



Fiscal Year 2021

February 24, 2022



Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning our market opportunity and estimated total addressable market, trends in the legal industry, and what we believe is our growth potential.

The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to differ materially, including (i) our history of operating losses; (ii) our limited operating history; (iii) our ability to maintain and advance our innovation and brand; (iv) our ability to effectively add new customers; (v) our ability to effectively increase usage and penetration with our existing customer base; (vi) our ability to expand our sales coverage and establish a digital sales channel; (vii) our ability to expand internationally; (viii) our ability to extend and strengthen our channel partnerships and integrations; (ix) our ability to expand our offering portfolio to a wider range of legal processes outside of our current core offerings; (x) our ability to pursue strategic acquisitions and strategic investments to expand the functionality and value of our solution; (xi) our ability to comply or remain in compliance with laws and regulations that currently apply or become applicable to our business in the jurisdictions in which we operate; (xii) the potential that our computer or electronic systems, applications or services, or those of any third parties on whom we depend, fail or suffer security or data privacy breaches or other unauthorized or improper access to, use of, or destruction of our proprietary or confidential data, employee data, or personal data; (xiii) our ability to compete effectively with existing competitors and new market entrants; (xiv) general market, political, economic, and business conditions; and (xv) the impact that the ongoing COVID-19 pandemic and any related economic downturn could have on our or our customers' businesses, financial condition and results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation.

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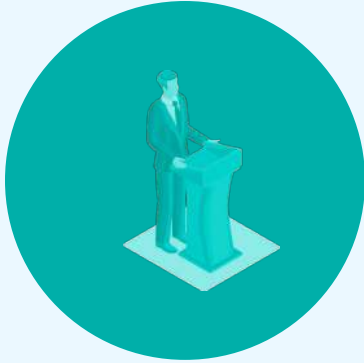
This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. While we believe the industry and market data included in this presentation are reliable and are based on reasonable assumptions, these data involve many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Certain of the market research included in this presentation was published prior to the outbreak of the COVID-19 pandemic and did not anticipate the virus or the impact it has caused on our industry. We have utilized this pre-pandemic market research in the absence of updated sources. These and other factors could cause results to differ materially from those expressed in the projections and estimates made by the independent third parties and us.

Financial Information; Non-GAAP Financial Measures

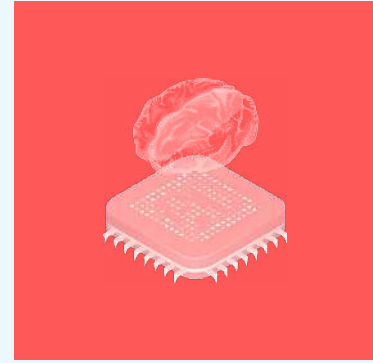
This presentation includes adjusted EBITDA and adjusted EBITDA margin, which are non-GAAP financial measures. See the Appendix for a reconciliation to net loss, the nearest applicable GAAP measure, for the periods presented. We define adjusted EBITDA as net loss, adjusted to exclude: depreciation and amortization expense; provision for income taxes; interest and other, net; stock-based compensation expense; payroll tax expense on employee stock transactions; refund of sales and use taxes related to sales tax in prior periods and other one-time, non-recurring items, when applicable. Adjusted EBITDA margin is adjusted EBITDA divided by revenue. We provide adjusted EBITDA and adjusted EBITDA margin in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of adjusted EBITDA. For example, other companies, including companies in our industry, may calculate adjusted EBITDA differently. This presentation also includes certain non-standard financial measures. These non-standard measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. The non-standard financial measures used by us may differ from the non-standard financial measures used by other companies.



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**Deep understanding
of the practice of law**



**Best-in-class
engineering and design**

- DISCO Ediscovery
- DISCO Review
- DISCO Case Builder
- DISCO Hold



DISCO today

\$114mm

FY 2021
Revenue

67%

FY 2021
Revenue growth

73%

FY 2021
Gross margin

(14%)

FY 2021
Adj. EBITDA margin¹

1,126

Customers

214

Customers > \$100K

Top 20

Customers > \$1M

146%

Dollar-based
net retention²



Our opportunity is massive

Legal Services¹
\$767B

Ediscovery³

\$15B

TAM²
\$42B

¹Statista 2021E

²Based on company estimates

³IDC 2021E worldwide ediscovery software and services market



Why now? Increasing trends in...

Regulatory Risk



Enterprise Data



Cloud and AI



Generational Shift



Lawyers need to find evidence buried in enterprise data

Increasing volumes of enterprise data...

