



## Second Quarter 2022 Financial Results





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## 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.

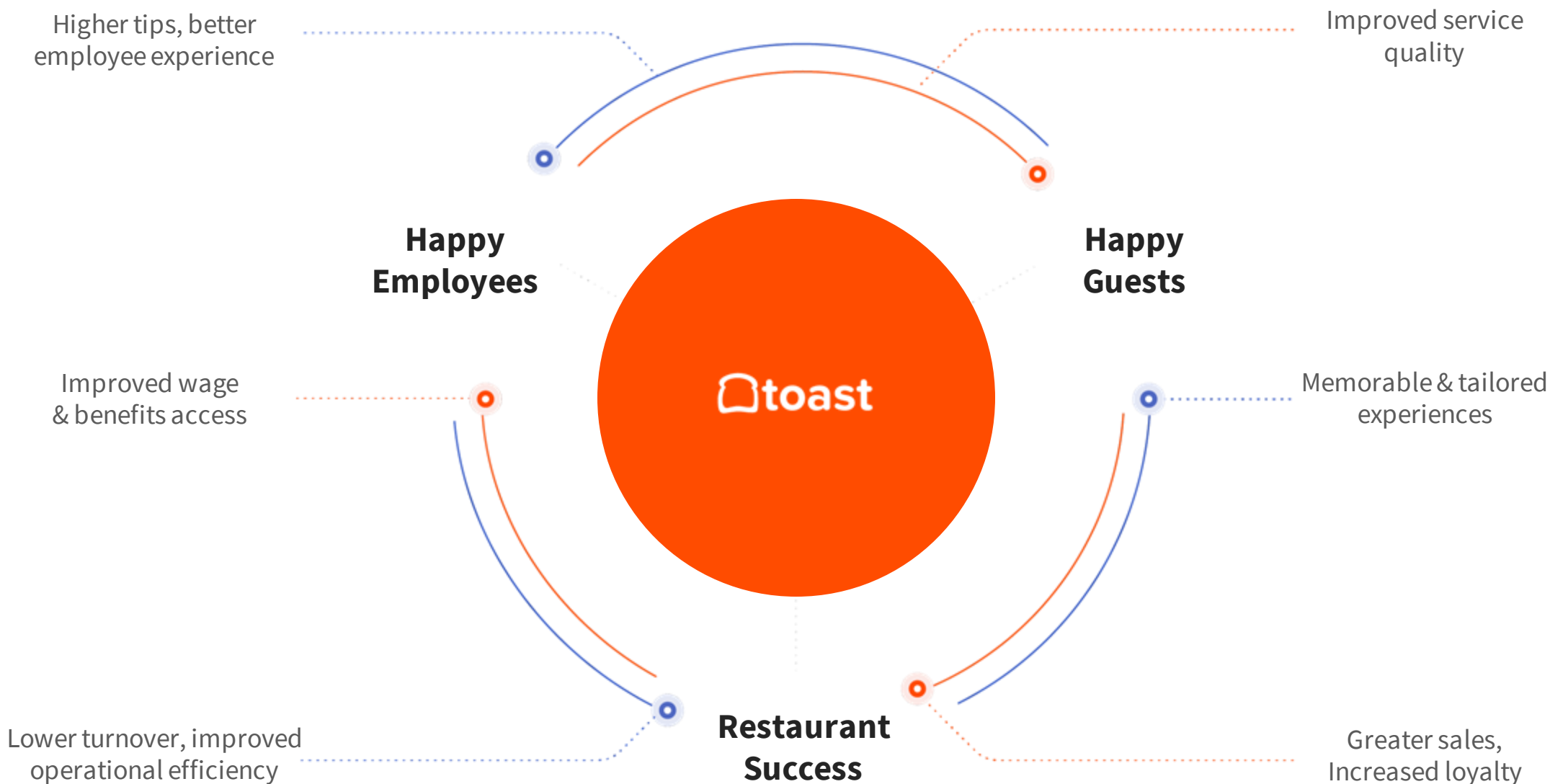
<sup>3</sup> National Restaurant Association, 2022 State of the Restaurant Industry, February 2022.

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

Toast Payroll  
**Scheduling (Sling by Toast)**  
Tips Manager  
Toast Pay Card & PayOut  
Partner-Enabled Products  
(Insurance & Benefits)



#### Fintech Products

Toast Capital  
Customer Financing



#### Restaurant Operations

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



#### Marketing & Loyalty

Email Marketing  
Gift Cards  
Loyalty



#### Platform & Insights

Reporting & Analytics  
Toast Partner Connect & APIs



# Acquisition of Sling Strengthens Our Team Management Product Suite

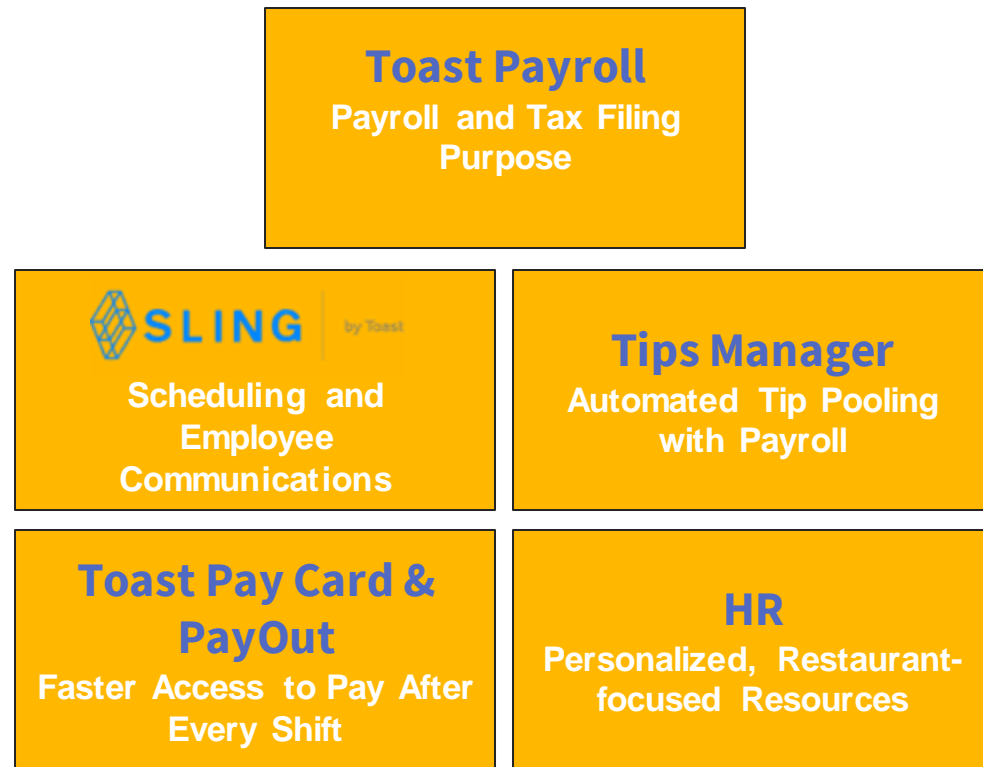
## Scheduling adds a high engagement product to complement our Team Management suite...

