an insurance policy purchased and maintained by Indemnitee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnitee pursuant to this Agreement.

13. Duration of Agreement. All the rights and privileges afforded by this agreement, including the right to indemnification and the advancement of legal fees provided under this Agreement, shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement to the fullest extent permitted by law. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, (a) the remaining provisions shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void or unenforceable.

16. Contribution. To the fullest extent permissible under applicable law, whether or not the indemnification provided for in this Agreement is available to Indemnitee for any reason whatsoever, the Company shall pay all or a portion of the amount that would otherwise be incurred by Indemnitee for Expenses in connection with any claim relating to an Indemnifiable Event, as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s). The Company will to the fullest extent permissible under applicable law indemnify and hold harmless Indemnitee from any claim of contribution that may be brought by directors,

officers, employees or other agents or representatives of the Company, other than Indemnitee, who may be jointly liable with Indemnitee

17. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement may be brought in the Delaware Court of Chancery, (ii) consent to submit to the jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii)waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

18. Headings; References; Pronouns. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. References herein to section numbers are to sections of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the singular or plural as appropriate.

19. Notices. All notices, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt or mailed, postage prepaid, certified or registered mail, return receipt requested and addressed to the Company at:

FiscalNote Holdings, Inc.
1201 Pennsylvania Avenue NW
Washington DC 20004
Attention: General Counsel

and to Indemnitee at the address set forth below Indemnitee's signature hereto.

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

20. Notice by Company. If the Indemnitee is the subject of, or is, to the knowledge of the Company, implicated in any way during an investigation, whether formal or informal, that is related to Indemnitee's Corporate Status and that reasonably could lead to a Proceeding for which indemnification can be provided under this Agreement, the Company shall notify the Indemnitee of such investigation and shall share with Indemnitee any information it has provided to any third parties concerning the investigation ("Shared Information"). By executing this Agreement, Indemnitee agrees that such Shared Information is material non-public information that Indemnitee is obligated to hold in confidence and may not disclose publicly; provided, however, that Indemnitee may use the Shared Information and disclose

such Shared Information to Indemnitee's legal counsel and third parties, in each case solely in connection with defending Indemnitee from legal liability.

21. Monetary Damages Insufficient/Specific Performance. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking. If Indemnitee seeks mandatory injunctive relief, it shall not be a defense to enforcement of the Company's obligations set forth in this Agreement that Indemnitee has an adequate remedy at law for damages.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

FISCALNOTE HOLDINGS, INC.
a Delaware corporation

By: ______________________________

Print Name:
Title:

INDEMNITEE,
an individual

By: ______________________________

Address for notices:

____
____
____
____

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Hwang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of FiscalNote Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

May 10, 2024	/s/ Timothy Hwang
	Timothy Hwang Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jon Slabaugh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of FiscalNote Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

May 10, 2024	/s/ Jon Slabaugh
	Jon Slabaugh Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of FiscalNote Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy Hwang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2024

/s/ Timothy Hwang
Timothy Hwang
Chief Executive Officer
(Principal Executive Officer)

In connection with the Quarterly Report of FiscalNote Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon Slabaugh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2024

/s/ Jon Slabaugh
Jon Slabaugh
Chief Financial Officer
(Principal Financial Officer)