



Third Quarter 2022 Financial Results





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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 Q3 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 US¹

22M

Locations Globally²

~\$800B

Annual U.S. Sales in 2021
(~3% of GDP)³

11M+

Employees in the US⁴

¹ IBISWorld.

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

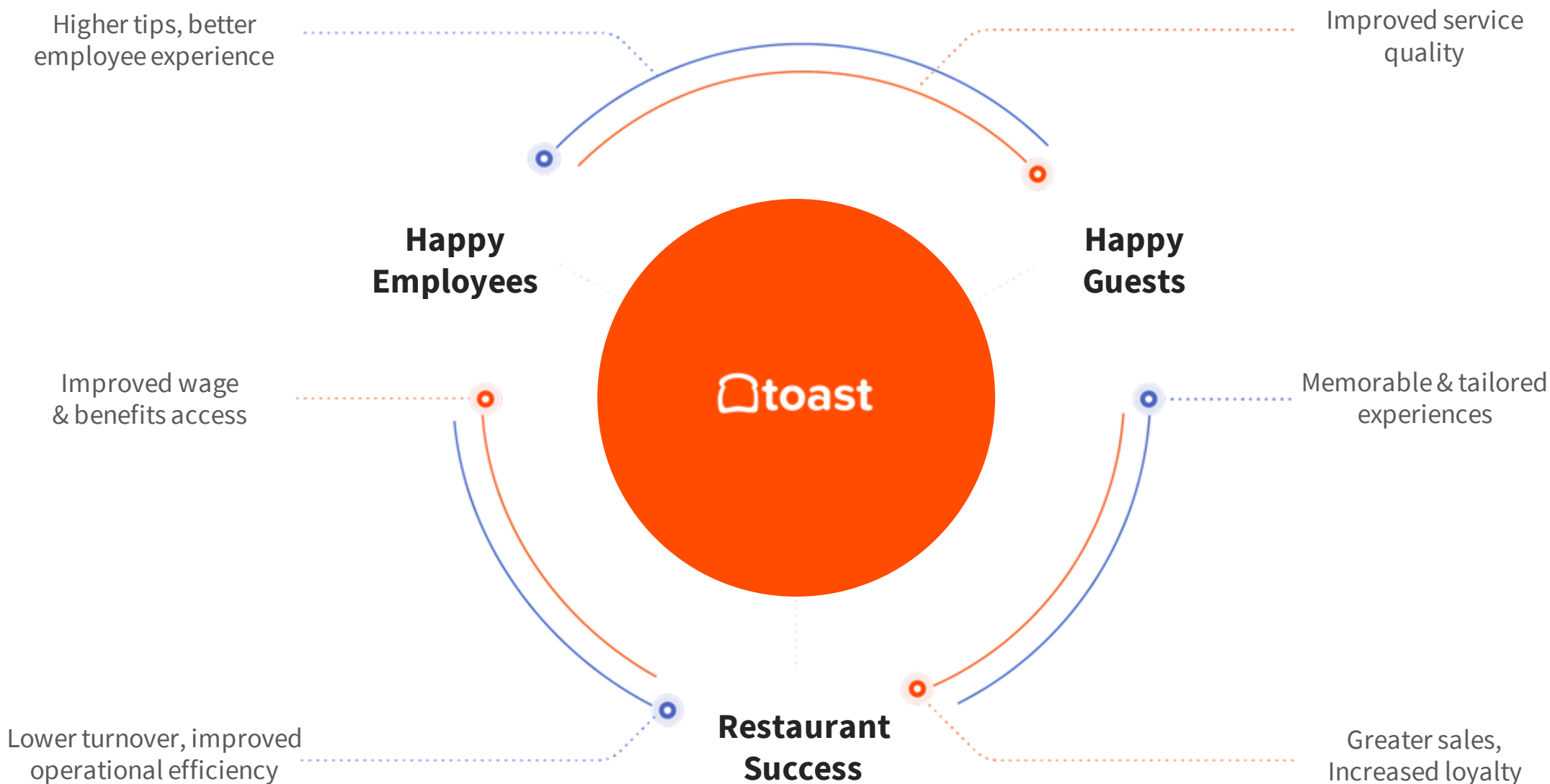
³ National Restaurant Association, 2022 State of the Restaurant Industry, February 2022.

⁴ U.S. Bureau of Labor Statistics, Industries at a Glance, Food Services and Drinking Places, Workforce Statistics, September 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
Invoicing



Marketing & Loyalty

Email Marketing
Gift Cards
Loyalty



Platform & Insights

Reporting & Analytics
Toast Partner Connect & APIs

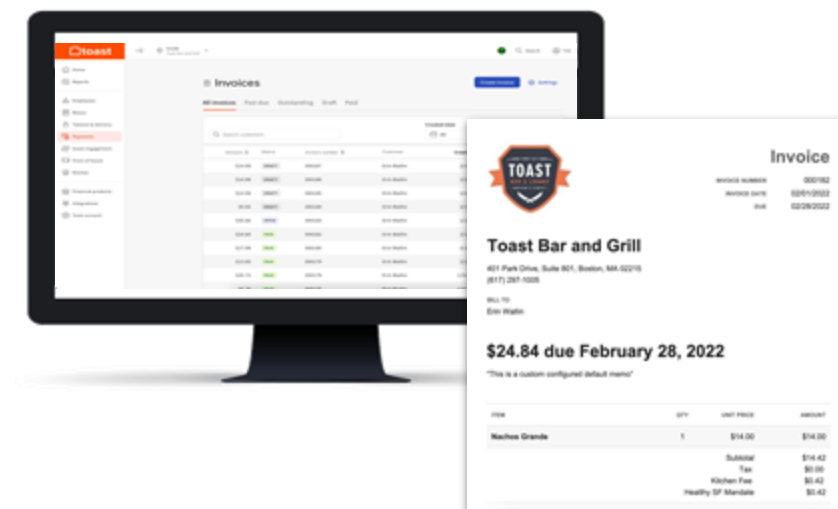
Enabling More Service Models For Restaurants With Toast Invoicing

Invoicing allows restaurants to streamline operations and simplify payments of all types of orders and events...