- Deepen relationship with restaurant employees with a high engagement product used ~4x per day<sup>1</sup>
- Drives optimal staffing
- More efficiently build schedules and manage labor

## ...and will help drive our business objectives

- Increase payroll adoption and contribute to win rates
- Deliver a more complete team management suite of products
- Adds a direct touchpoint with restaurant employees

## Team Management Suite



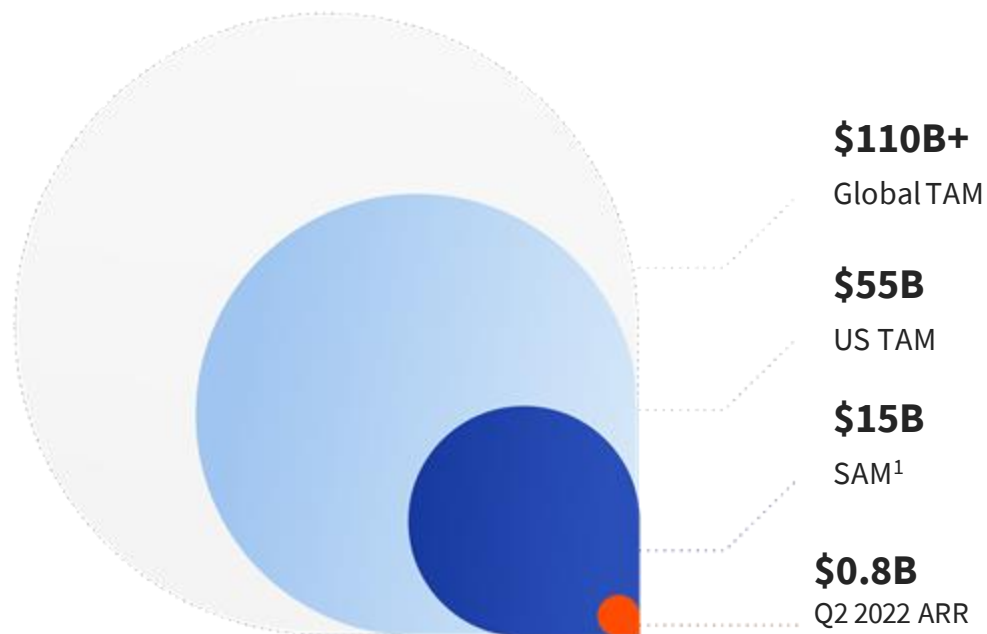
<sup>1</sup>Based on historical Sling internal data between April and July 2022. Measured by the average number of times per day that a restaurant employee user opens the Sling application.

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# 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 those booked through organic, paid, field and referral channels, as of LTM (Last Twelve Months) Q2-22.

