



## First Quarter 2022 Financial Results





# Disclaimer

This presentation includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the future results of operations, financial condition, business strategy, plans and objectives of management for future operations of Toast, Inc. (“Toast”, “we” or “us”), our market opportunity and the potential growth of that market, our liquidity and capital needs and other similar matters. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this presentation that are not historical facts and statements identified by words such as “may,” “will,” “should,” “expects,” “anticipates,” “intends,” “plans,” “could,” “believes,” “seeks,” “estimates,” “predicts,” “potential,” “continue,” or words of similar meaning. These forward-looking statements reflect management’s current expectations and assumptions about future events which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, risks associated with: our ability to successfully execute our business and growth strategy; our ability to attract new customers, retain revenue from existing customers and increase sales from both new and existing customers; the effect of uncertainties related to the COVID-19 pandemic on our business and the industry; our ability to maintain the security and availability of our platform; the competitive environment in which we operate; our ability to comply with modified or new laws and regulations applying to our business; the increased expenses associated with being a public company; the price volatility of our common stock; and other risks and uncertainties set forth under the caption “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2021, our Quarterly Report on Form 10-Q for the three months ended March 31, 2022 to be filed, and our subsequent SEC filings. We assume no obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

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. This information involves 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. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

All third-party brand names and logos appearing in this presentation are trademarks or registered trademarks of their respective holders. Any such appearance does not necessarily imply any affiliation with or endorsement of the Company.

## GAAP AND NON-GAAP RESULTS

This presentation includes non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures. For example, other companies may calculate similarly-titled non-GAAP financial measures differently. Refer to the Appendix and our Earnings Release for Q1 2022 for a reconciliation of these non-GAAP financial measures.



## Our Mission

To empower the restaurant community to delight their guests, do what they love, and thrive.





# Investment Highlights

## Large and Growing TAM

Purpose-built for restaurants, one of the largest vertical markets

## Differentiated Product Offering

Cloud-based, all-in-one digital technology platform with integrated payment processing

## Proven Durable Growth at Scale

Experiencing rapid growth at scale

## Healthy Unit Economics

Differentiated and efficient go-to-market engine and customer success strategy







# The Restaurant Industry Is One Of The Largest Industries In U.S. And Globally

**860K**

Locations in the US<sup>1</sup>

**22M**

Locations Globally<sup>2</sup>

**~\$800B**

Annual U.S. Sales in 2021  
(~3% of GDP)<sup>3</sup>

**11M+**

Employees in the US<sup>4</sup>

<sup>1</sup> IBISWorld.

<sup>2</sup> Euromonitor International Consumer Foodservice 2021, Foodservice Value RSP, YoY, ex rates, Current Prices, February 2021.

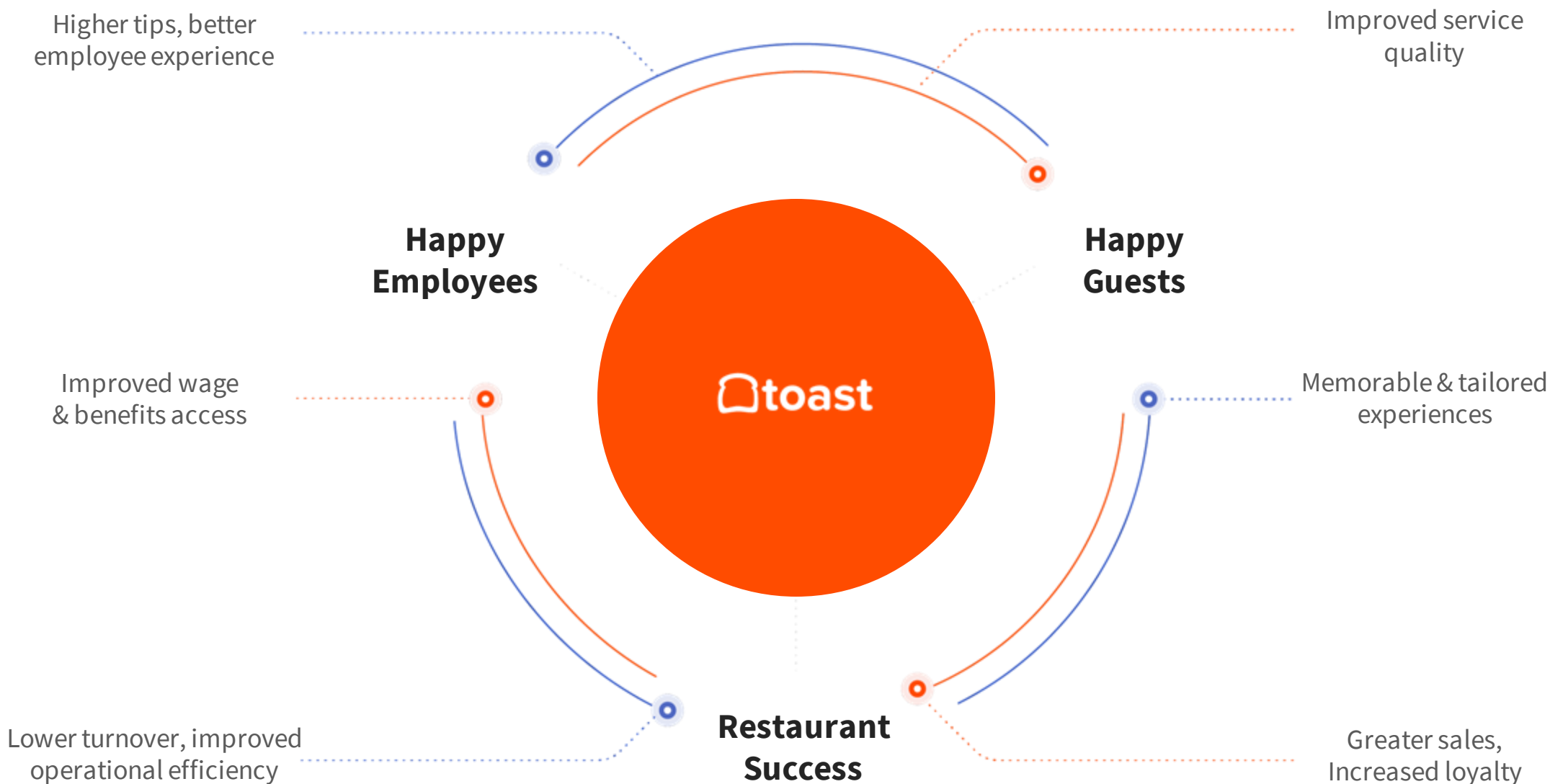
<sup>3</sup> National Restaurant Association, 2022 State of the Restaurant Industry, February 2022.

