



## First Quarter 2023 Financial Results





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# 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

Experiencing sustained 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>

**\$900B+**  
Annual U.S. Sales  
(~4% of GDP)<sup>3</sup>

**12M+**  
Employees in the US<sup>4</sup>

<sup>1</sup> IBISWorld, 2021.

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

<sup>3</sup> Represents 2022 Annual U.S. Sales; National Restaurant Association, 2023 State of the Restaurant Industry, February 2023.

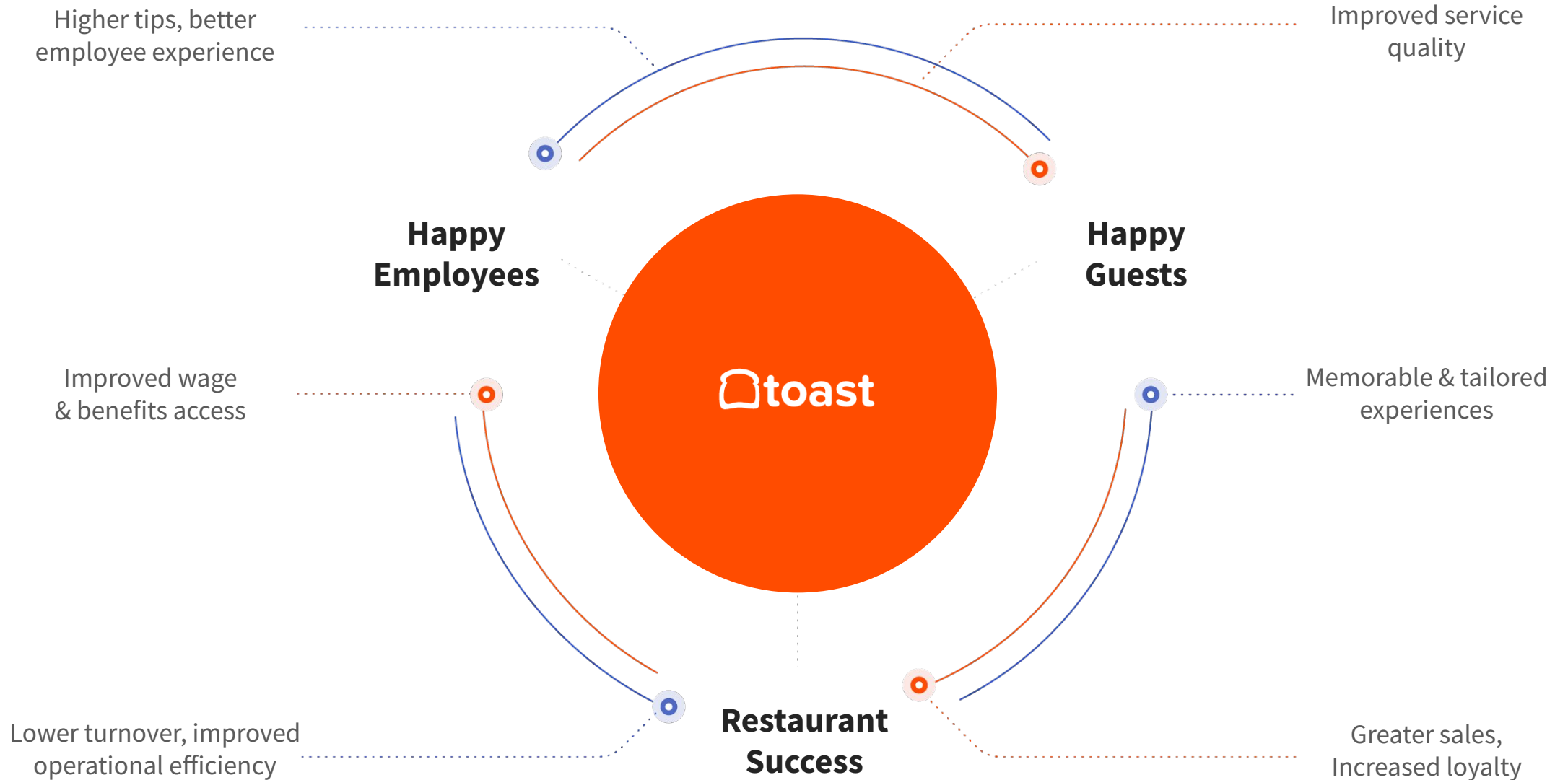
<sup>4</sup> U.S. Bureau of Labor Statistics, Industries at a Glance, Food Services and Drinking Places, Workforce Statistics, January 2023.