- Streamlines catering and wholesale with integrated order and payment tracking
- Allows restaurants to easily manage invoices for all types of orders through one integrated platform
- Simplifies payments

...and will help drive our business objectives

- Improving our ability to serve hybrid restaurant locations
- Meets the evolving needs of restaurants to develop new revenue streams
- Drives additional payment volume



“It is more efficient and has made it possible for us to take more orders and finalize those orders 10x faster¹. At this point, I don’t think I could live without it.”

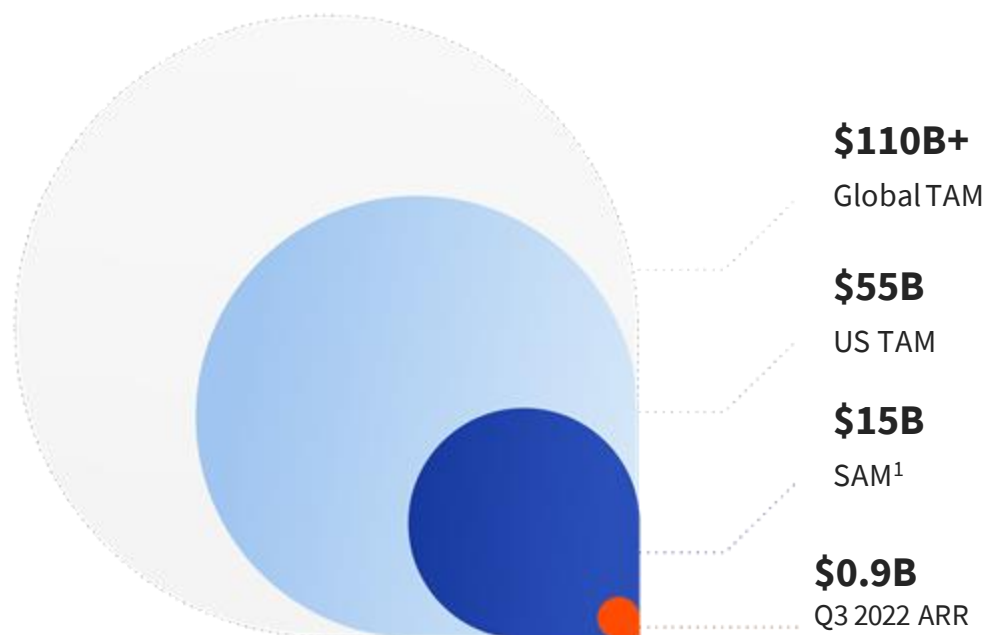
Erin Seedes, Manager of Luna Bakery, describing their experience with Toast Invoicing

¹ Luna Bakery's faster order finalization is self-reported and based on the comparison of a prior multi-software invoicing system to implementation of Toast Invoicing. Individual results will vary.



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.

¹ 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. 2/3rd
of new locations come through
inbound channels

Approx. 1/5th
of new locations come from other
restaurant / partner referrals

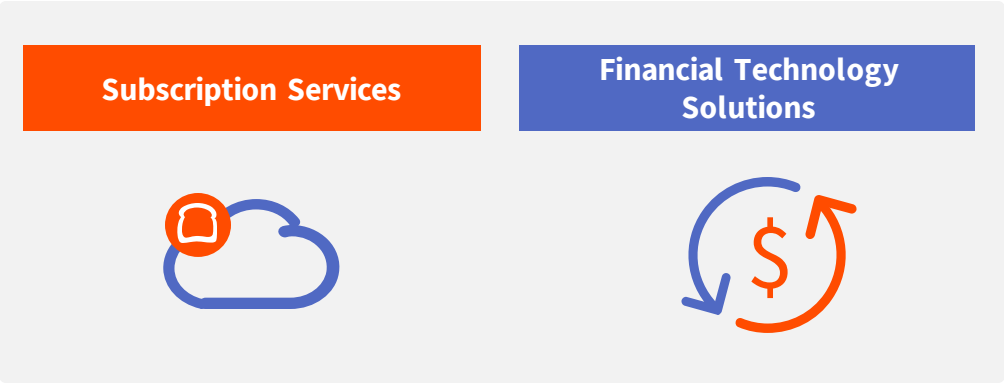
Note: New locations from inbound channels include those booked through organic, paid, field and referral channels, as of LTM (Last Twelve Months) Q3-22.