<sup>4</sup> U.S. Bureau of Labor Statistics, Industries at a Glance, Food Services and Drinking Places, Workforce Statistics, March 2022.

# Restaurants are Complex Businesses



# Better Together: We Benefit the Entire Restaurant Ecosystem





# The Toast Platform: Better Together

## Full Suite of Toast Products

Continued Runway for Growth

### 3 Base Products

Point of Sale

Toast Hardware

Payment Processing

### 15+ Elective Products



#### Point of Sale

Toast Go  
Toast Order & Pay  
Guest Kiosk



#### Digital Ordering & Delivery

Online Ordering & Toast TakeOut  
Toast Delivery Services  
Toast Delivery Partners



#### Team Management

Payroll & Team Management  
Partner-Enabled Products  
(Insurance & Benefits)



#### Fintech Products

Toast Capital  
Customer Financing



#### Restaurant Operations

Kitchen Display System  
Multi-Location  
Management  
Inventory Management  
xtraCHEF by Toast



#### Marketing & Loyalty

Email Marketing  
Gift Cards  
Loyalty



#### Platform & Insights

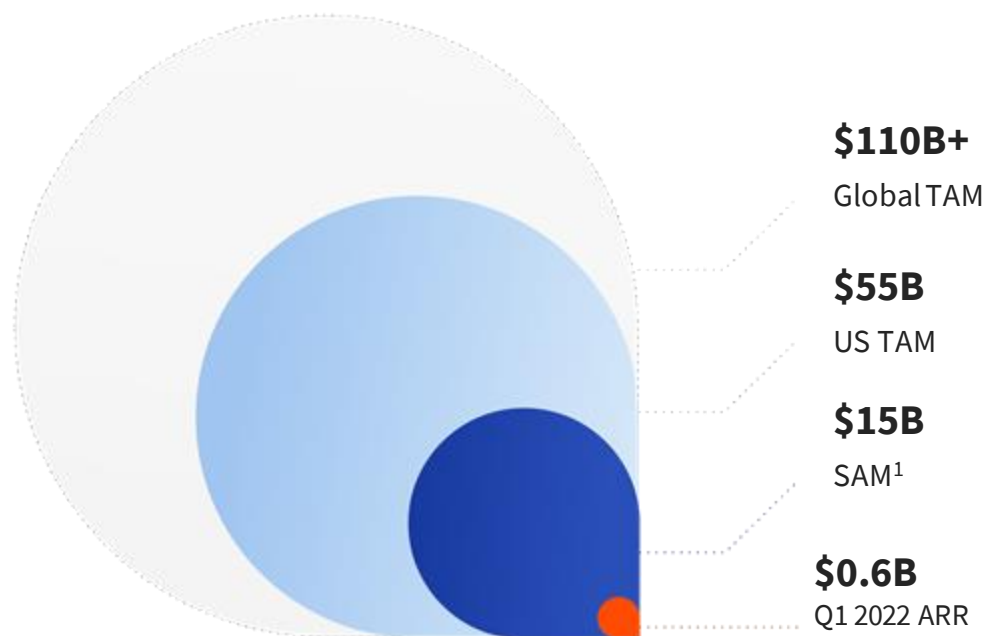
Reporting & Analytics  
Toast Partner Connect & APIs





# This Is Just The Beginning For Toast

Massive TAM



Sources: U.S. Bureau of Labor Statistics, IBISWorld, National Restaurant Association (2021 State of the Restaurant Industry), Freedonia Group.

Note: Global TAM estimate is based on an estimated 22 million restaurant locations globally with greater than \$2.6 trillion in revenue (Euromonitor International Consumer Foodservice 2021 - Foodservice Value RSP, YoY ex rates, Current Prices). U.S. TAM (Total Addressable Market) estimate reflects the expected U.S. restaurant spend on technology in 2024.

<sup>1</sup> SAM (Serviceable Addressable Market) calculated as of S-1 filing. Payments addressable market estimated by multiplying the estimated non-cash restaurant sales for 2021 by the company's then average take rate of 55 basis points measured as a percentage of GPV. Toast Capital market opportunity is estimated by multiplying an estimated \$29.5B of outstanding U.S. public bank's restaurant loans as of March 31, 2020 (S&P Global Market Intelligence, US Banks Disclose Exposure to Restaurant Industry Hard-Hit by COVID-19, May 2020), by the average annual rate on small business loans of 1.4% to 7.2% (Federal Reserve Bank of Kansas City, Small Business Lending Survey, June 2021). Business Lending Survey). All subscription services opportunity estimated by multiplying the average annual subscription revenue per location per product by the estimated number of restaurant locations in the U.S.



# Our Differentiated Go-To-Market Strategy

- Hyper-localized go-to-market motion
- Focus on building strong customer communities
- Improving sales productivity from increasing category position
- Strong network effect that accelerates growth

**Approx. 2/3<sup>rd</sup>**  
of new locations come through  
inbound channels

**Approx. 1/5<sup>th</sup>**  
of new locations come from other  
restaurant / partner referrals

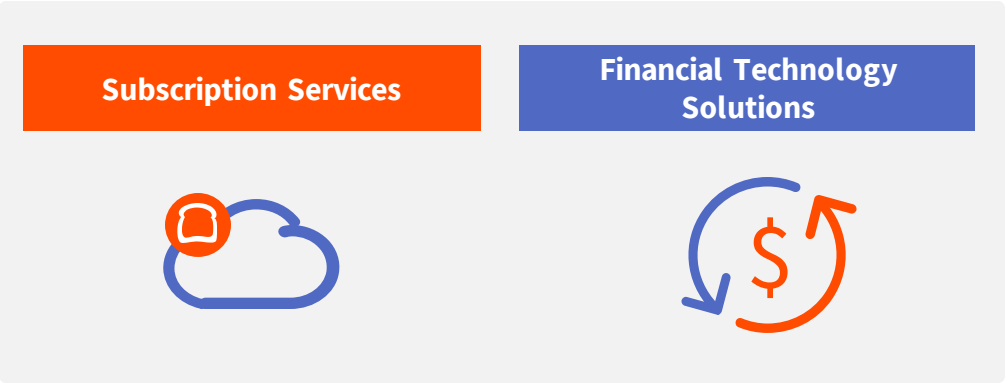
Note: New locations from inbound channels include organic, paid, field and referral channels, as of LTM (Last Twelve Months) Q1-22.