# Restaurants are Complex Businesses





# Better Together: We Benefit the Entire Restaurant Ecosystem



# The Toast Platform: Powering Restaurants

Point of Sale & Restaurant Operations		Financial Technology Solutions	Marketing & Loyalty	Digital Ordering & Delivery	Team Management	Supply Chain & Accounting
<b>SOFTWARE</b> <ul style="list-style-type: none"> <li>● <b>Point of Sale</b></li> <li>● Mobile Order and Pay</li> <li>● Kitchen Display System</li> <li>● Multi-Location Management</li> <li>● Invoicing</li> <li>● <b>Toast Tables</b></li> </ul>	<b>HARDWARE</b> <ul style="list-style-type: none"> <li>● Toast Flex</li> <li>● Toast Go 2</li> <li>● Toast Tap</li> <li>● Kiosk</li> <li>● Delphi by Toast                             <ul style="list-style-type: none"> <li>○ Digital Menu Boards</li> <li>○ Drive-Thru</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Payment Processing</b></li> <li>● Toast Capital</li> <li>● Customer Financing</li> </ul>	<ul style="list-style-type: none"> <li>● Gift Cards</li> <li>● Loyalty</li> <li>● Email Marketing</li> </ul>	<ul style="list-style-type: none"> <li>● Online Ordering</li> <li>● Toast Takeout</li> <li>● Toast Delivery Services</li> <li>● Third Party Delivery Integrations<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>● Payroll &amp; Team Management</li> <li>● Scheduling</li> <li>● Tips Manager</li> <li>● Pay Card &amp; PayOut</li> <li>● Partner Services (Insurance, Benefits)</li> </ul>	<ul style="list-style-type: none"> <li>● xtraCHEF Lite                             <ul style="list-style-type: none"> <li>○ Invoice Automation</li> <li>○ Ingredient Price Tracker</li> </ul> </li> <li>● xtraCHEF Pro                             <ul style="list-style-type: none"> <li>○ Recipe Costing</li> <li>○ Inventory Management</li> </ul> </li> </ul>
<b>Platform &amp; Insights</b>						
API Integrations   Reporting & Analytics   Toast Shop						
<b>Support &amp; Services</b>						
24/7/365 Customer Support   Onboarding   Professional Services   Toast Central						

Bolded represents base package  
<sup>1</sup> Carried out through multiple external delivery partners.





# Enabling More Service Models for Customers to Grow Their Business

## SERVICE MODELS

### Table Service

- Toast Tables
- Order & Pay
- Toast Go Handhelds
- Kitchen Display System (KDS)

### Counter Service

- Kiosk
- KDS
- Guest Facing Display (GFD)
- Order & Pay

### Takeout / Delivery

- Online ordering
- Toast Takeout
- KDS
- Toast Delivery Services
- Order with Google

### Curbside

- Online ordering
- Toast Takeout
- KDS

### Hybrid<sup>1</sup>

- Order & Pay
- GFD
- KDS

### Wholesale

- Invoicing

### Drive-thru

- Delphi by Toast

### Future Opportunities

<sup>1</sup>Counter ordering with food delivered to tables.

# Helping Restaurants Better Service Guests with Toast Tables

Toast Tables is our waitlist and reservation solution designed to....

- **Enhance hospitality** with convenient online waitlist and reservations, Reserve with Google, 2-way SMS with guests, and personalized guest profiles
- **Simplify table management** with features like automated table status and server rotations
- **Keep guests coming back** with integrated marketing and loyalty

...all with deep, native POS platform integration



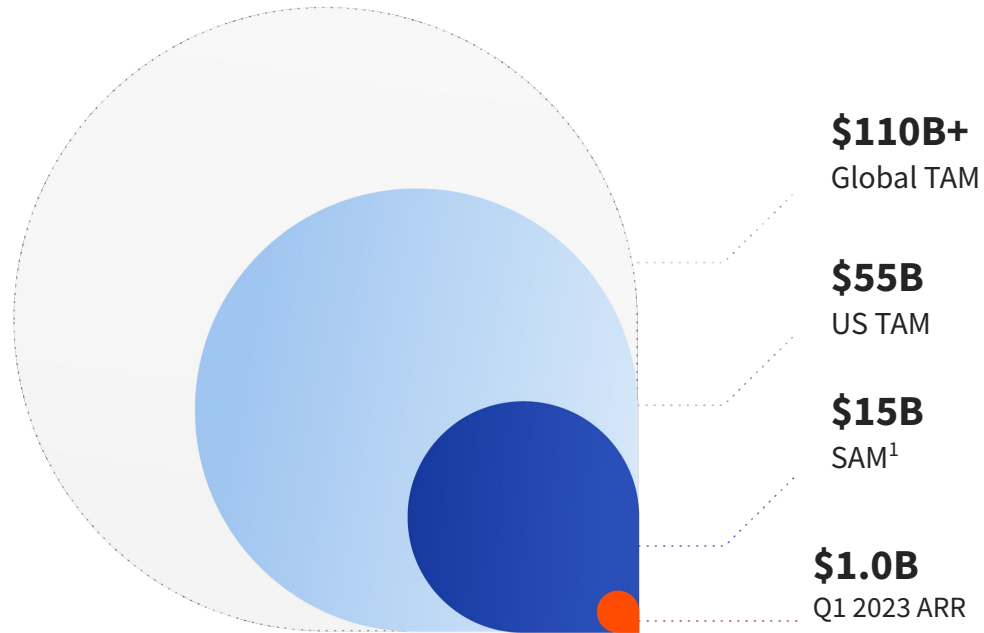
**“Having everything streamlined through Toast is so valuable to owners like myself. Toast Tables has helped us stay organized and keep things running smoothly.”**