# Second Quarter Financial Results





# Integrated Software and Payments Model

## Recurring

Subscription Services



Financial Technology  
Solutions



## One-Time

Hardware



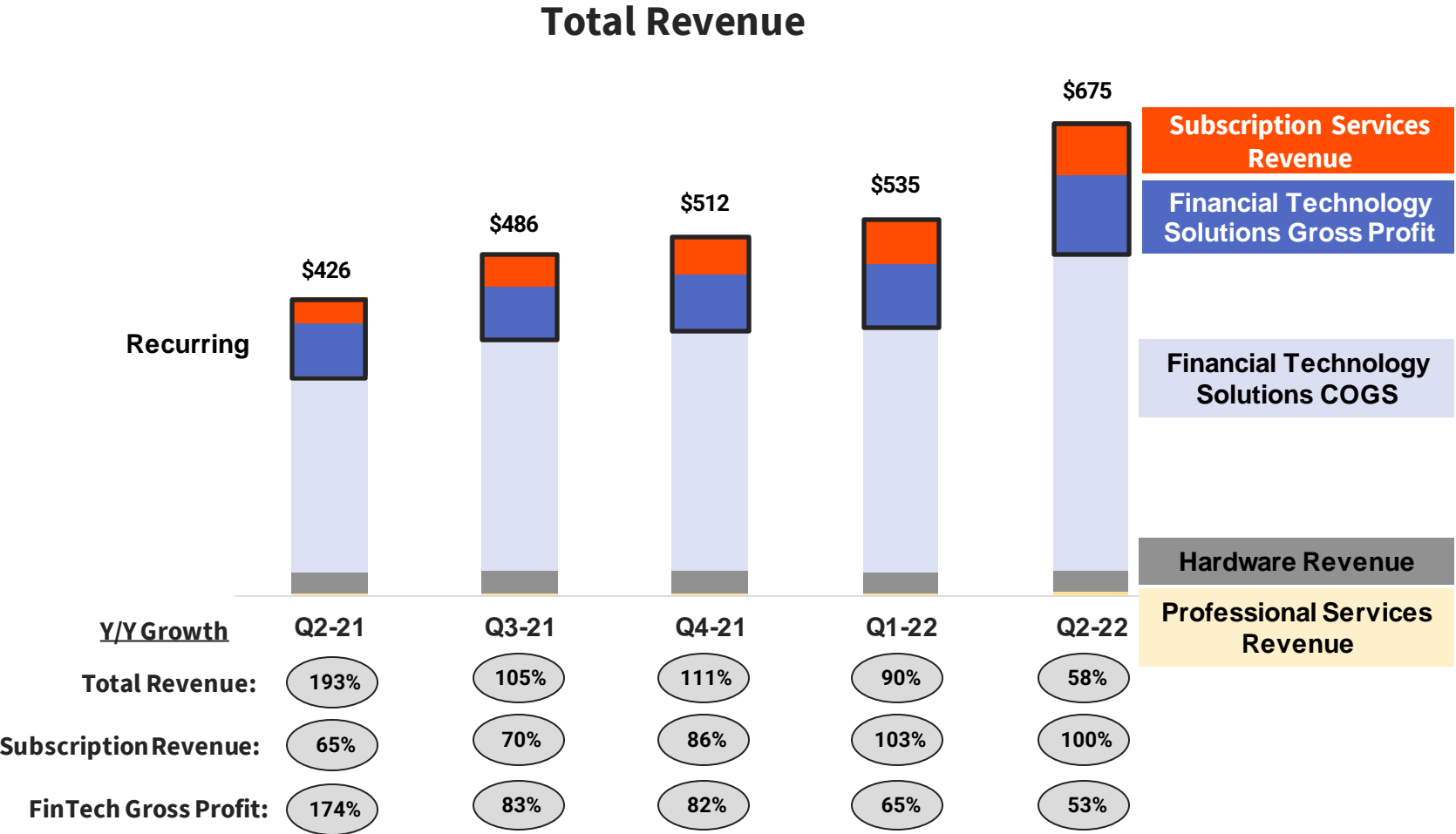
Professional Services





# Rapid and Sustainable Growth at Scale

(\$M)