# First Quarter Financial Results

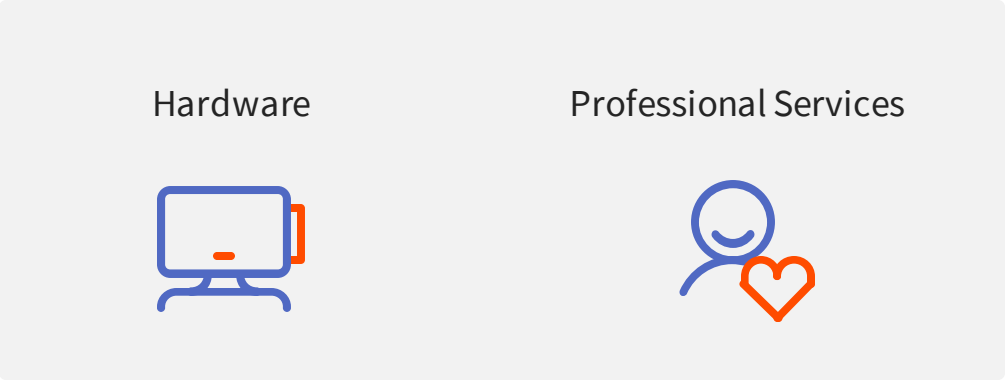


# Integrated Software and Payments Model

## Recurring



## One-Time

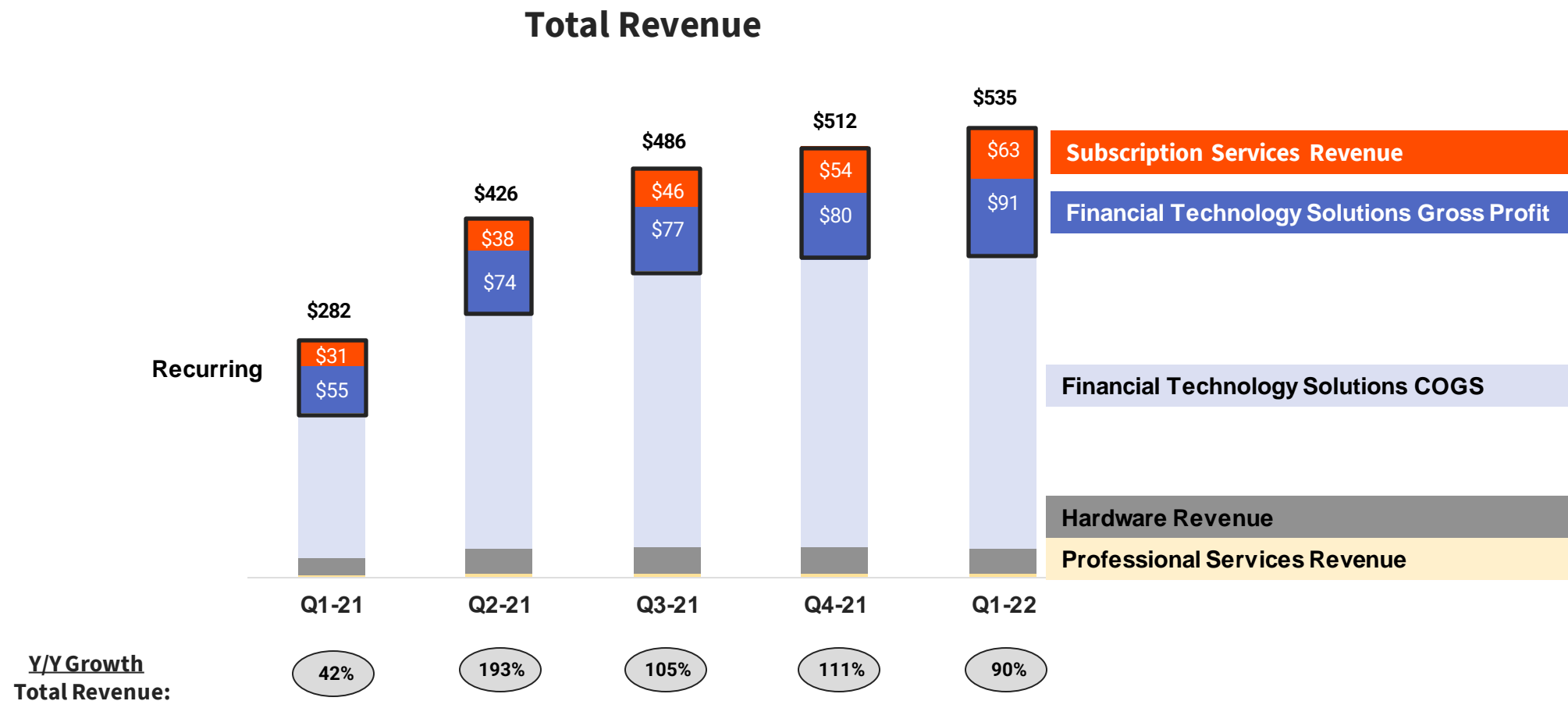






# Rapid and Sustainable Growth at Scale

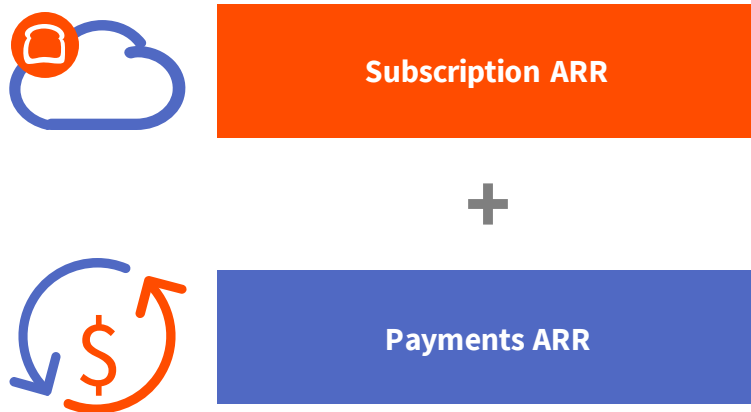
(\$M)



Note: % YoY growth may not tie due to rounding.