Third Quarter Results

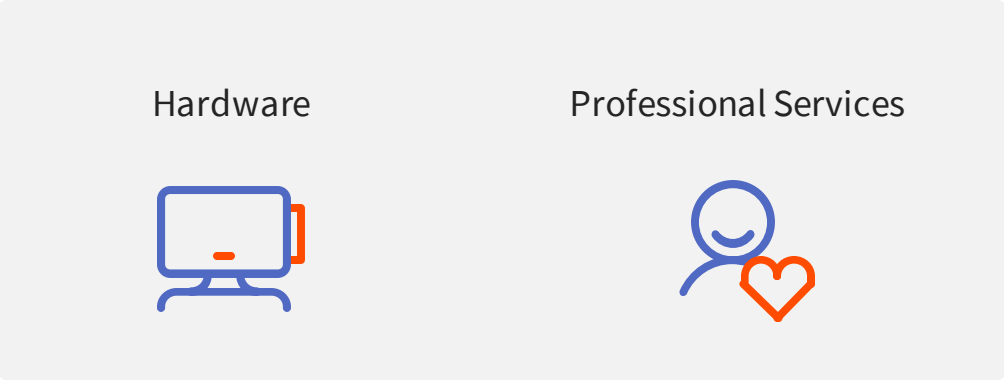


Integrated Software and Payments Model

Recurring



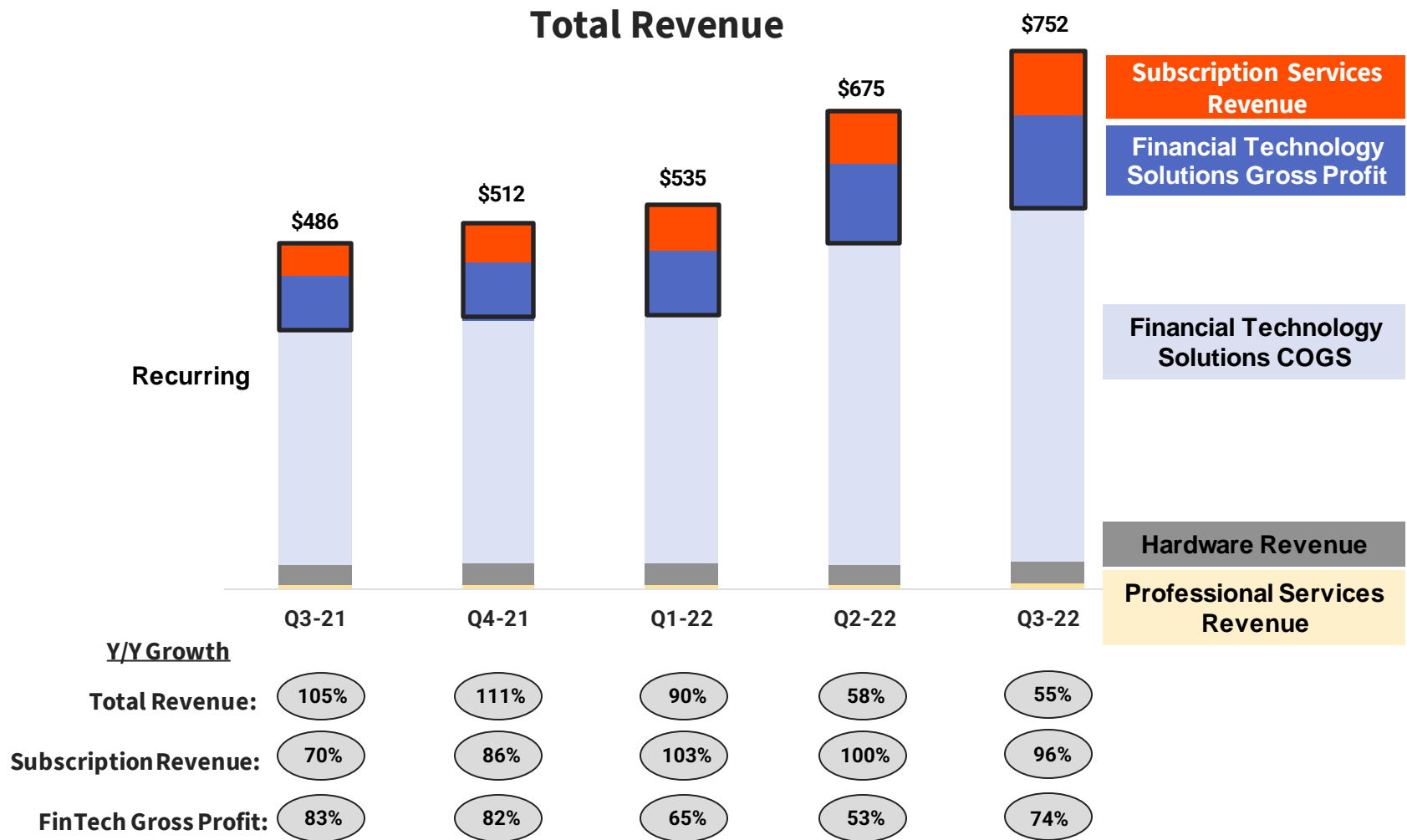
One-Time





Rapid and Sustainable Growth at Scale

(\$M)



Annualized Recurring Run-Rate (ARR)