*Steve Ceron, Almond Wood*



# 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

# First Quarter Results





# Integrated Software and Payments Model

## Recurring

Subscription Services



Financial Technology Solutions



## One-Time

Hardware



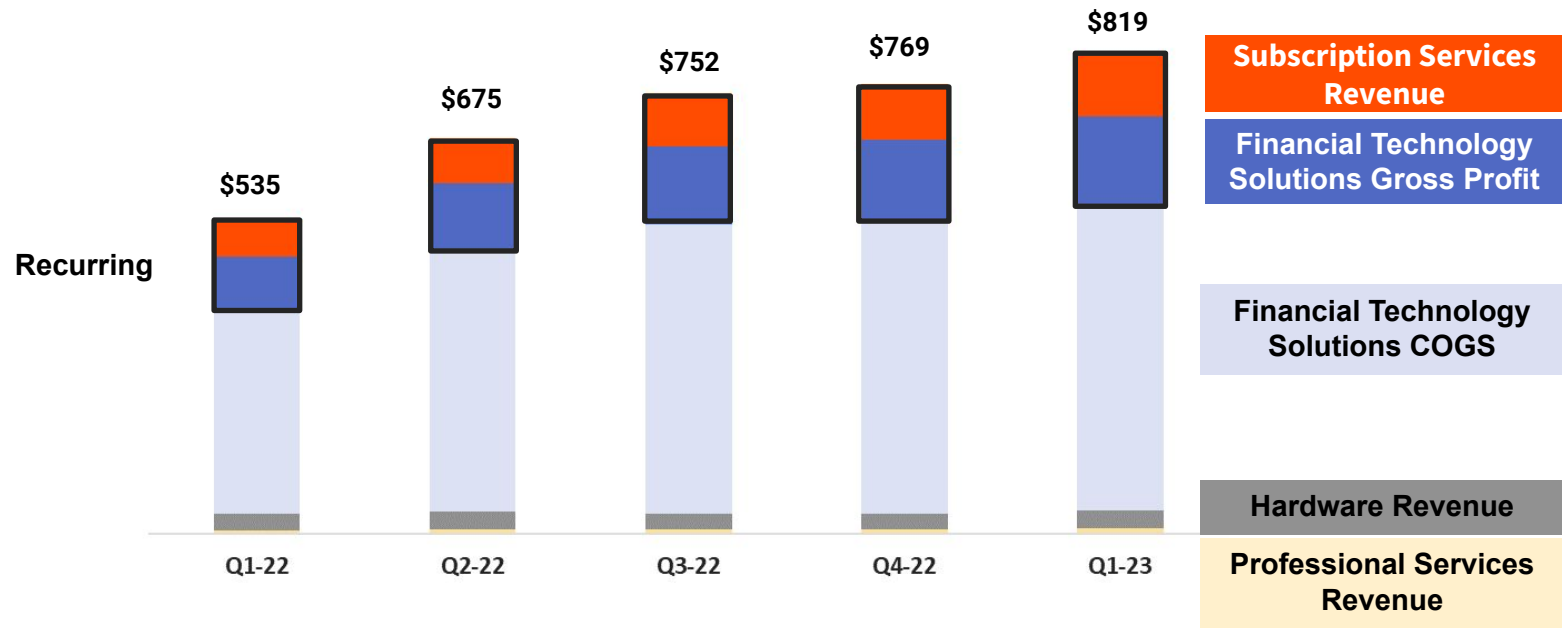
Professional Services





# Rapid and Sustainable Growth

### Total Revenue (\$M)



### Annualized Recurring Run-Rate (ARR)

**Subscription ARR**

**Payments ARR**

# \$987M

as of 3/31/2023

### Y/Y Growth

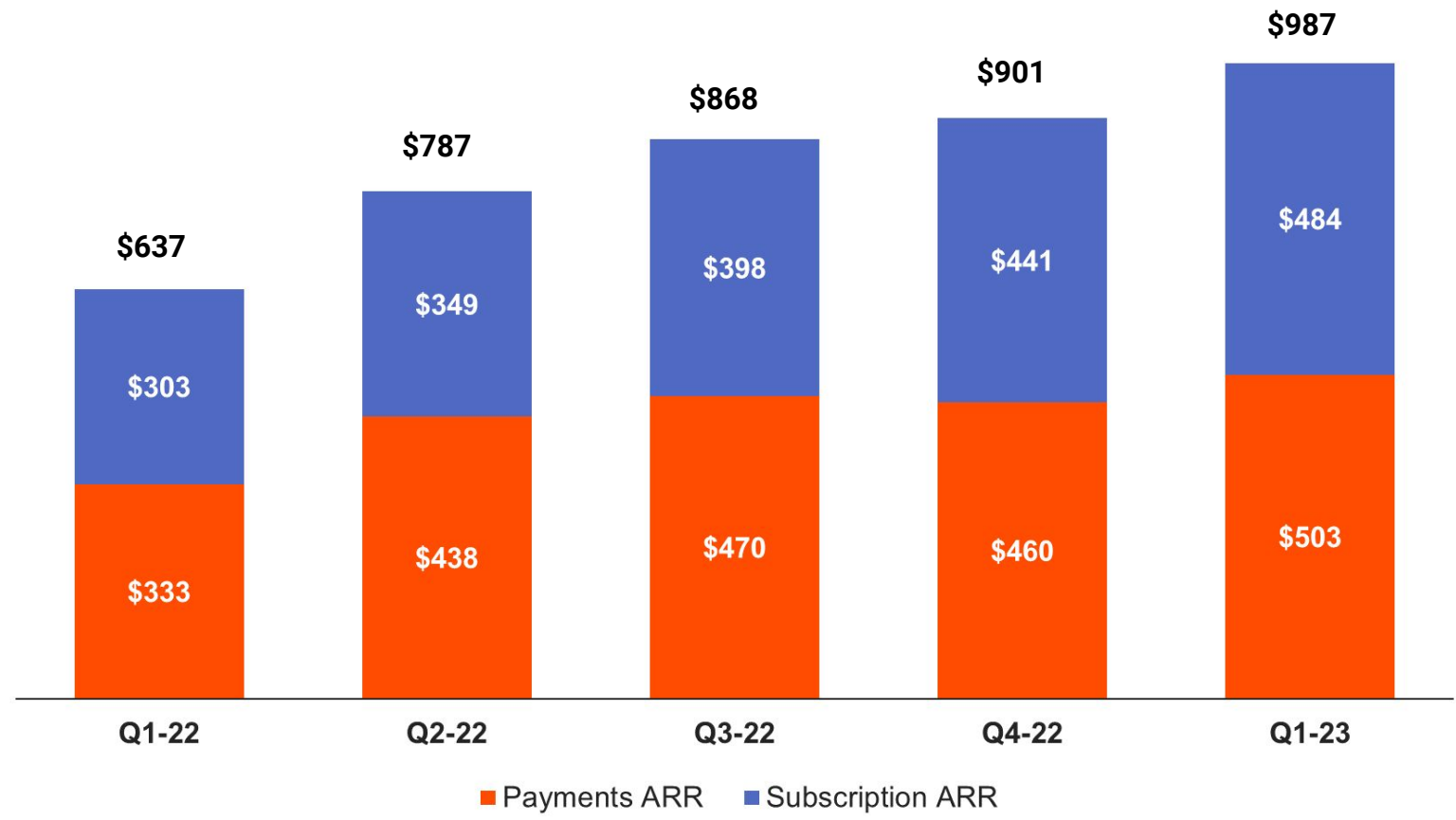
<b>Total Revenue:</b>	<b>90%</b>	<b>58%</b>	<b>55%</b>	<b>50%</b>	<b>53%</b>
<b>Subscription Revenue:</b>	<b>103%</b>	<b>100%</b>	<b>96%</b>	<b>76%</b>	<b>70%</b>
<b>FinTech Gross Profit:</b>	<b>65%</b>	<b>53%</b>	<b>74%</b>	<b>71%</b>	<b>65%</b>