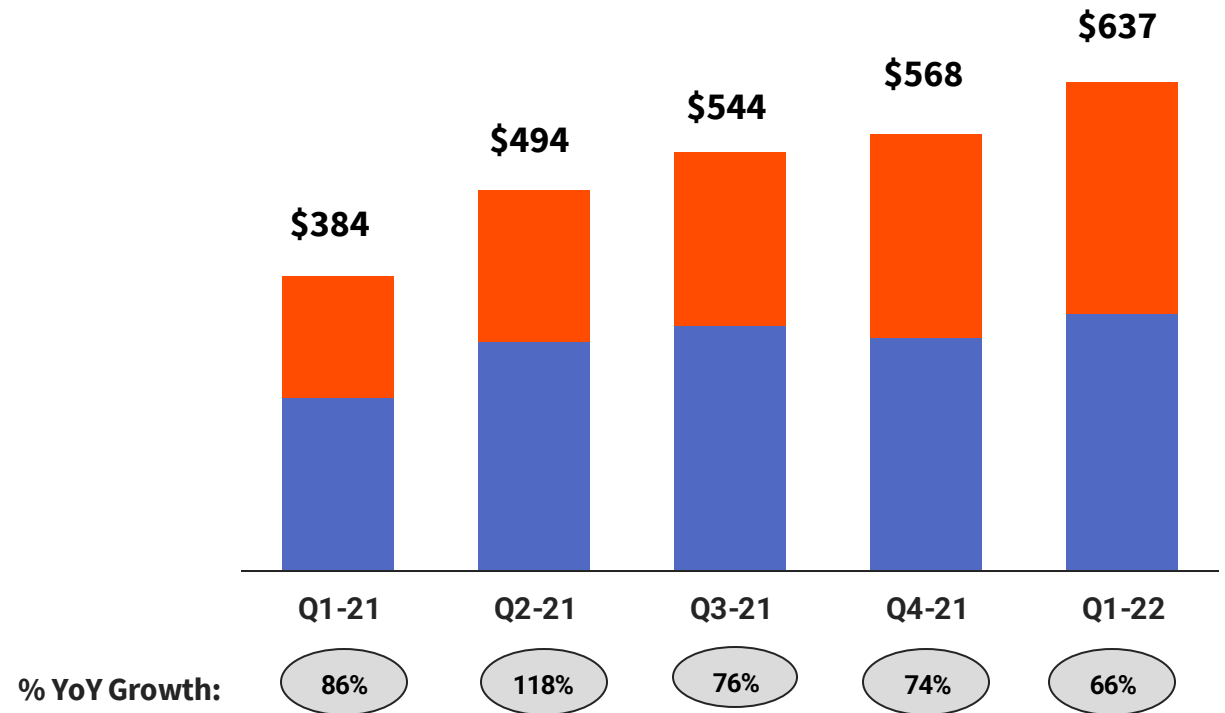
# ARR, our Core Operational Metric, Also Scaling Rapidly

## Components of Annualized Recurring Run-Rate (ARR)



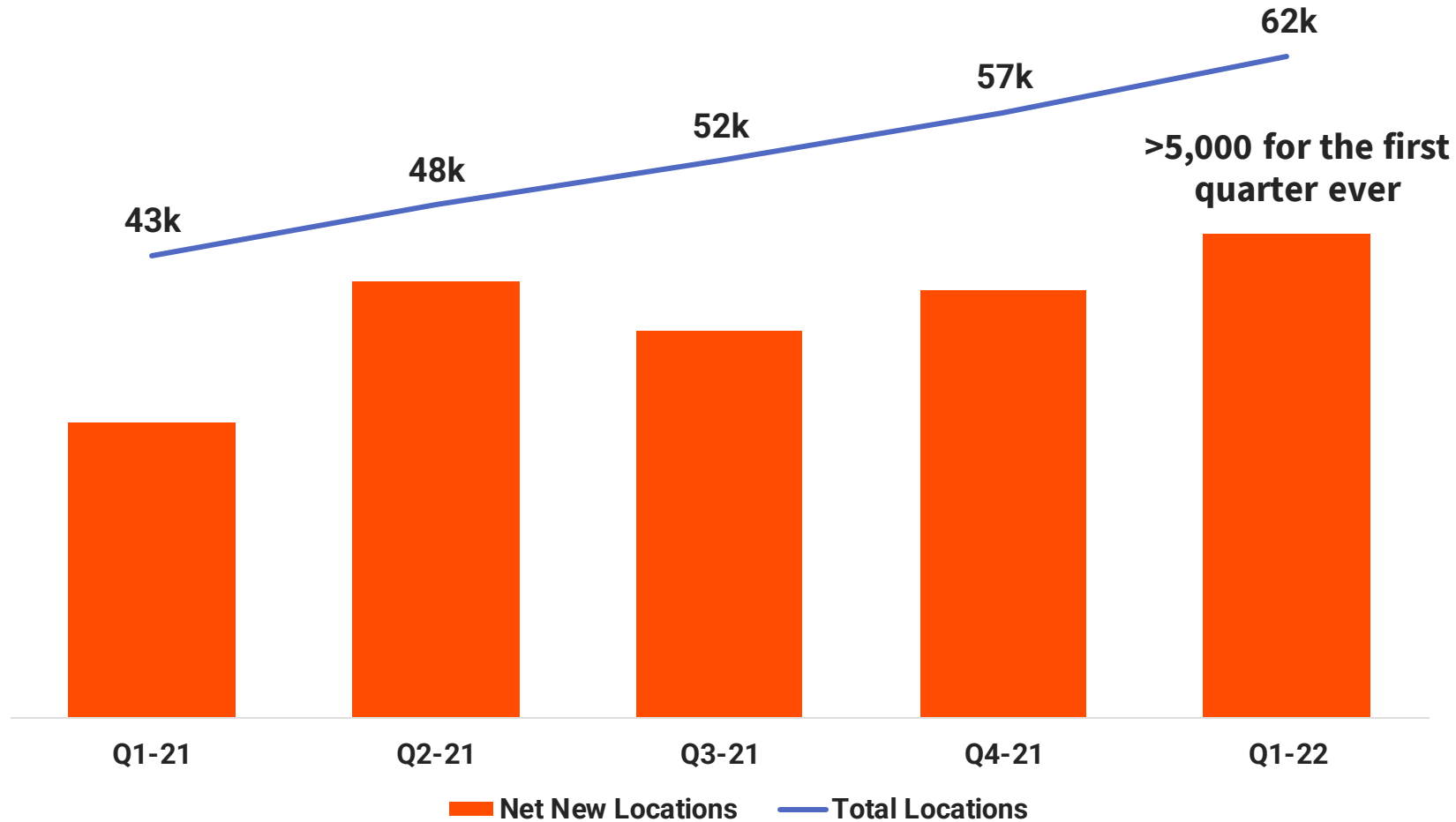
**\$637M**  
as of 3/31/2022

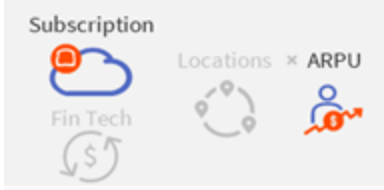
## Annualized Recurring Run-Rate (ARR)(\$M)



Note: % YoY growth may not tie due to rounding. See Appendix for definition of ARR.