## Annualized Recurring Run-Rate (ARR)



Subscription ARR



Payments ARR

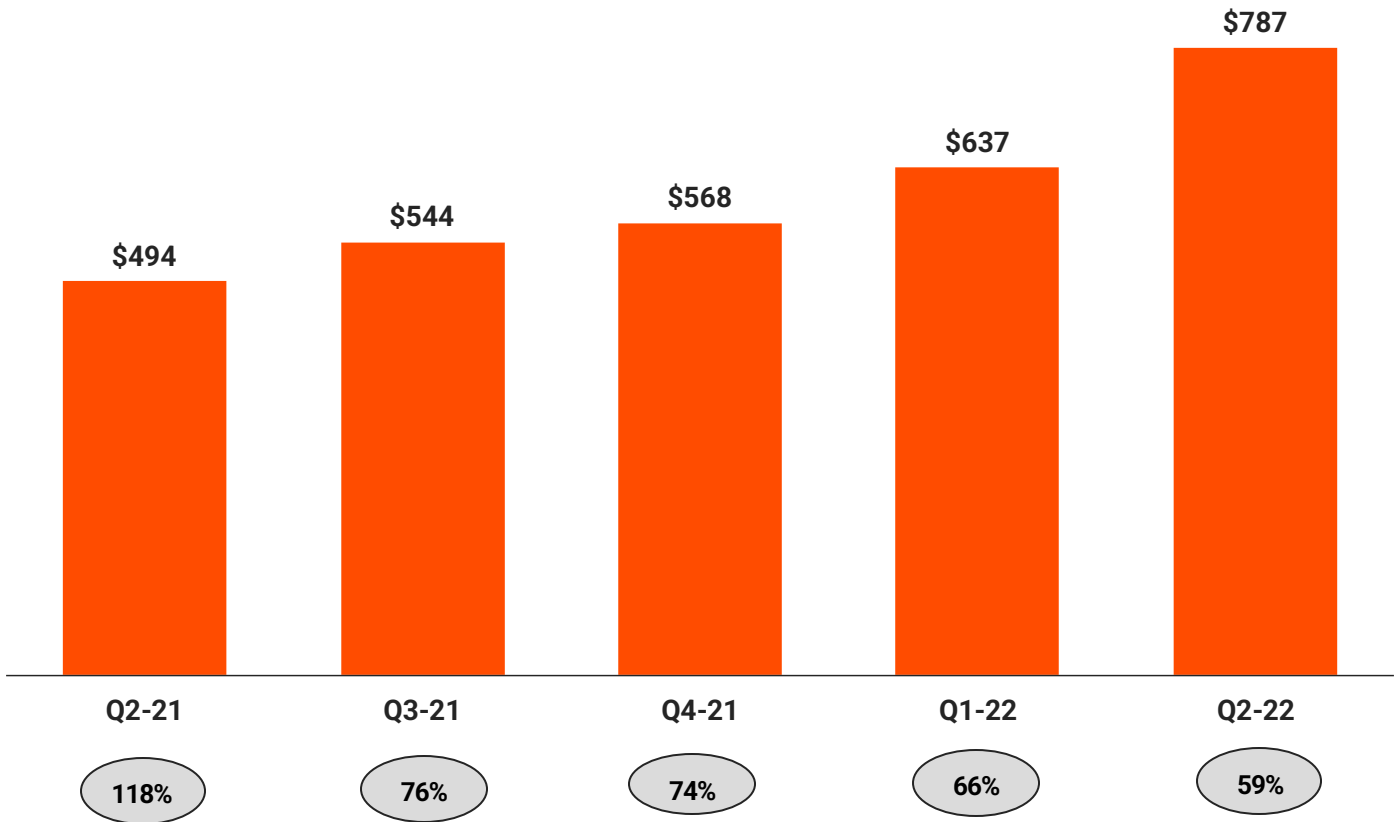
**\$787M**  
as of 6/30/2022

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



# ARR, our Core Operational Metric, Also Scaling Rapidly

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

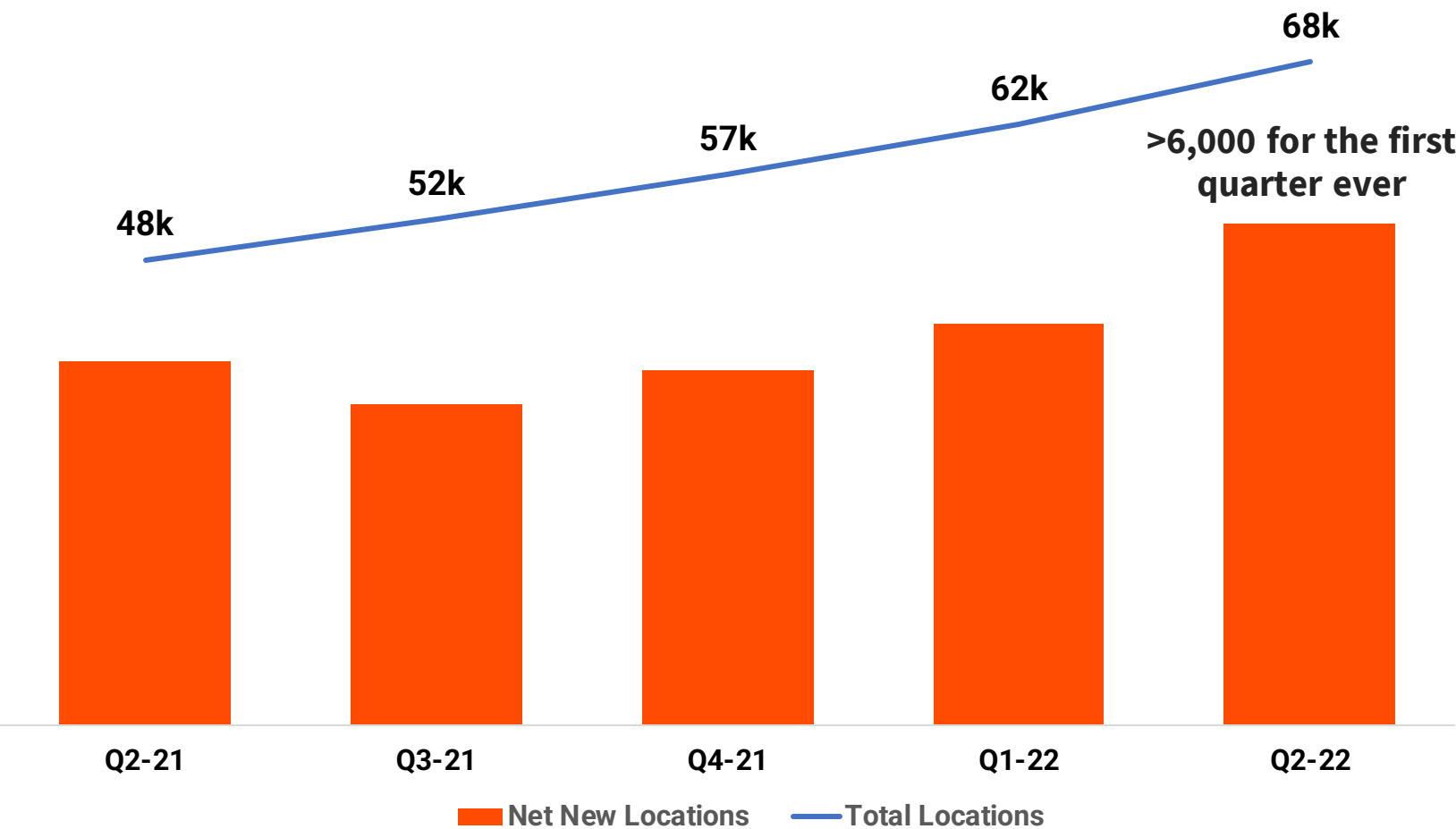


% YoY Growth:

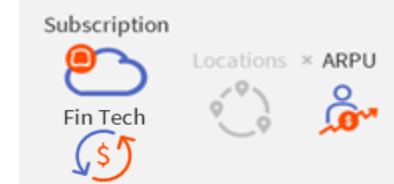
Note: % YoY growth may not tie due to rounding. See Appendix for definition of ARR.