...result in increased legal work



DISCO bridges the gap between enterprise data and legal work



Replacing services with software

Traditional legal value chain

Corporate legal department

Law firms

Legal services providers

On-premise point solutions



Lawyers focused on **practicing law**



DISCO applications

Full-stack legal solution powered by software



DISCO Review



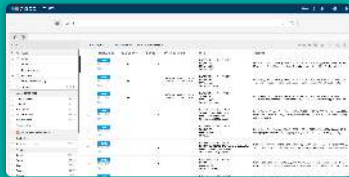
AI-powered legal document review enables our customers to complete reviews faster and more accurately



DISCO Case Builder



System of record for testimony, transcripts, exhibits
System of engagement for lawyer collaboration



DISCO Ediscovery



System of record and engagement for ediscovery lifecycle replaces heavy human services



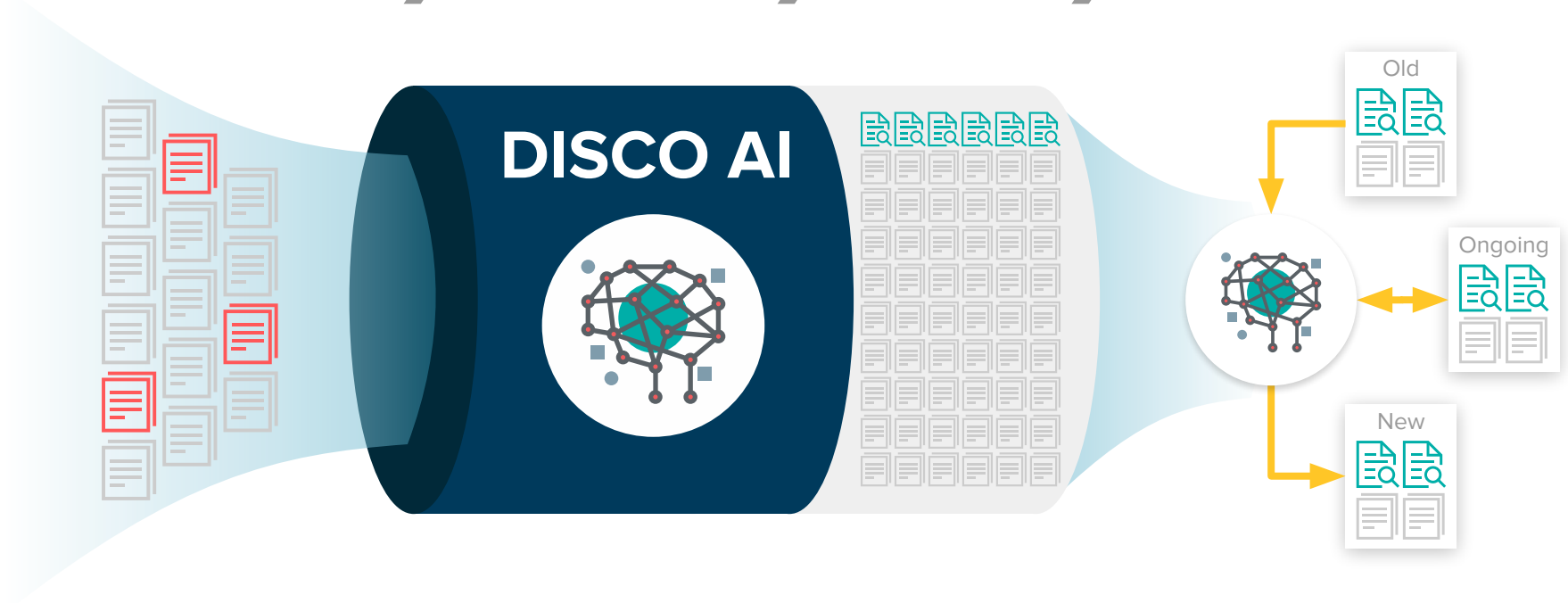
DISCO Hold



Save and retain enterprise data on the DISCO platform preemptively or at initiation of an investigation

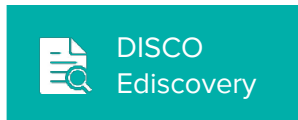
DISCO AI automates legal document review

Lawyers tag documents ➤ AI model trained ➤ AI finds more ➤ AI reused across matters