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



# ARR, our Core Operational Metric, Also Scaling Rapidly

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



% Total YoY Growth:	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
	66%	59%	60%	59%	55%

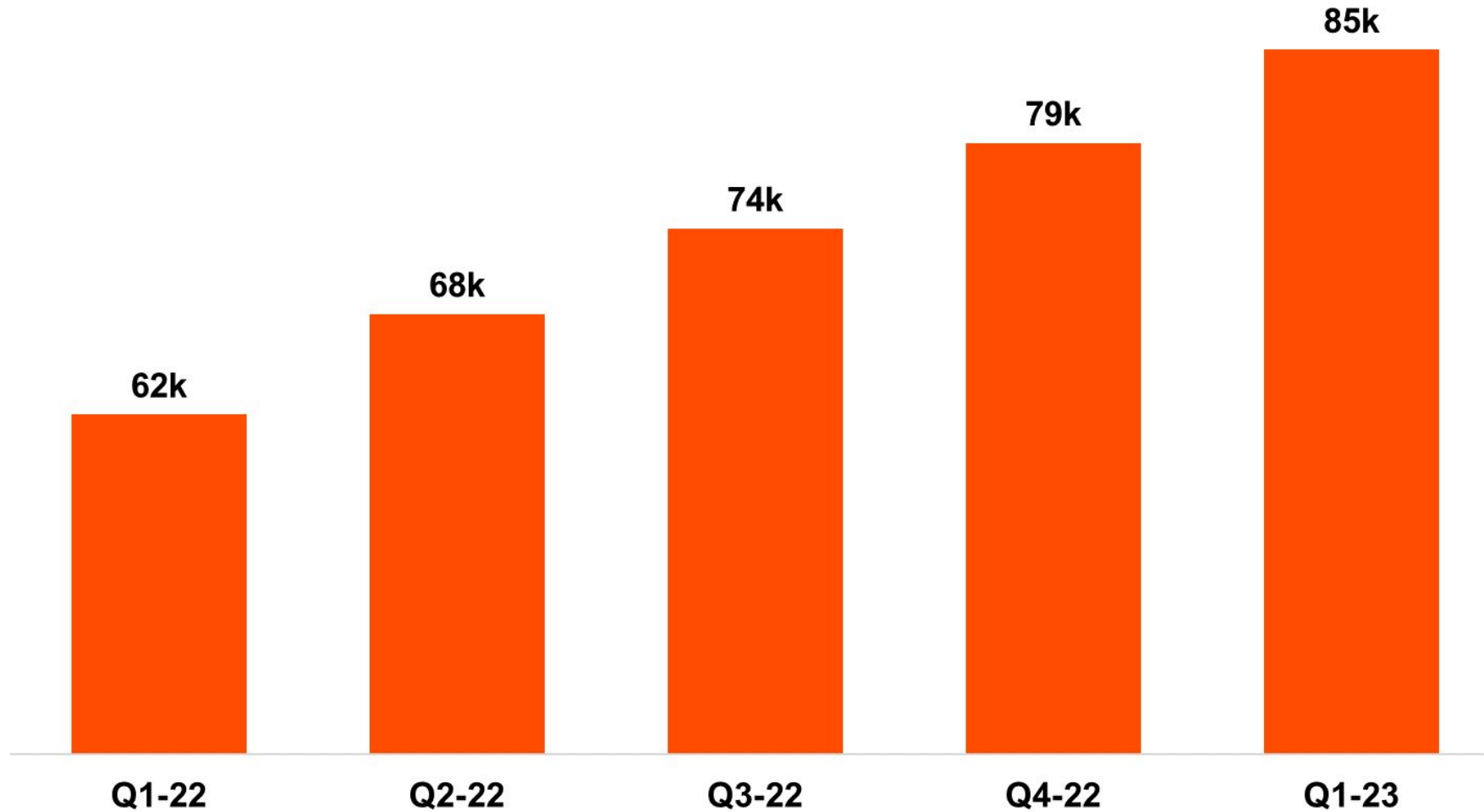
Note: Numbers may not tie due to rounding. See Appendix for definition of ARR.  
 \* Annual Recurring Run Rate does not include Toast Capital.