Subscription ARR



Payments ARR

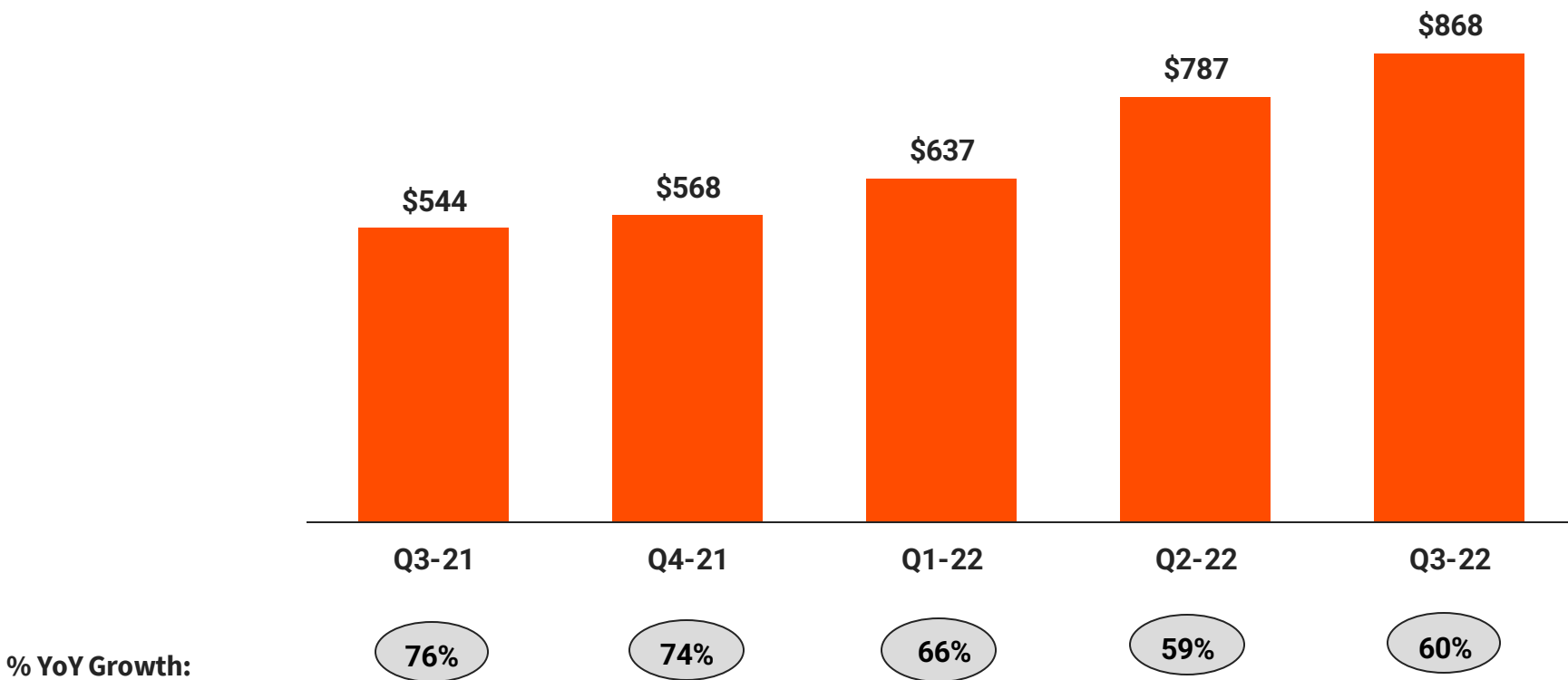
\$868M
as of 9/30/2022

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



ARR, our Core Operational Metric, Also Scaling Rapidly

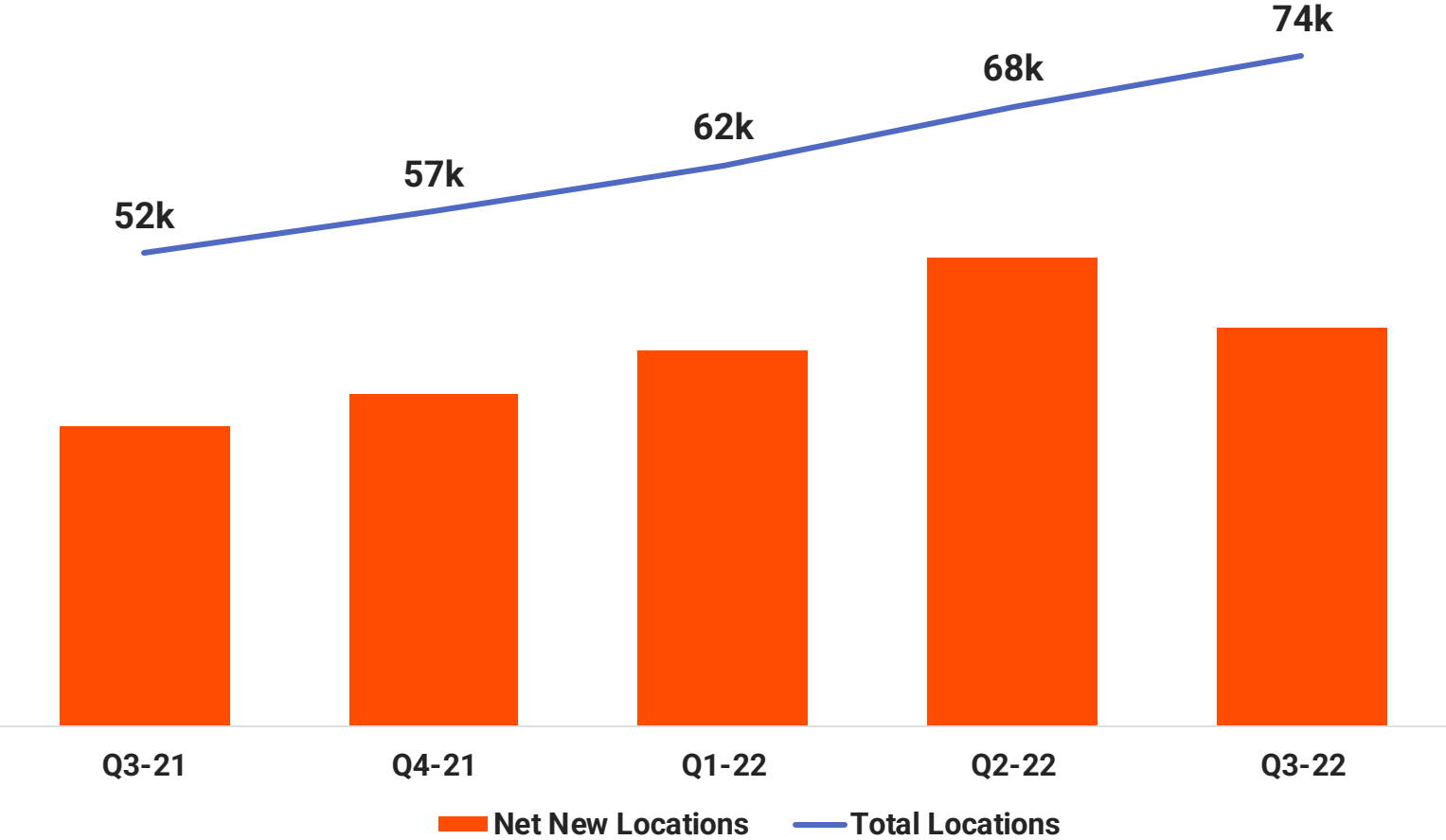
Annualized Recurring Run-Rate (ARR)(\$M)