# New Location Adds Accelerate to Another Quarterly Record

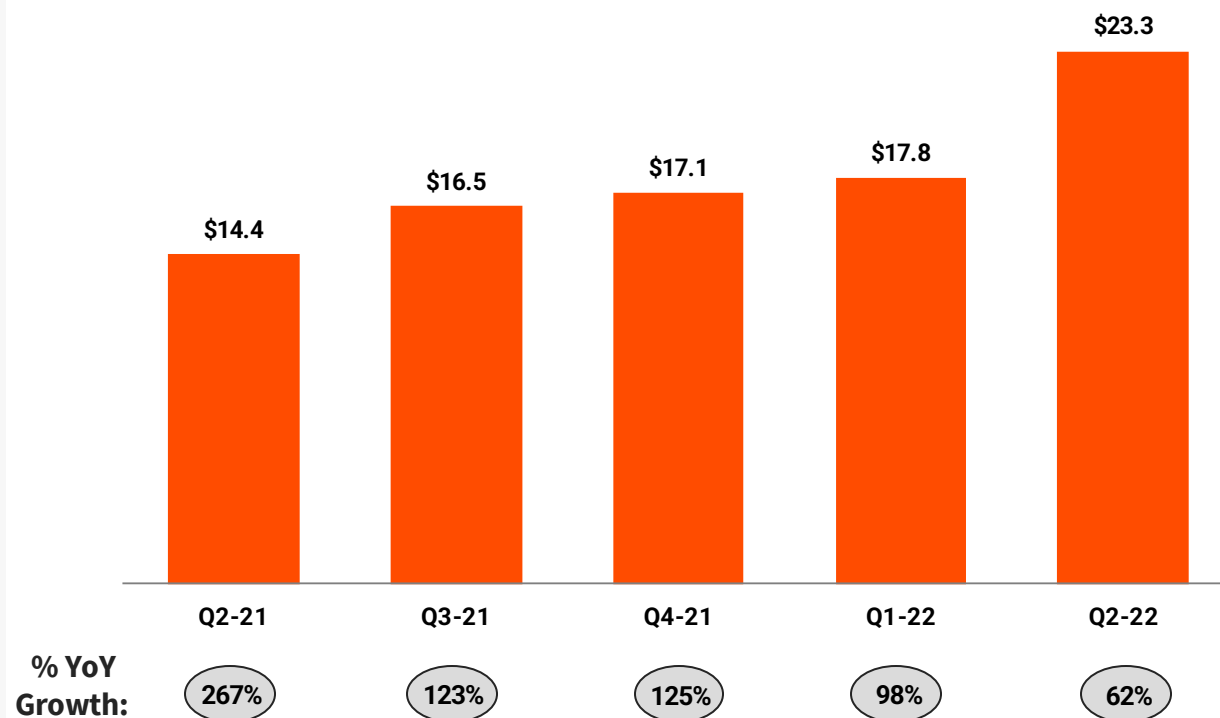




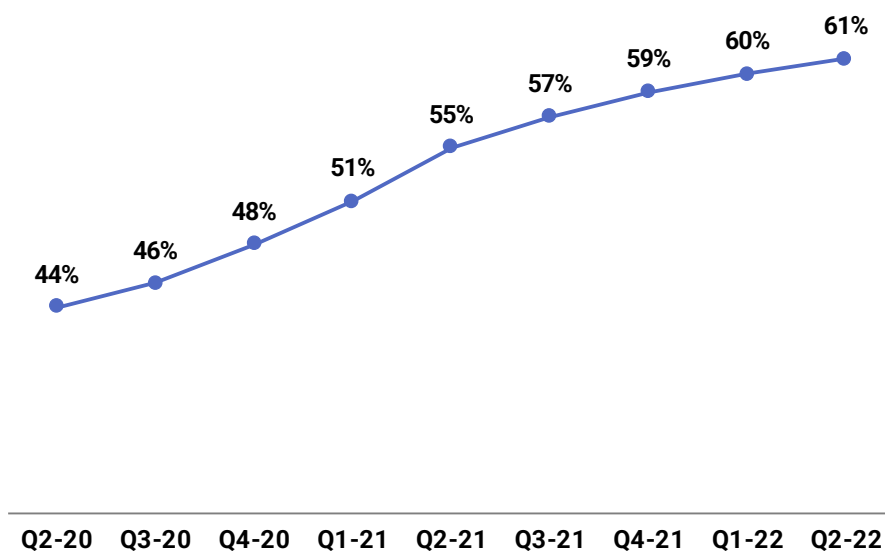


# Strong GPV and Subscription ARPU Growth

Gross Payment Volume (\$B)