Subscription  
Fin Tech  
Locations × ARPU

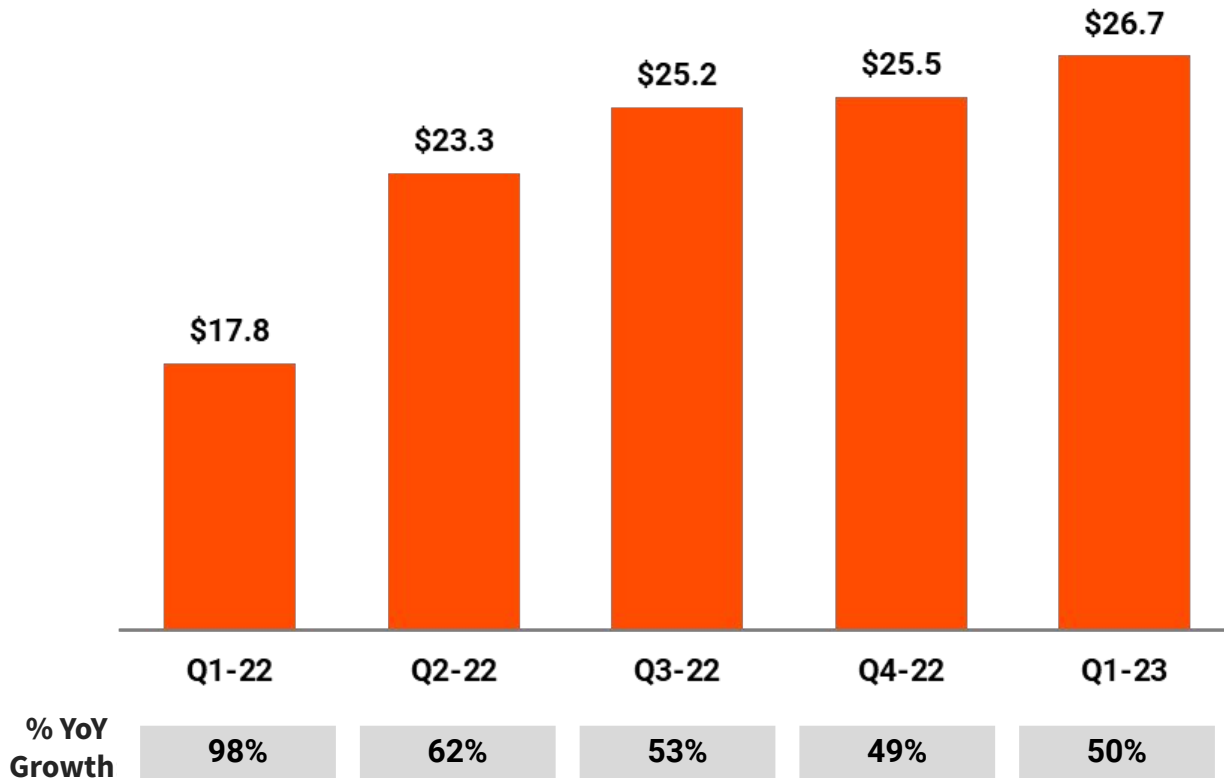
# Total Locations of ~85,000 on Consistent Location Growth



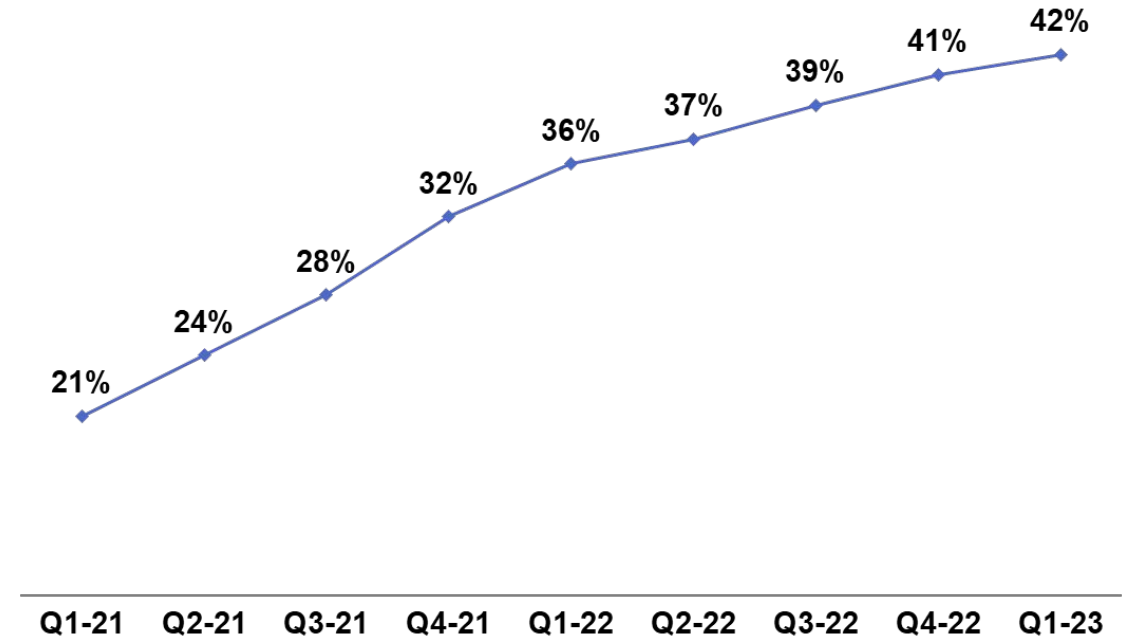


# Sustained GPV and Subscription ARPU Momentum

Total GPV (\$B)