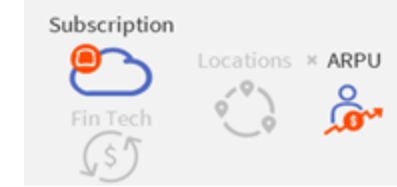


Note: % YoY growth may not tie due to rounding. See Appendix for definition of ARR.



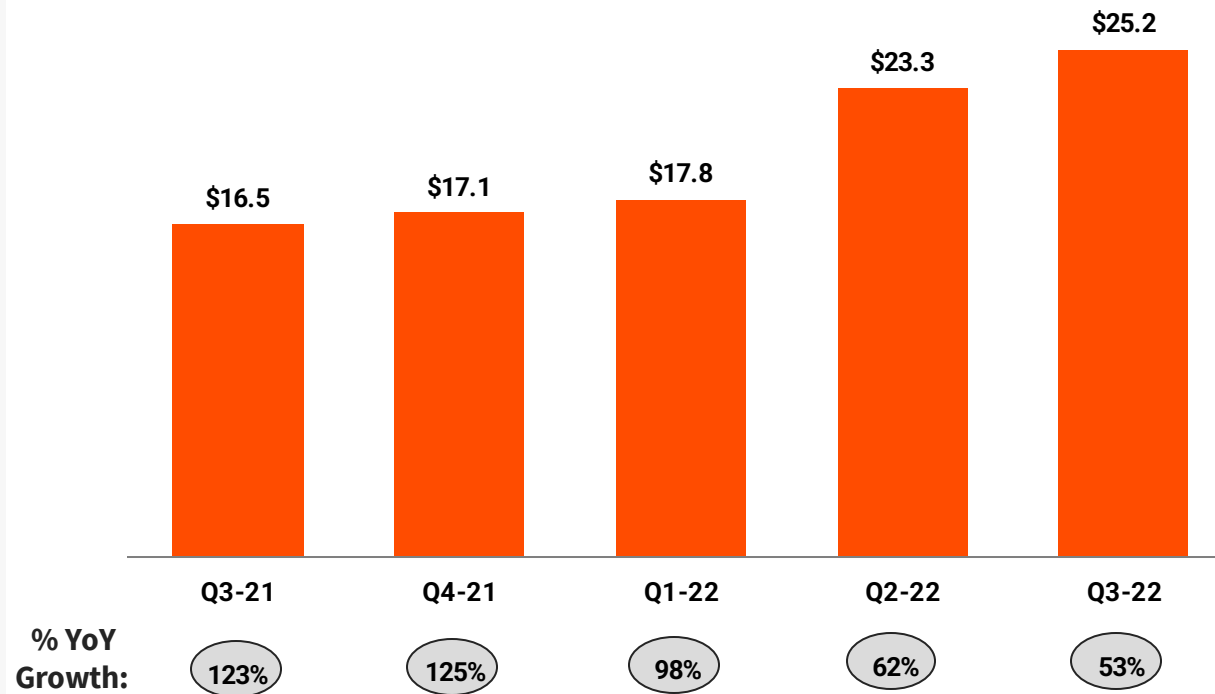
Total Locations Top 70,000 on Consistent, Strong Location Growth