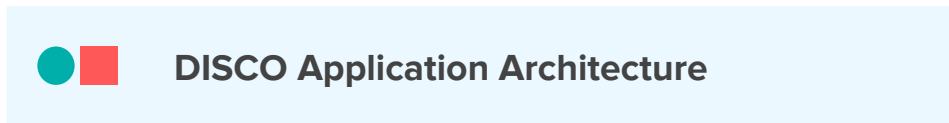




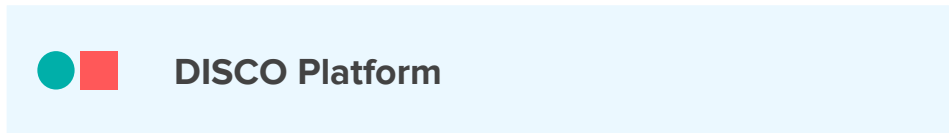
Built on a state-of-the-art cloud platform



User-facing, intuitive applications



Extensible, reusable components



Scalable, AI-powered, PB-scale platform



Elastic compute and modern security



Business model key elements

1

Usage-based pricing

2

Magical experience for lawyers

3

Lawyers drive adoption in highly networked legal industry

4

Multi-product adoption

Our Discovian Culture



To help is human

MAGIC values



Meaningful-impact



All-In



Grit & grace



Innovation



Craft

DISCO
Pro Bono



Ensuring all people have
access to justice



Financial highlights

FY 2021

\$114mm

Revenue

67%

Revenue growth

73%

Gross margin

(14%)

Adj. EBITDA
margin¹

4Q 2021

\$34mm

Revenue

76%

Revenue growth

74%

Gross margin

(16%)