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

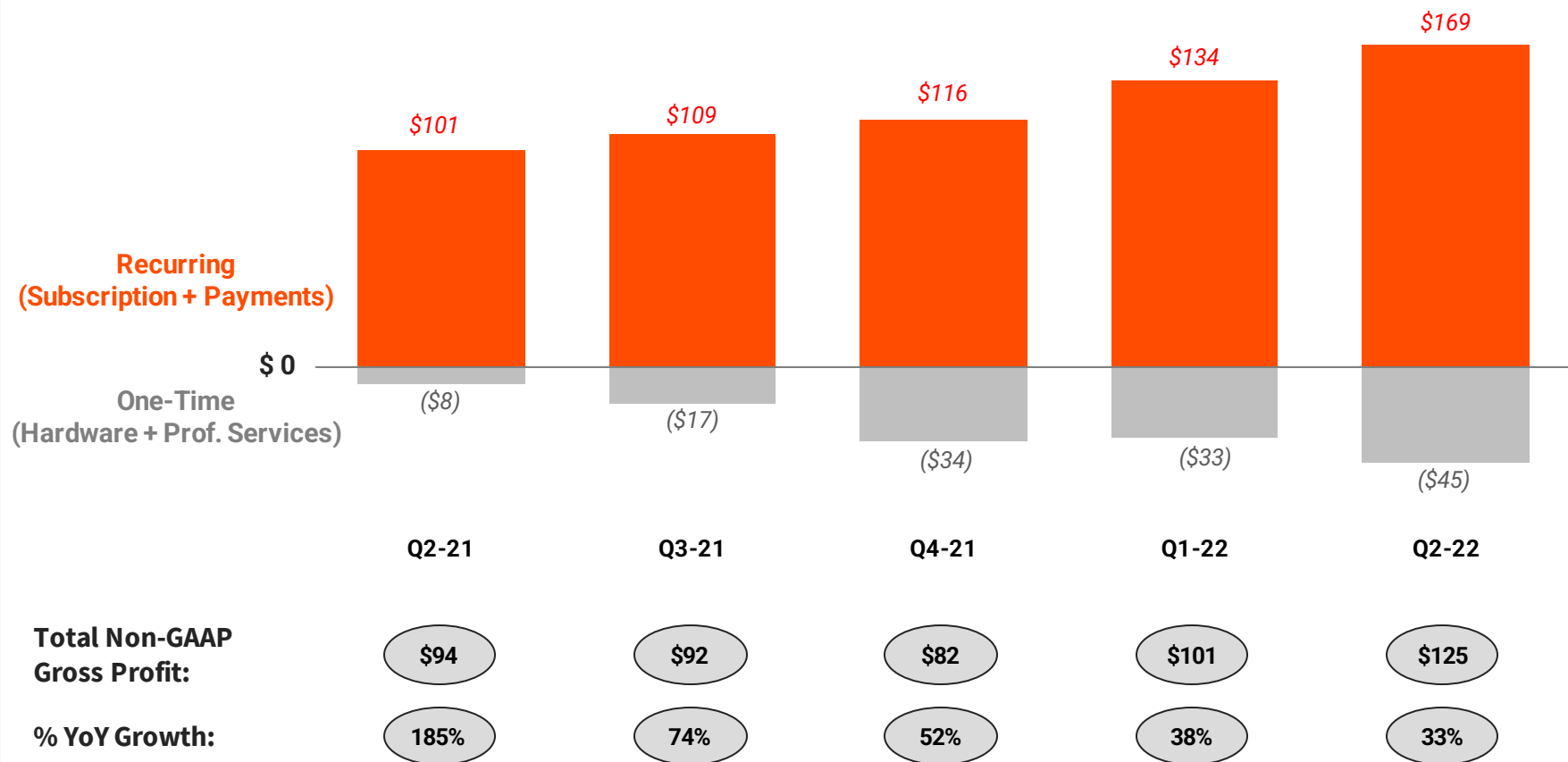


<sup>1</sup> Analysis considers products attached on top of core POS and payment processing. Does not include the full impact of Sling (acquired July 22), xtraCHEF (acquired June 21), and certain other early stage products.



# Rapid Gross Profit Expansion

Total Non-GAAP Gross Profit (\$M)



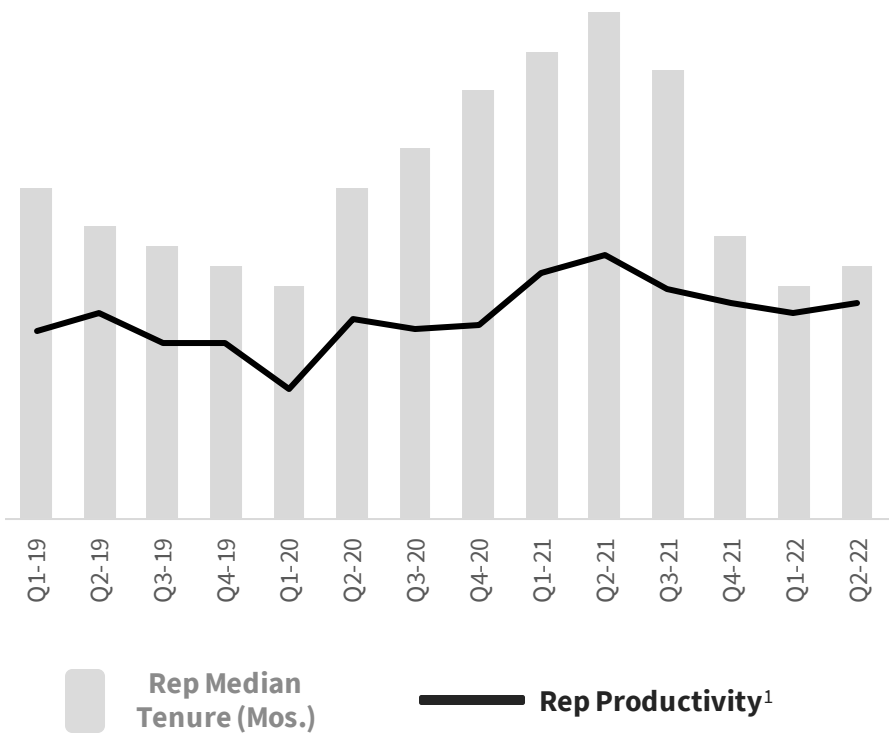
Attractive gross margin from recurring revenue

Note: % YoY growth may not tie due to rounding. Recurring includes subscription services revenue 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 Q2 2022 for reconciliation of Non-GAAP Gross Profit.

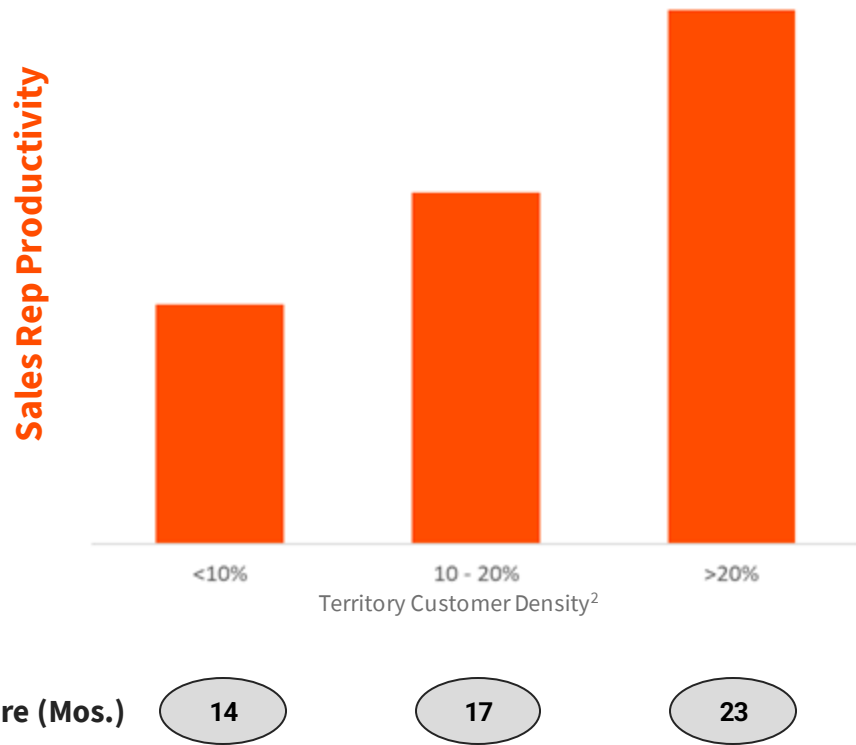


# Positioned to Increase S&M Efficiency Following Recent Investments

**Investment in Sales Team Takes Time to Scale:** Tenure and productivity are correlated, and both positioned to increase going forward with our sales team scaled up and set to grow at steady-state rate going forward.



**Investing to Build More Flywheel Markets:** Efficiency and productivity in less developed territories improves over time as market penetration increases.