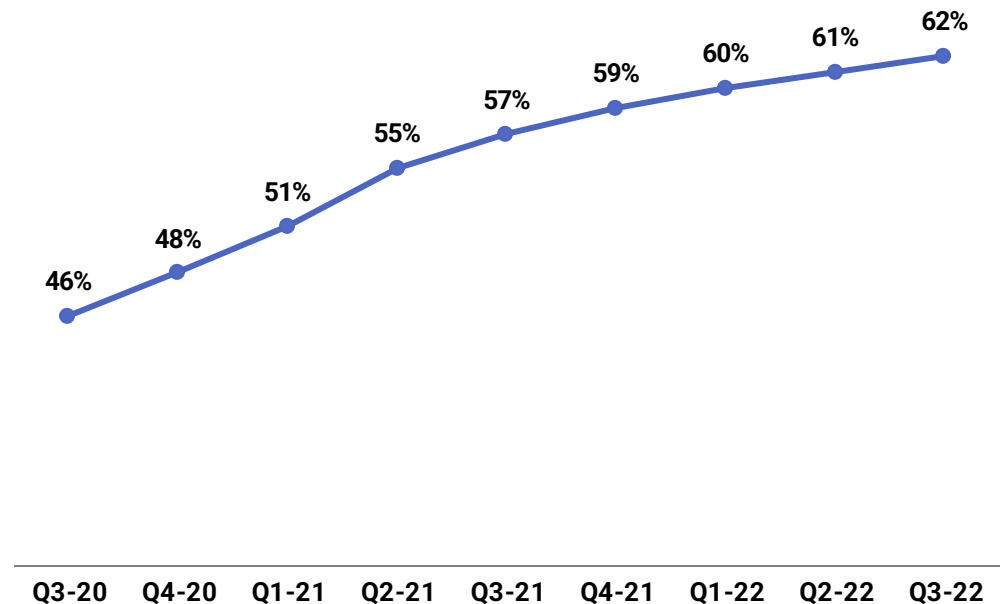


Sustained GPV and Subscription ARPU Momentum

Gross Payment Volume (\$B)



% of Locations Using 4+ Elective Products¹



¹ 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.

Upsell Opportunity Contributing to SaaS ARPU Expansion

SaaS ARPU by Annual Location Cohort

Restaurant Location Cohorts

— pre-2019
— 2019
— 2020
— 2021

Q1-18 Q2-18 Q3-18 Q4-18 Q1-19 Q2-19 Q3-19 Q4-19 Q1-20 Q2-20 Q3-20 Q4-20 Q1-21 Q2-21 Q3-21 Q4-21 Q1-22 Q2-22 Q3-22

SaaS ARPU Drivers

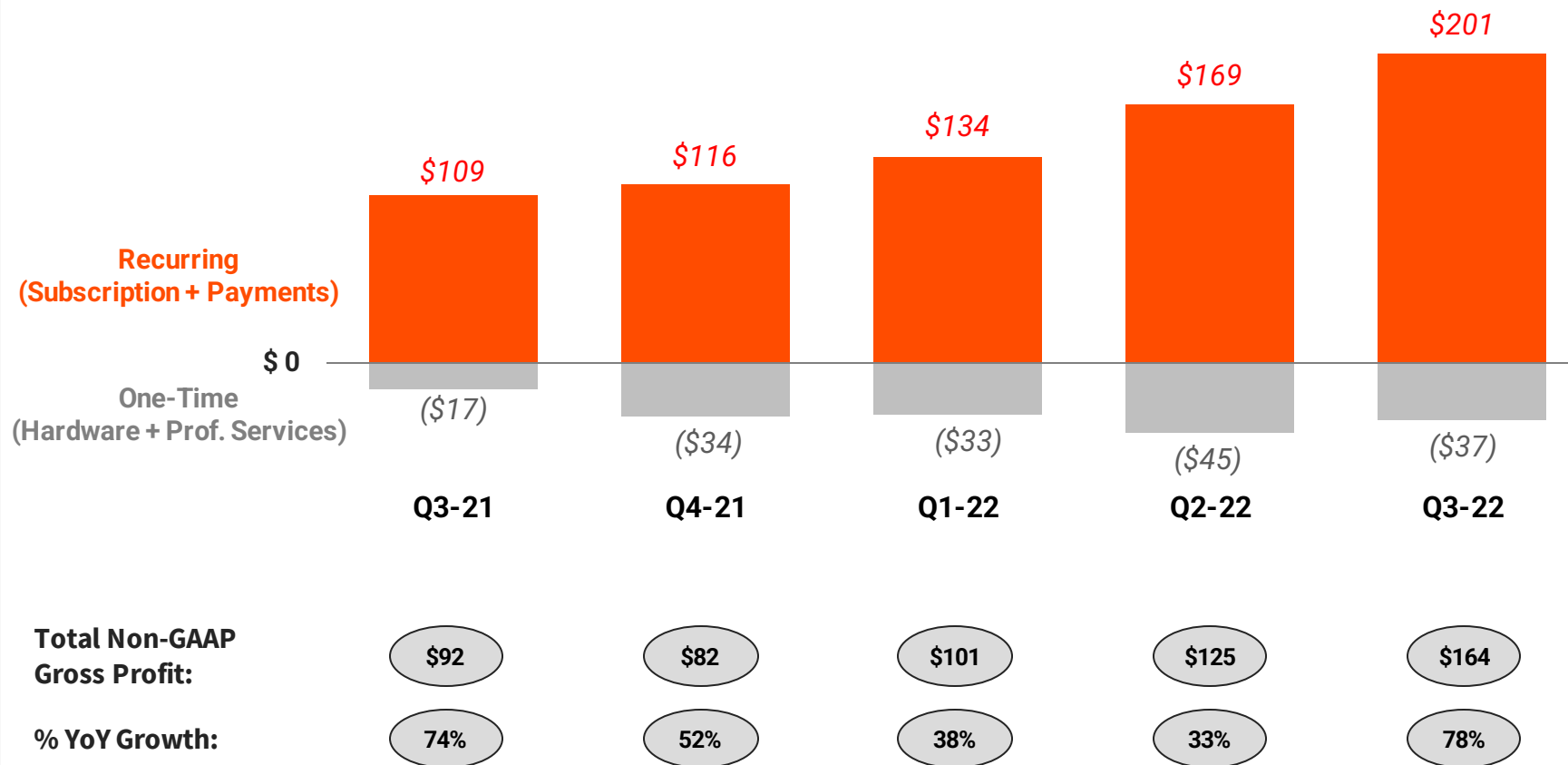
- **Newer customer cohorts joining platform with increasing SaaS ARPU**
 - Sales team attaching more of our platform at the time of booking and driving higher initial ARPU for newer customer cohorts
 - SaaS ARPU for 2022 cohort trending well above 2021 cohort
- **ARPU for each prior annual customer cohort consistently increasing through upsell channels**
 - Driven by combination of Toast Shop e-commerce channel and our growth sales team
- **Significant remaining upsell opportunity**
 - SaaS ARPU for more mature customer cohorts still below newer cohorts, highlighting the opportunity for those customer cohorts to leverage more of our integrated platform