% of Locations Using 6+ Elective Products<sup>1</sup>

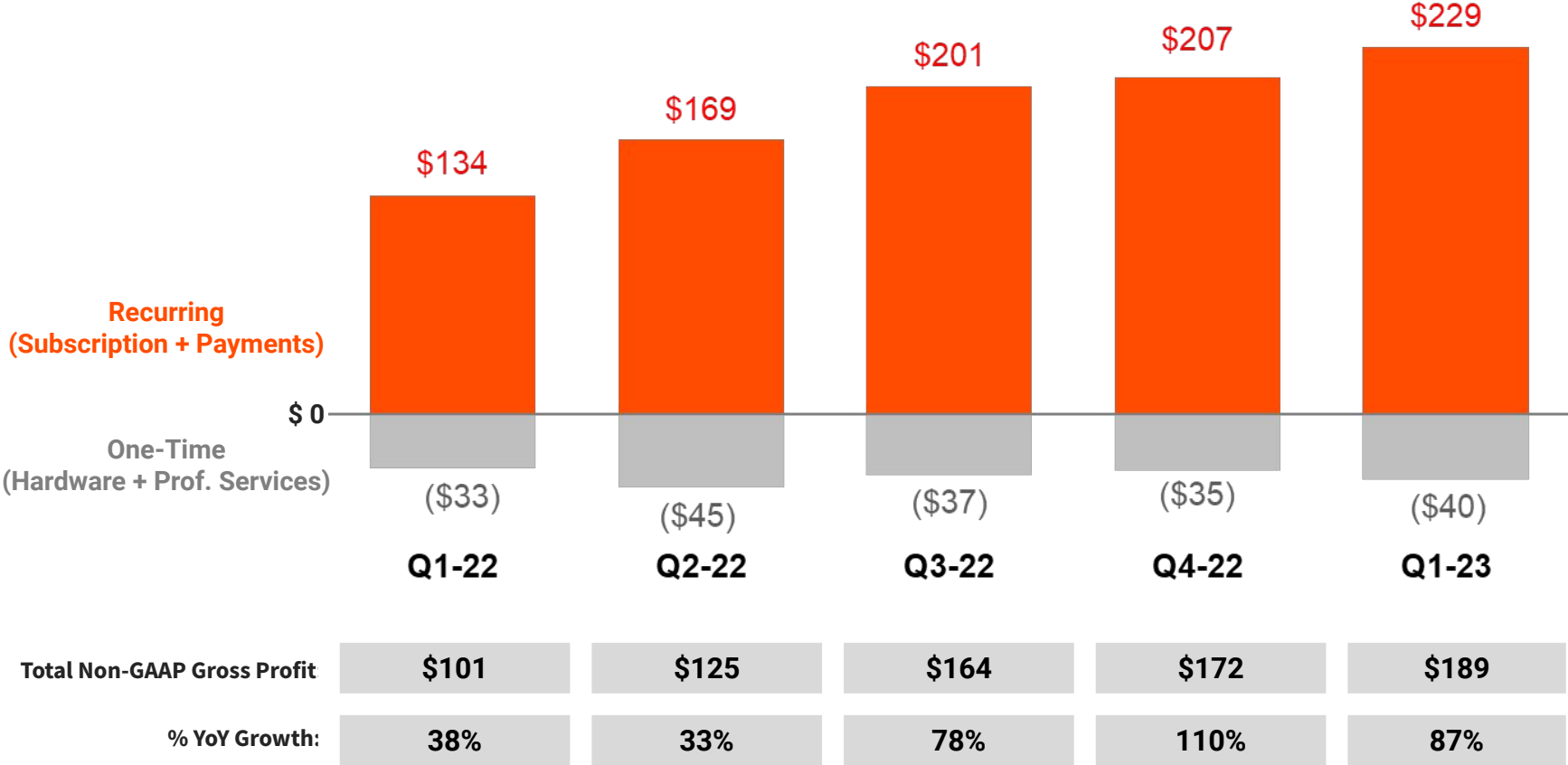


<sup>1</sup> Analysis based on the adoption rate of SaaS modules offered on the Toast platform on top of Point of Sale and Payment Processing, excluding certain earlier stage products.