Adj. EBITDA
margin¹



Business model overview

1

Primarily usage-based pricing

2

Enterprise data and legal matters drive usage

3

Evergreen contracts



Rapid, sustainable growth

Revenue

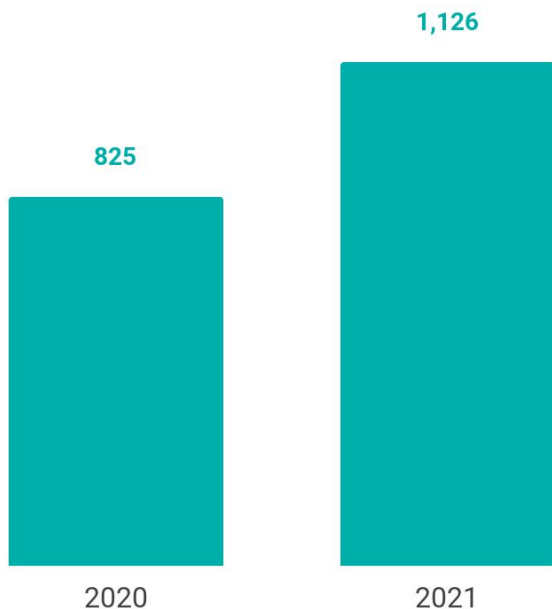


YoY Growth

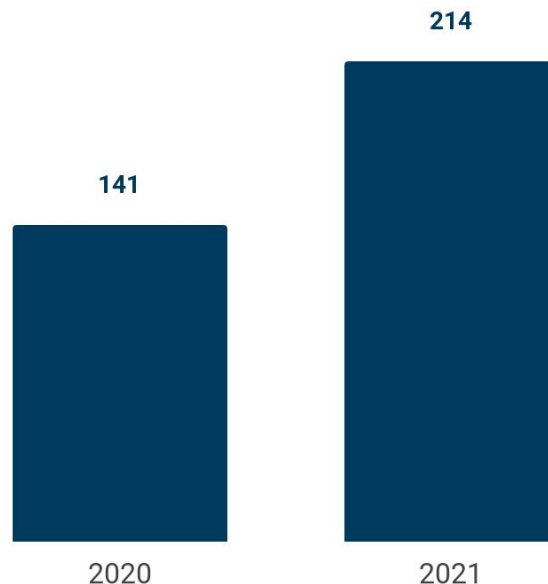


●■ Customer adoption and expansion driving growth 17

Total Customers¹



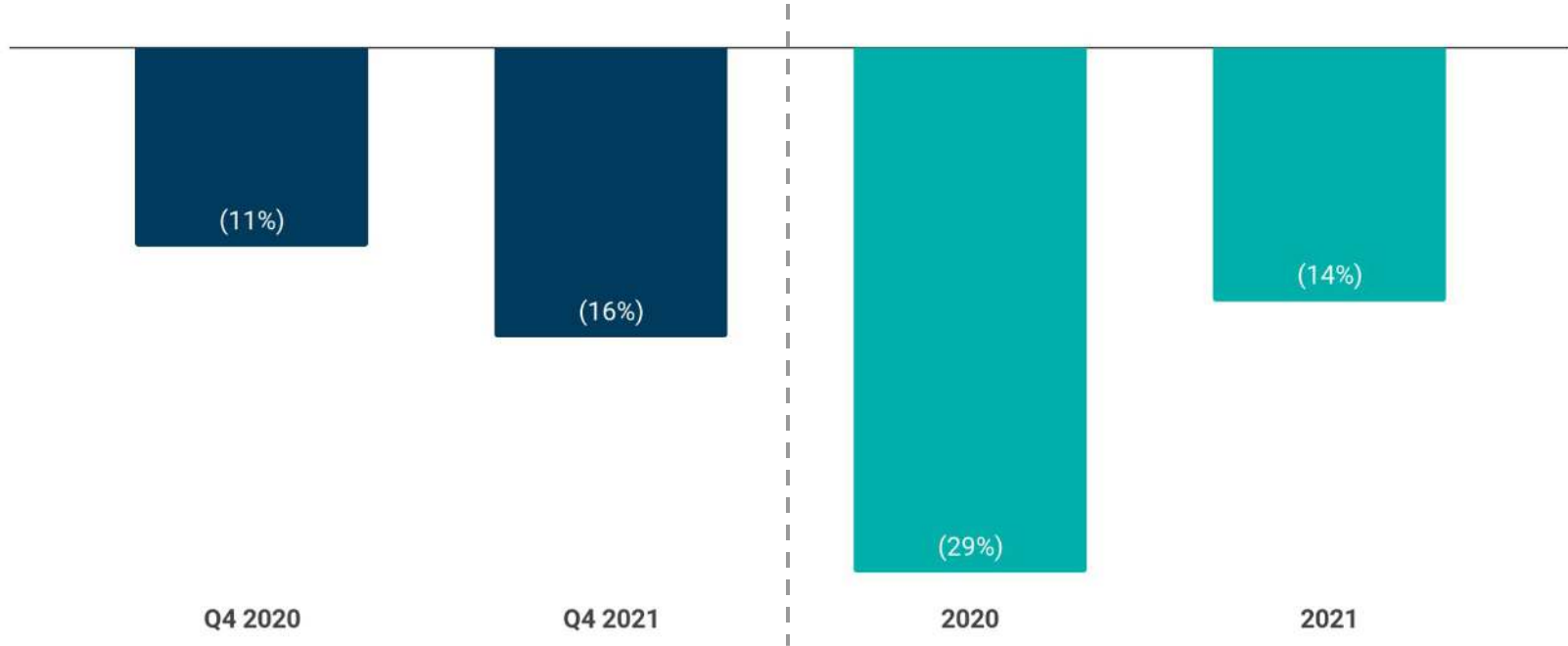
Customers >\$100K²



¹As of December 31, entities that we have a contract with and from whom we have recognized revenue during the preceding month; ²As of December 31, customers with revenue in excess of \$100K over the previous 12 months



Adjusted EBITDA margins





Key investment highlights

1

Category definer for legal tech with massive opportunity

2

AI-powered, cloud-native, extensible automation platform

3

Efficient and proven product-led growth engine

4

Powerful financial model

● ■ Multiple levers for future growth



Fuel product-led growth engine

Add new customers

Grow existing customers

Multi-product use

Brand awareness



Extend our reach

Expand sales coverage

International expansion

Strengthen partnerships

Add new products

Pursue strategic investments



Appendix



GAAP to Non-GAAP reconciliation

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	Three Months Ended December 31,		Year Ended December 31,	
	2020	2021	2020	2021
Net loss	(\$2,991)	(\$9,108)	(\$22,873)	(\$24,344)
Depreciation and amortization expense	410	420	1,624	1,674
Provision for income taxes	13	(29)	71	81
Interest and other, net	15	190	301	434
Stock-based compensation	495	3,095	1,993	5,603
Employer payroll tax expense on employee stock transactions	6	160	20	264
Refund of sales and use taxes	—	—	(1,057)	—
Adjusted EBITDA	(\$2,052)	(\$5,272)	(\$19,921)	(\$16,288)
Adjusted EBITDA margin	(11%)	(16%)	(29%)	(14%)

Note: \$ in thousands.

Thank You

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