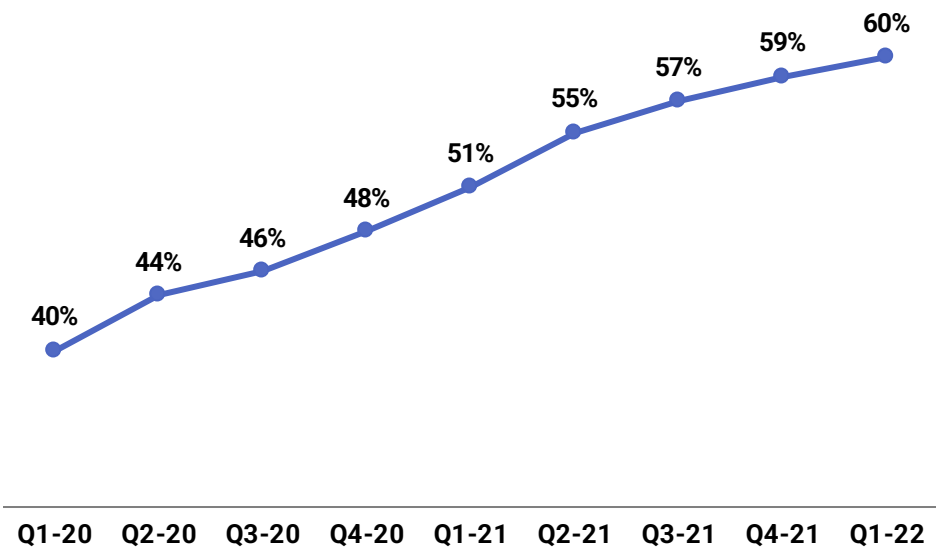
# New Location Adds Accelerate to Quarterly Record



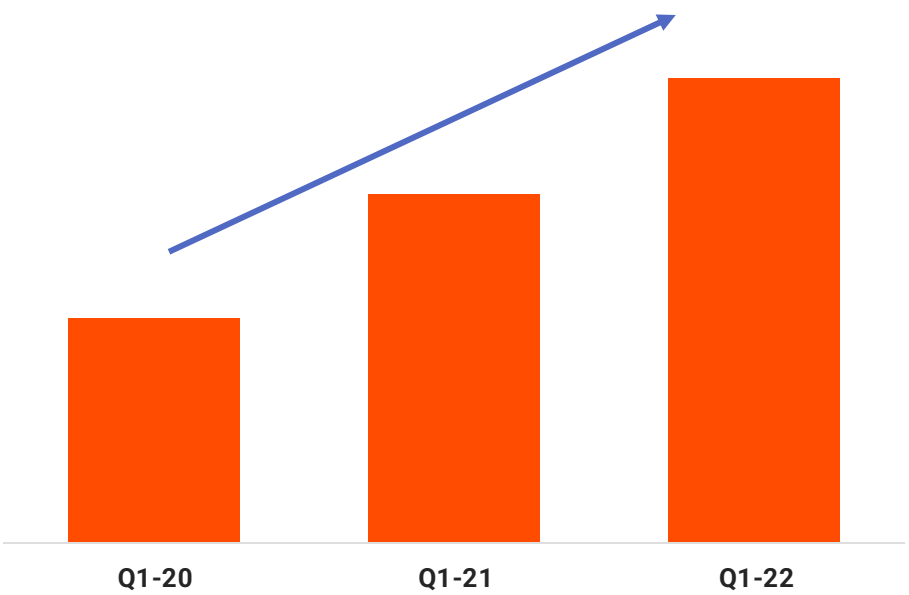


# Strong Subscription ARPU Growth Trajectory

% of Locations Using 4+ Elective Products<sup>1</sup>



Subscription ARPU for Bookings<sup>2</sup> Doubled in Two Years



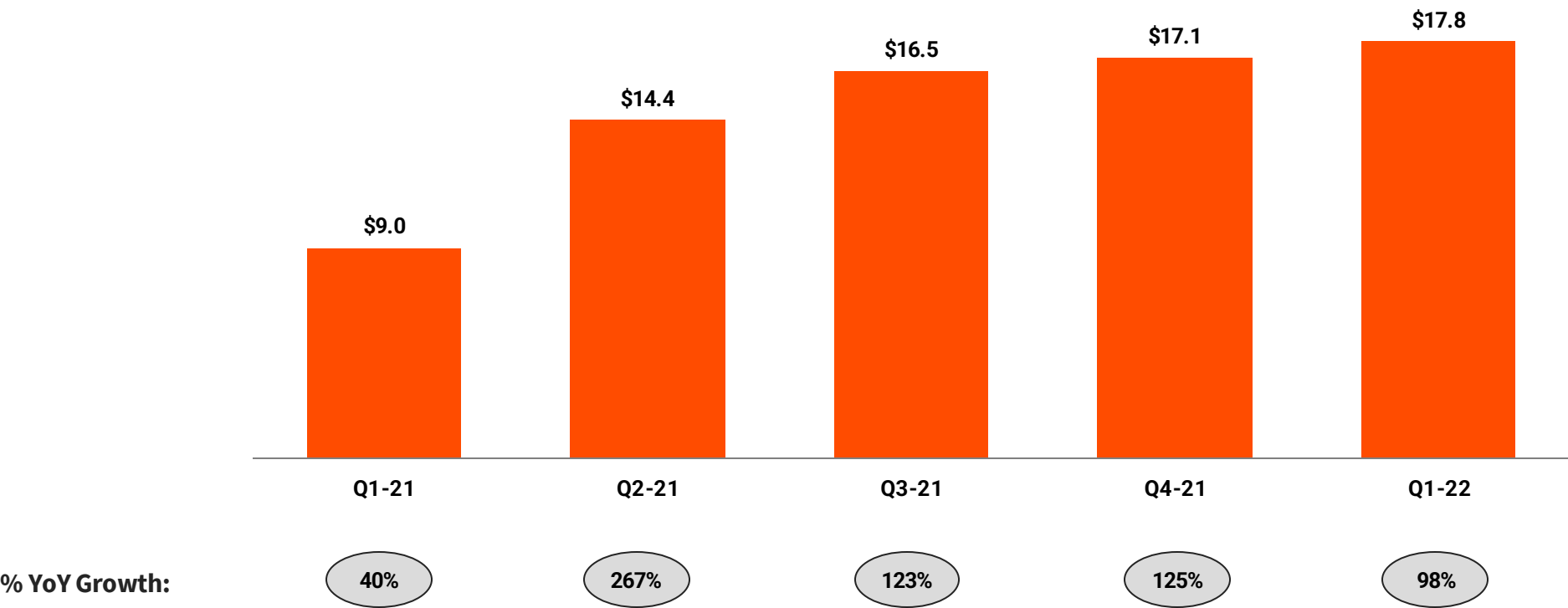
<sup>1</sup>Analysis considers products on top of core POS and payment processing. Does not include the full impact of xtraCHEF, which was acquired in June 2021, and certain other early-stage products. Payroll was included as of Q4-21 analysis and shown retroactively.  
<sup>2</sup>Represents average Subscription Services ARPU for all locations booked in each quarter, respectively.