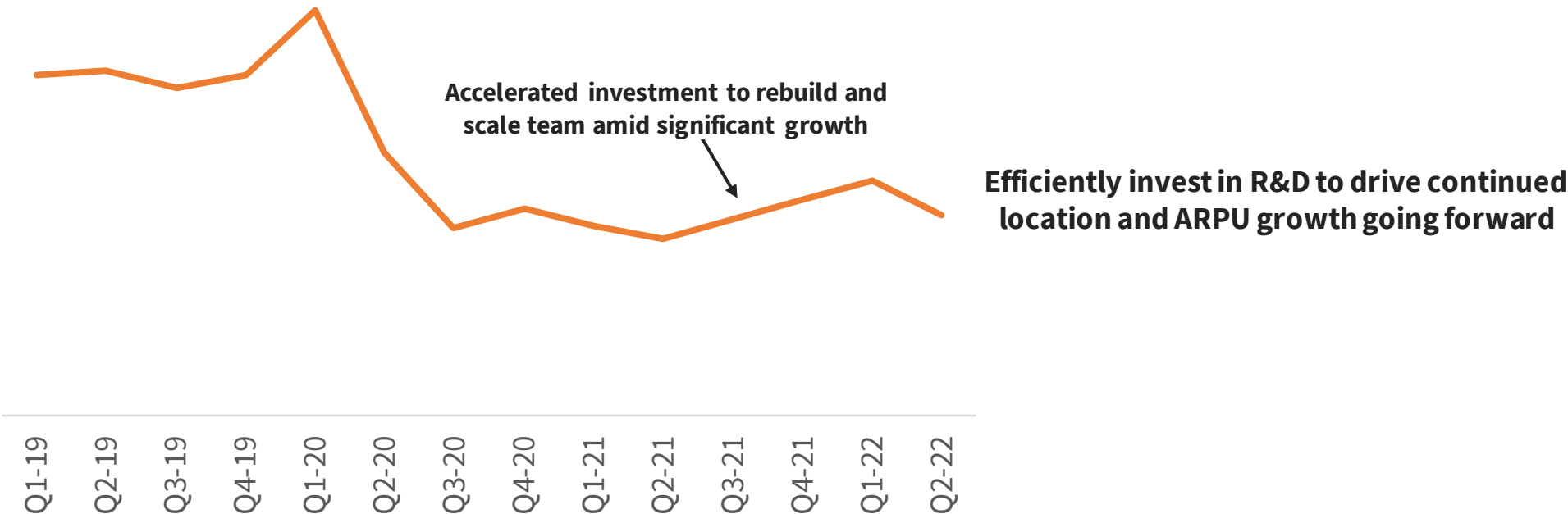


<sup>1</sup>Sales Rep Productivity represents the average number of locations booked per ramped ('quota-carrying') rep per month.  
<sup>2</sup>Territory Customer Density defined as Toast locations as of the end of Q2 2022 relative to SMB restaurant locations in a defined territory.



# R&D Investments Position Team to Support Continued Scale and Growth

Research & Development Expense (Non-GAAP basis) as a % of Recurring Revenue



**2Q20 vs. 2Q22**

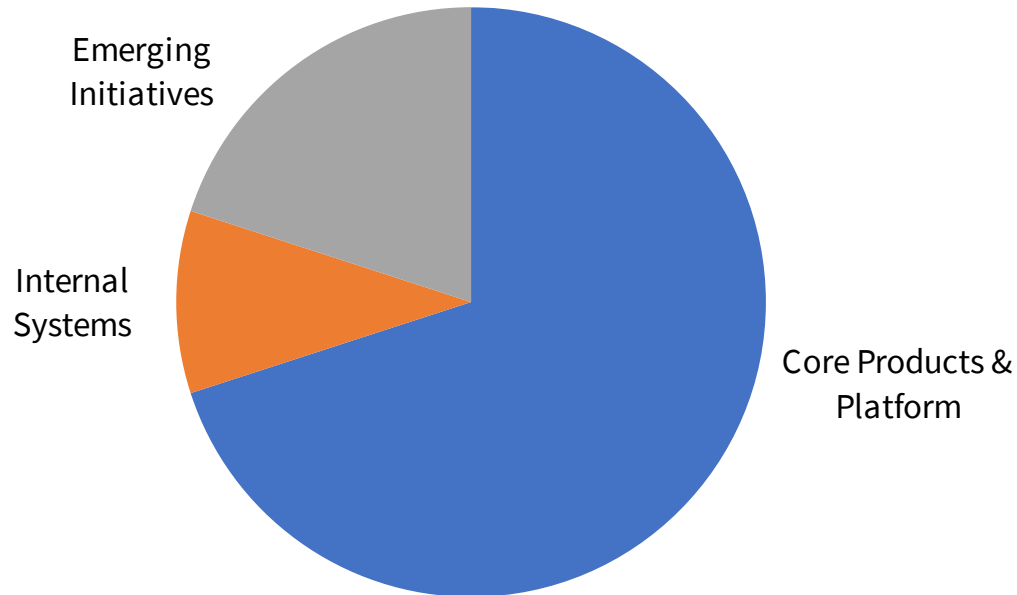
- **SaaS and Total ARR: >200%**
- **Locations: >100%**

Note: Recurring revenue includes subscription services revenue plus financial technology solutions gross profit. Please refer to our Earnings Release for Q2 2022 for the definition of Non-GAAP Research and Development Expense.