Note: Cohort data represents locations that went live in the respective time period.



Rapid Gross Profit Expansion

Total Non-GAAP Gross Profit (\$M)



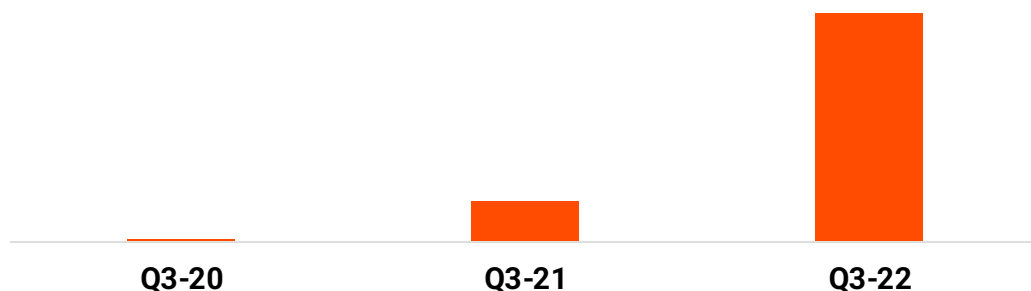
Attractive gross margin from recurring revenue

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 Q3 2022 for reconciliation of Non-GAAP Gross Profit.

Positioned to Drive Efficient Growth as Flywheel Markets Expand

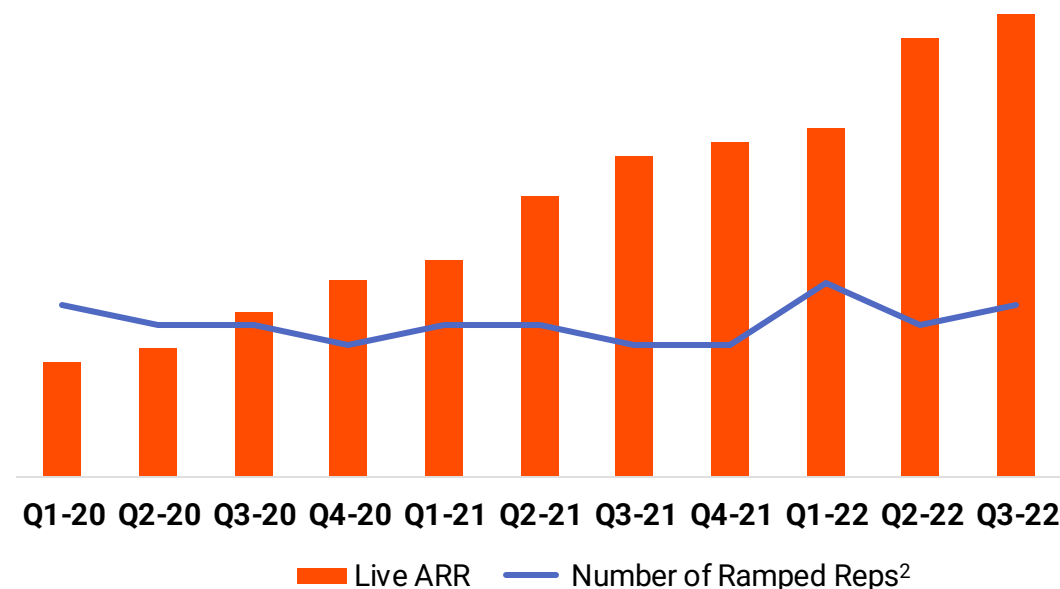
Significant Room for Growth in Flywheel Markets: Percent of total SMB restaurant locations in Toast flywheel markets has increased over 5x in the past year, but still represents less than 10% of total SMB restaurants.

**Total Restaurant Locations in Toast Flywheel Markets¹
as a % of Total U.S. SMB Restaurant Locations**



Flywheel Markets Scale Efficiently: Flywheel markets generate significant leverage as a steady tenured rep base supports scaling ARR driving higher profit contributions.