# GPV Growth Boosted by Strong Customer Performance

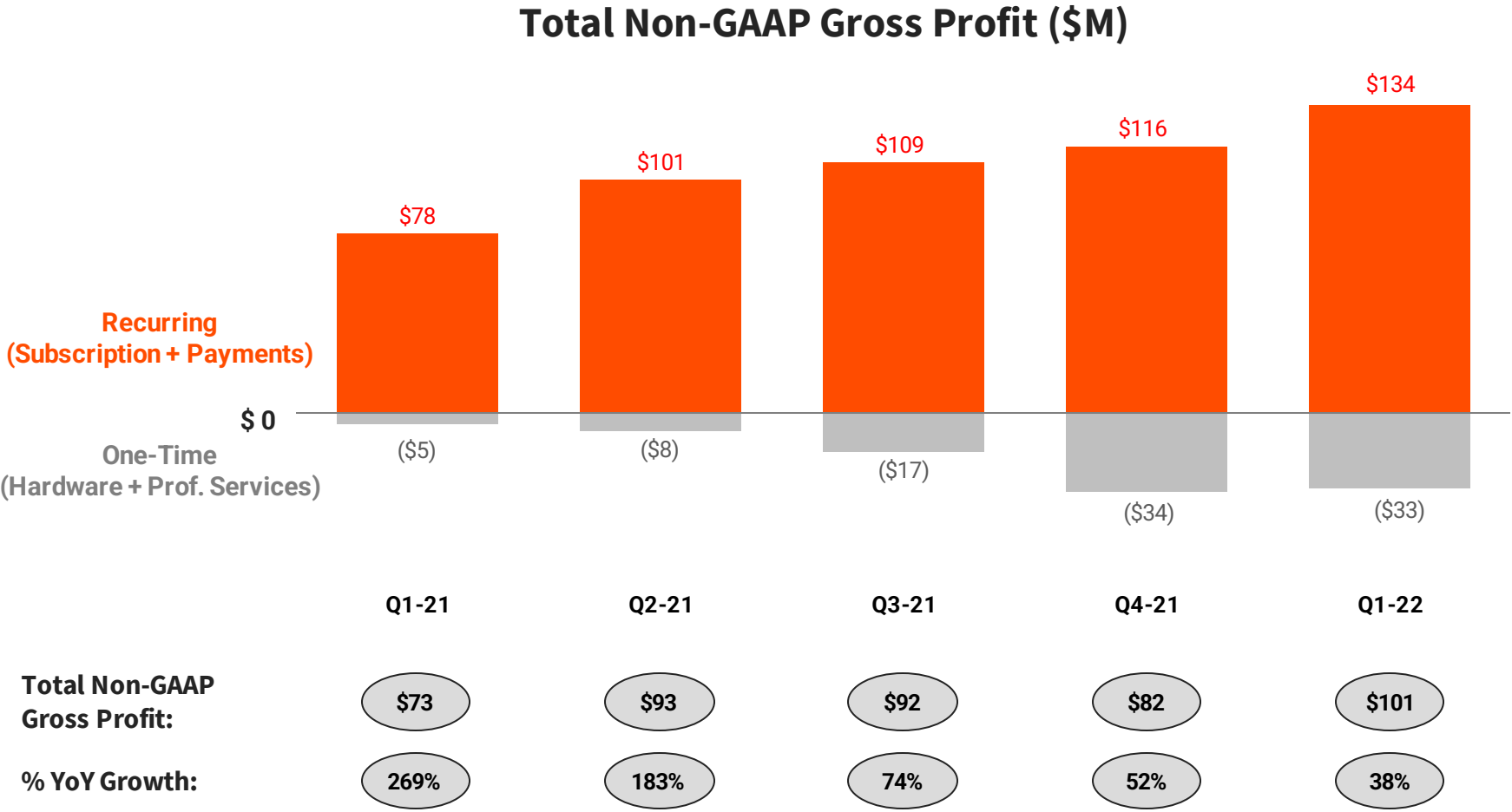
Gross Payment Volume (\$B)



Note: % YoY growth may not tie due to rounding. See Appendix for definition of GPV.