# Rapid Gross Profit Expansion

### Total Non-GAAP Gross Profit (\$M)



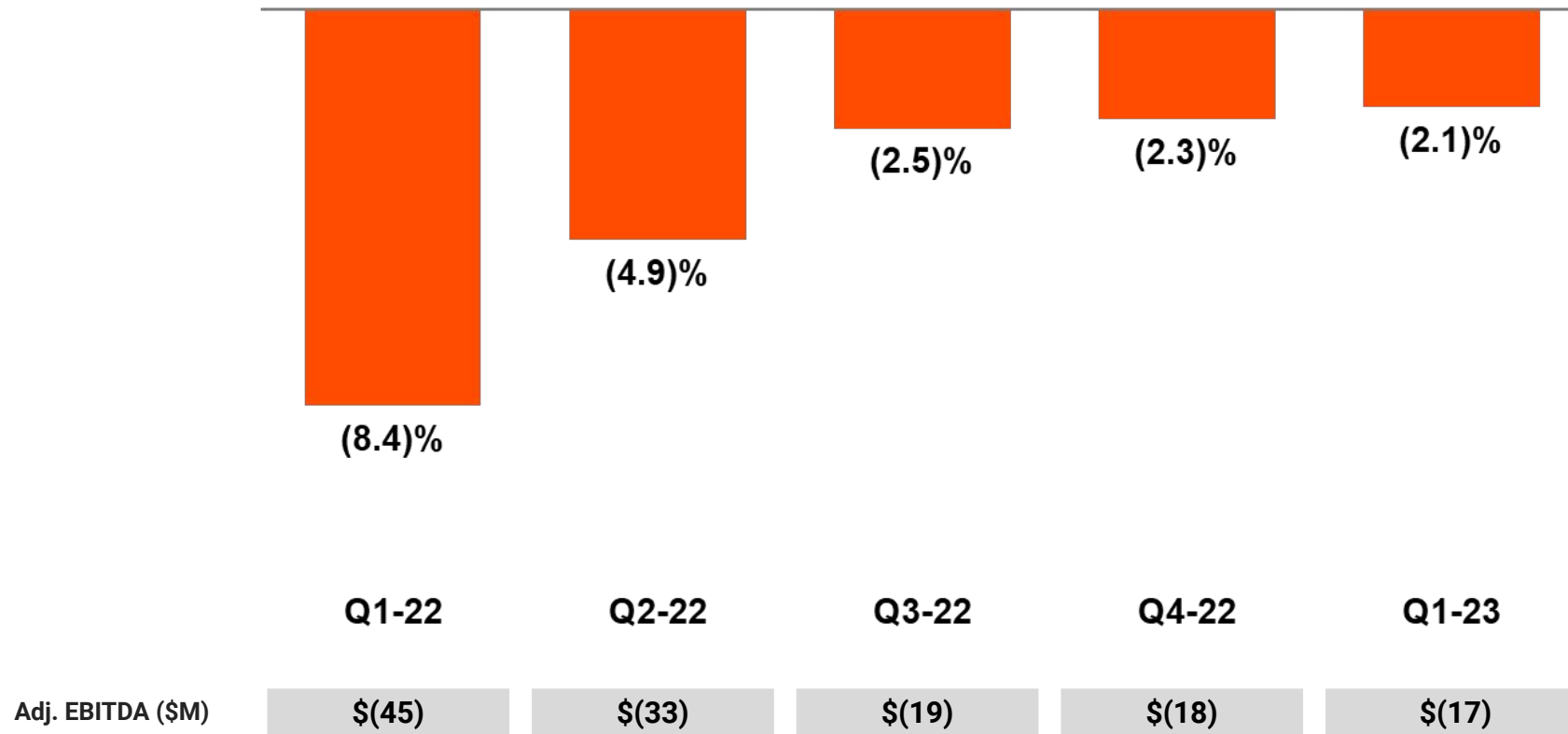
**Attractive gross margin from recurring streams**

Note: % YoY growth may not tie due to rounding. Recurring includes Non-GAAP subscription services revenue and Non-GAAP financial technology solutions gross profit. One-time includes Non-GAAP hardware and professional services gross loss. Please refer to the Appendix of this presentation and our Earnings Release for Q1 2023 for reconciliation of Non-GAAP measures presented on this page.



# Focus on Cost Discipline and Efficiency Driving Margin Improvement

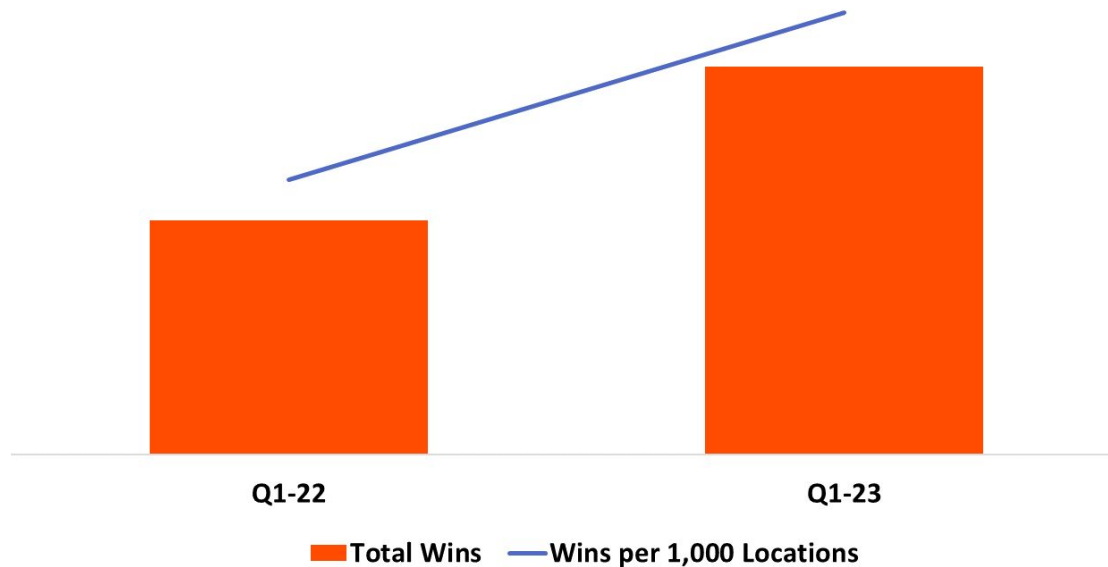
## Adjusted EBITDA as % of Total Revenue