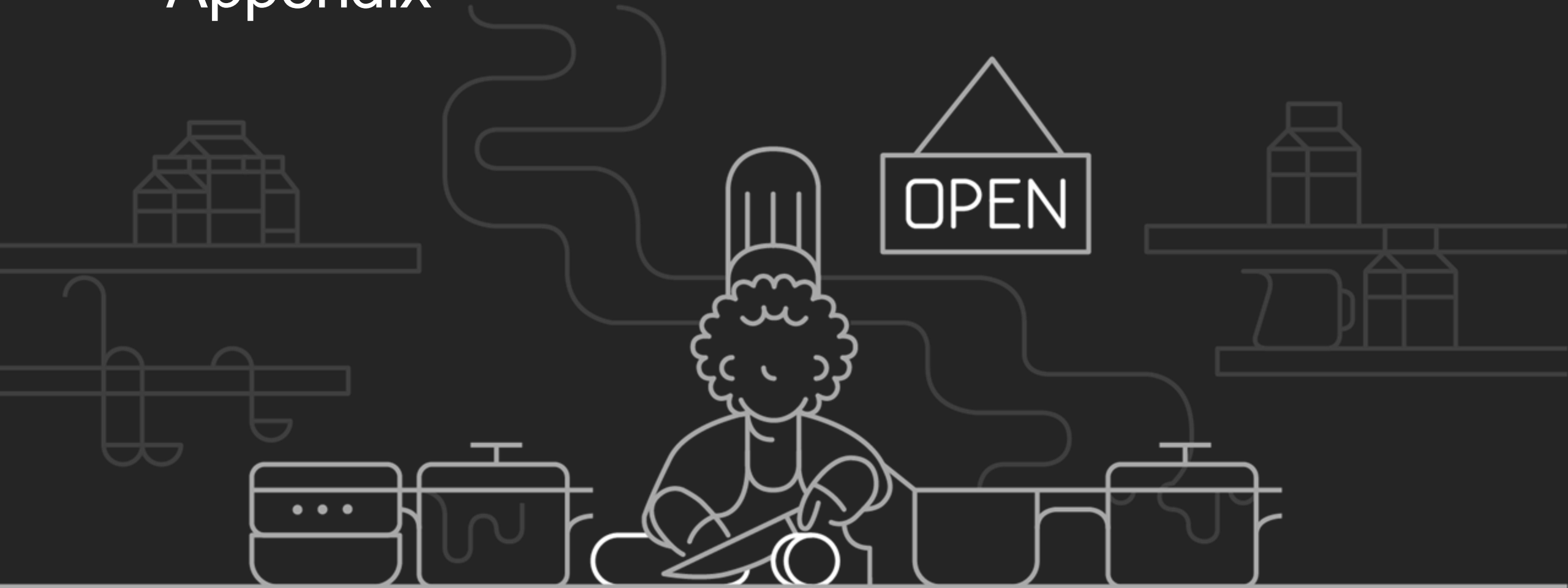
Example Southern Flywheel Market¹



¹ Flywheel markets represent markets where we estimate to have a 20%+ share of SMB restaurant locations.

² Ramped reps represent quota carrying sales reps.

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
- Fairvalue 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 | | | | |
|--|----------------|-------------|--------------|--------------|--------------|
| | Sep-2021 | Dec-2021 | Mar-2022 | Jun-2022 | Sep-2022 |
| Gross Profit | \$83 | \$73 | \$89 | \$113 | \$151 |
| Stock-based compensation expense and related payroll tax | 5 | 6 | 8 | 8 | 9 |
| Depreciation and amortization | 4 | 3 | 4 | 4 | 4 |
| Non-GAAP gross profit | \$92 | \$82 | \$101 | \$125 | \$164 |

Note: Numbers may not tie due to rounding.



Quarterly Adj. EBITDA GAAP to Non-GAAP Reconciliation

| \$M | 3 Months Ended | | | | |
|--|----------------|---------------|---------------|---------------|---------------|
| | Sep-2021 | Dec-2021 | Mar-2022 | Jun-2022 | Sep-2022 |
| Net (loss) income | \$(254) | \$2 | \$(23) | \$(54) | \$(98) |
| Stock-based compensation expense and related payroll tax | 36 | 46 | 53 | 59 | 58 |
| Depreciation and amortization | 7 | 5 | 6 | 6 | 6 |
| Interest income / expense | - | - | - | (1) | (3) |
| Other (income) expense, net | - | - | - | - | - |
| Acquisition-related expenses | - | - | - | 1 | - |
| Change in fair value of warrant liability | 198 | (118) | (79) | (44) | 21 |
| Change in fair value of derivative liability | - | - | - | - | - |
| Termination of leases | 1 | - | (2) | - | 1 |
| Loss on debt extinguishment | - | - | - | - | - |
| Charitable contribution stock-based expense | - | 19 | - | - | - |
| Income tax benefit | - | 1 | - | - | (4) |
| Adjusted EBITDA | \$(12) | \$(45) | \$(45) | \$(33) | \$(19) |

Note: Numbers may not tie due to rounding.



Quarterly Free Cash Flow GAAP to Non-GAAP Reconciliation

| \$M | 3 Months Ended | | | | |
|---|----------------|---------------|---------------|---------------|---------------|
| | Sep-2021 | Dec-2021 | Mar-2022 | Jun-2022 | Sep-2022 |
| Net cash provided by (used in) operating activities | \$(18) | \$(32) | \$(47) | \$(21) | \$(69) |
| Purchases of property and equipment | (2) | (1) | (2) | (5) | (6) |
| Capitalized software | (2) | (1) | (1) | (4) | (5) |
| Free cash flow | \$(22) | \$(34) | \$(50) | \$(30) | \$(80) |

Note: Numbers may not tie due to rounding.