# Rapid Gross Profit Expansion



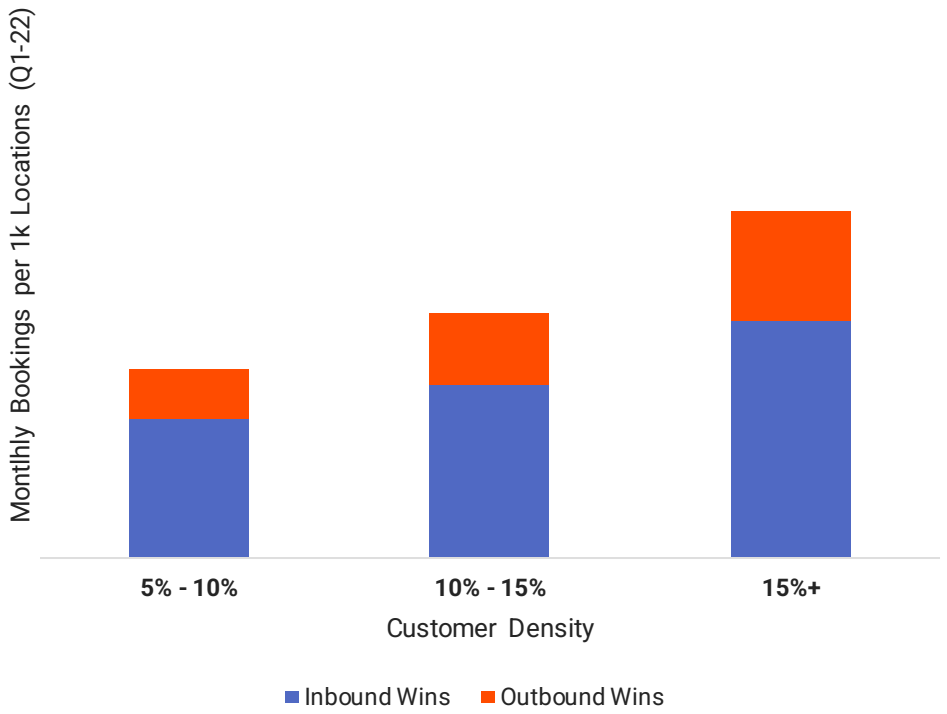
Attractive gross margin from recurring revenue

Note: % YoY growth may not tie due to rounding. Recurring includes subscription services and financial technology solutions gross profit. One-time includes hardware and professional services gross loss. Please refer to the Appendix of this presentation and our Earnings Release for Q1 2022 for reconciliation of Non-GAAP Gross Profit.

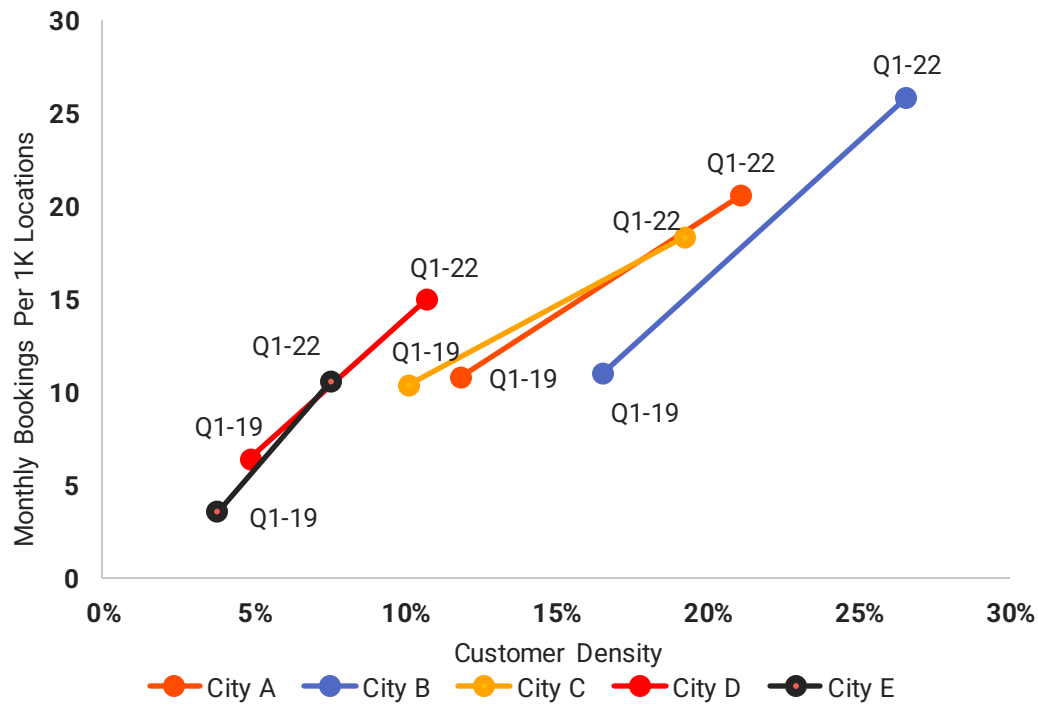


# Highly Efficient GTM Approach With Proven Scalability

**Flywheel Effect:** As penetration in a market increases, inbound bookings accelerate driving higher productivity and efficiency



**Proven Scalability:** Our GTM approach has proven it efficiently scales across markets, contributing to healthy payback periods