# Balanced R&D Investment Prioritizing Scale and Durable Growth

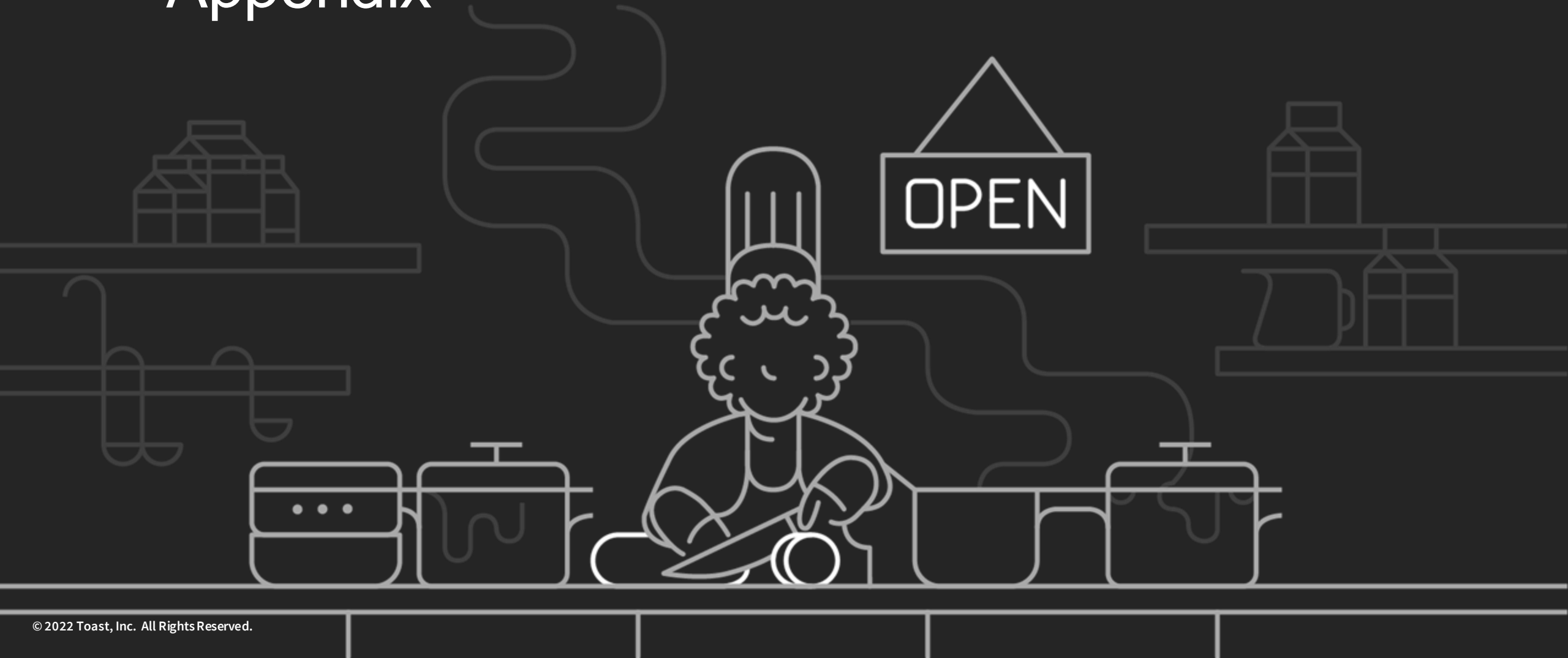
**Breakdown of 1H22 Research & Development Expense  
(Non-GAAP basis)**



## R&D Investment Framework

- **Core Products & Platform** (Majority of ARR)
  - New and existing products in the fintech and core restaurant operations areas, including products targeted for guests
  - Platform scale and stability, and platform services such as reporting and analytics
- **Emerging Areas** (Each represent less than 5% of ARR)
  - Products with initial traction that have meaningful near-term growth potential (Example: Team Management & Payroll)
  - Products and offerings to expand our ARPU and location growth potential over medium-term (Example: International expansion)
- **Internal Systems**
  - Internal IT systems to support business

# 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 (expense), net
- Other income (expense), net
- Acquisition-related expenses
- Fair value adjustments on warrant and derivative liabilities
- Expenses related to early termination of leases
- Loss on debt extinguishment
- Charitable contribution stock-based expense
- Income taxes

## Free Cash Flow

- Calculated as net cash provided by (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				
	Jun-2021	Sep-2021	Dec-2021	Mar-2022	Jun-2022
Gross Profit	\$89	\$83	\$73	\$89	\$113
Stock-based compensation expense and related payroll tax	1	5	6	8	8
Depreciation and amortization	4	4	3	4	4
<b>Non-GAAP gross profit</b>	<b>\$94</b>	<b>\$92</b>	<b>\$82</b>	<b>\$101</b>	<b>\$125</b>

Note: Numbers may not tie due to rounding.





# Quarterly Adj. EBITDA GAAP to Non-GAAP Reconciliation

\$M	3 Months Ended				
	Jun-2021	Sep-2021	Dec-2021	Mar-2022	Jun-2022
Net (loss) income	\$(135)	\$(254)	\$2	\$(23)	\$(54)
Stock-based compensation expense and related payroll tax	56	36	46	53	59
Depreciation and amortization	5	7	5	6	6
Interest income / expense	6	1	-	-	(1)
Other (income) expense, net	-	-	-	-	-
Acquisition-related expenses	1	-	-	-	1
Change in fair value of warrant liability	5	198	(118)	(79)	(44)
Change in fair value of derivative liability	27	-	-	-	-
Termination of leases	-	1	-	(2)	-
Loss on debt extinguishment	50	-	-	-	-
Charitable contribution stock-based expense	-	-	19	-	-
Income tax benefit	(4)	-	1	-	-
<b>Adjusted EBITDA</b>	<b>\$11</b>	<b>\$(11)</b>	<b>\$(45)</b>	<b>\$(45)</b>	<b>\$(33)</b>

Note: Numbers may not tie due to rounding.



# Quarterly Free Cash Flow GAAP to Non-GAAP Reconciliation

\$M	3 Months Ended				
	Jun-2021	Sep-2021	Dec-2021	Mar-2022	Jun-2022
Net cash provided by (used in) operating activities	\$57	\$(17)	\$(32)	\$(47)	\$(21)
Purchases of property and equipment	(2)	(2)	(1)	(2)	(5)
Capitalized software	(2)	(2)	(1)	(1)	(4)
<b>Free cash flow</b>	<b>\$53</b>	<b>\$(21)</b>	<b>\$(34)</b>	<b>\$(50)</b>	<b>\$(30)</b>

Note: Numbers may not tie due to rounding.