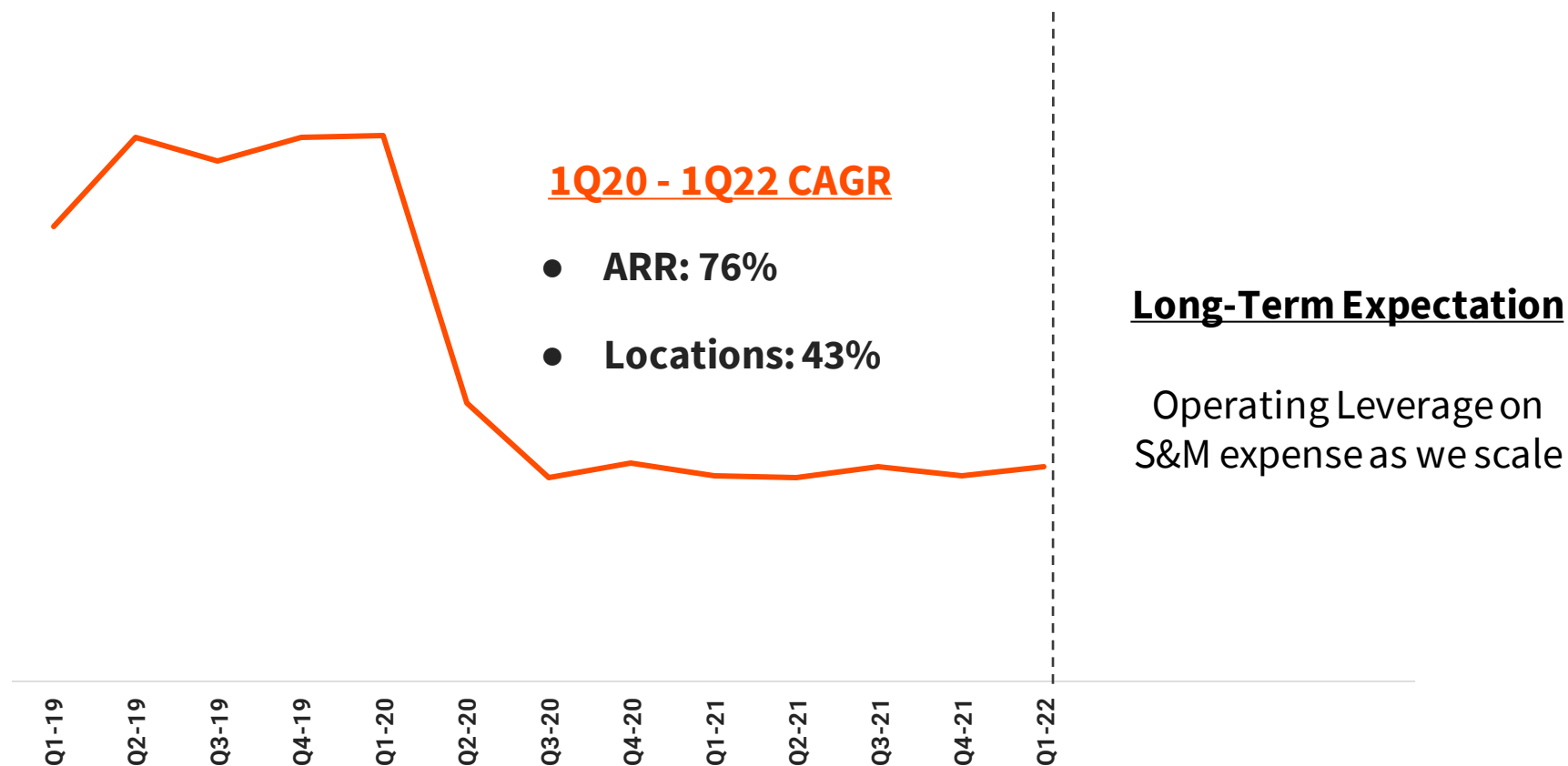


Note: Customer density defined as Toast locations as of the end of Q1 2022 relative to SMB restaurants locations in a defined territory. Monthly Bookings per 1K TAM defined as the monthly average of locations booked during the period. Based on internal data in select cities.



# Maintaining Efficiency While Driving Rapid Growth

Sales and Marketing Expense (Non-GAAP basis) as a % of Recurring Revenue



Note: Recurring revenue includes subscription services revenue plus financial technology solutions gross profit. Please refer to our Earnings Release for Q1 2022 for the definition of Non-GAAP Sales and Marketing Expense.



# Appendix



# Defining Key Terms

## Gross Payment Volume (GPV)

- Sum of total dollars processed through the Toast payments platform across all restaurant locations in a given period

## Annualized Recurring Run-Rate (ARR)

- Sum of twelve times the subscription component of MRR and four times the trailing-three-month cumulative payments component of MRR

## Adjusted EBITDA

Net income (loss), adjusted to exclude the following items, as applicable:

- Stock-based compensation expense and related payroll tax expense
- Depreciation and amortization expense
- Interest income and interest expense
- Other income (expense) net
- Acquisition expenses
- Fair value adjustments on warrant and derivative liabilities
- Expenses related to COVID-19 pandemic initiatives resulting from a reduction of workforce in 2020 and early termination of leases
- Loss on debt extinguishment
- Charitable contribution stock-based expense
- Income taxes

## Free Cash Flow

- Calculated as net cash used in operating activities reduced by purchases of property and equipment and capitalization of internal-use software costs

# Quarterly Gross Profit GAAP to Non-GAAP Reconciliation

| \$M  | 3 Months Ended |             |             |             |              |
|--|----------------|-------------|-------------|-------------|--------------|
|  | Mar-2021       | Jun-2021    | Sep-2021    | Dec-2021    | Mar-2022     |
| Gross Profit   | \$69           | \$89        | \$83        | \$73        | \$89         |
| Stock-based compensation expense and related payroll tax | 1              | 1           | 5           | 6           | 8            |
| Depreciation and amortization                            | 3              | 3           | 4           | 3           | 4            |
| <b>Non-GAAP gross profit</b>                             | <b>\$73</b>    | <b>\$93</b> | <b>\$92</b> | <b>\$82</b> | <b>\$101</b> |

Note: Numbers may not tie due to rounding.



# Quarterly Adj. EBITDA GAAP to Non-GAAP Reconciliation

| \$M  | 3 Months Ended |             |               |               |               |
|--|----------------|-------------|---------------|---------------|---------------|
|  | Mar-2021       | Jun-2021    | Sep-2021      | Dec-2021      | Mar-2022      |
| Net Income (Loss)  | \$(99)         | \$(135)     | \$(254)       | \$2           | \$(23)        |
| Stock-based compensation expense and related payroll tax | 5              | 56          | 36            | 46            | 53            |
| Depreciation and amortization                            | 4              | 5           | 7             | 5             | 6             |
| Interest income  | -              | -           | 1             | -             | -             |
| Interest expense   | 6              | 6           | -             | -             | -             |
| Other (income) expense, net                              | -              | -           | -             | -             | -             |
| Acquisition expenses                                     | -              | 1           | -             | -             | -             |
| Change in fair value of warrant liability                | 12             | 5           | 198           | (118)         | (79)          |
| Change in fair value of derivative liability             | 76             | 27          | -             | -             | -             |
| Termination of leases                                    | -              | -           | 1             | -             | (2)           |
| Loss on debt extinguishment                              | -              | 50          | -             | -             | -             |
| Charitable contribution of common stock                  | -              | -           | -             | 19            | -             |
| Provision (benefit) for income taxes                     | -              | (4)         | -             | 1             | -             |
| <b>Adjusted EBITDA</b>                                   | <b>\$4</b>     | <b>\$11</b> | <b>\$(11)</b> | <b>\$(45)</b> | <b>\$(45)</b> |

Note: Numbers may not tie due to rounding.

# Quarterly Free Cash Flow GAAP to Non-GAAP Reconciliation

| \$M   | 3 Months Ended |             |               |               |               |
|---|----------------|-------------|---------------|---------------|---------------|
|   | Mar-2021       | Jun-2021    | Sep-2021      | Dec-2021      | Mar-2022      |
| Net cash (used in) provided by operating activities | \$(5)          | \$57        | \$(17)        | \$(32)        | \$(47)        |
| Purchase of property and equipment                  | (6)            | (2)         | (2)           | (1)           | (2)           |
| Capitalized software                                | (2)            | (2)         | (2)           | (1)           | (1)           |
| <b>Free cash flow</b>                               | <b>\$(13)</b>  | <b>\$53</b> | <b>\$(21)</b> | <b>\$(34)</b> | <b>\$(50)</b> |

Note: Numbers may not tie due to rounding.