# Flywheel Example: Mid-Atlantic Metro Area

Total Wins and Wins per 1,000 Locations

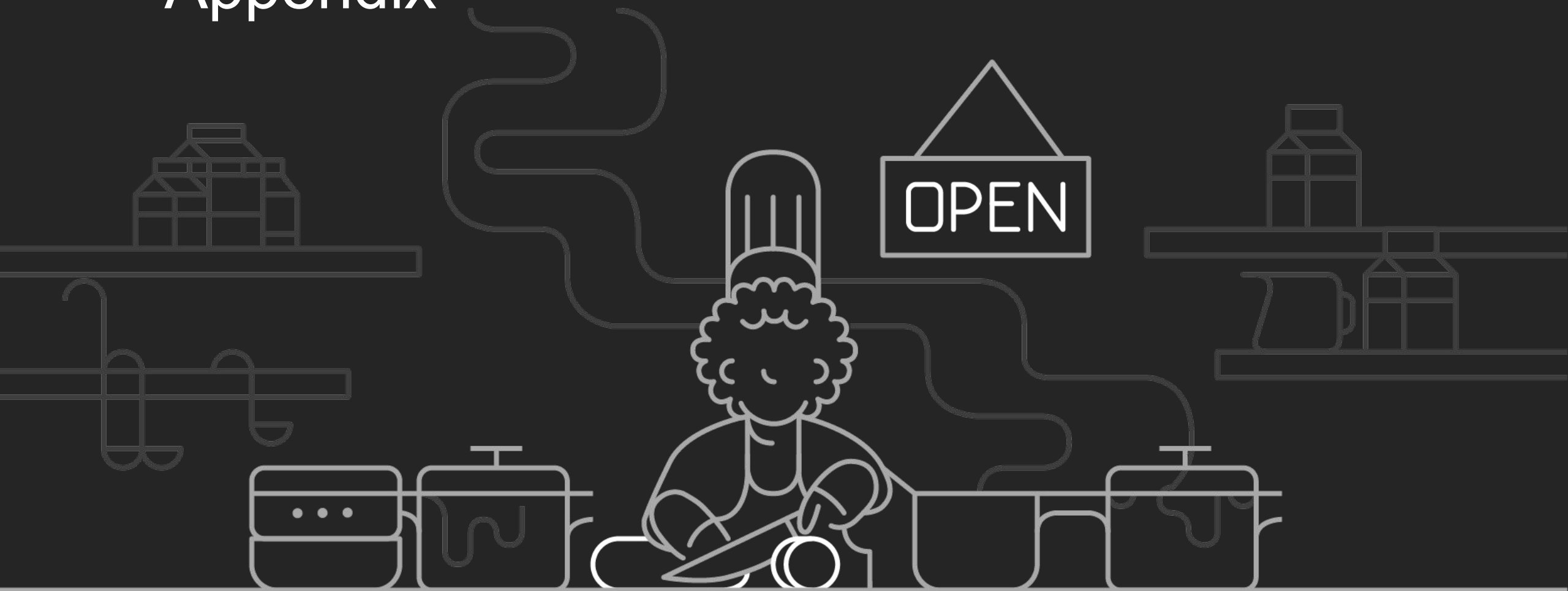


Regional Dynamics

- Mid Atlantic market **became Flywheel<sup>1</sup> in Q1'22**
- **Consistent market share increase** since becoming Flywheel
- **Sustained increase in lead volume** after becoming Flywheel
- Average **rep tenure higher** than total company average

<sup>1</sup>Flywheel markets represent markets where we estimate to have a 20%+ share of SMB restaurant based on booked and live locations.

# 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 expenses
- Change in fair value of warrant liability
- Expenses related to early termination of leases
- 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				
	Mar-2022	Jun-2022	Sep-2022	Dec-2022	Mar-2023
<b>Gross Profit</b>	<b>\$89</b>	<b>\$113</b>	<b>\$151</b>	<b>\$158</b>	<b>\$174</b>
Stock-based compensation expense and related payroll tax	8	8	9	10	11
Depreciation and amortization	4	4	4	4	4
<b>Non-GAAP gross profit</b>	<b>\$101</b>	<b>\$125</b>	<b>\$164</b>	<b>\$172</b>	<b>\$189</b>

Note: Numbers may not tie due to rounding.



# Quarterly Adj. EBITDA GAAP to Non-GAAP Reconciliation

\$M	3 Months Ended				
	Mar-2022	Jun-2022	Sep-2022	Dec-2022	Mar-2023
<b>Net (loss) income</b>	<b>\$(23)</b>	<b>\$(54)</b>	<b>\$(98)</b>	<b>\$(99)</b>	<b>\$(81)</b>
Stock-based compensation expense and related payroll tax	53	59	58	62	68
Depreciation and amortization	6	6	6	6	6
Interest (income) expense, net	-	(1)	(3)	(6)	(8)
Acquisition expenses	-	1	-	-	1
Change in fair value of warrant liability	(79)	(44)	21	7	(3)
Termination of leases	(2)	-	1	-	-
Charitable contribution stock-based expense	-	-	-	10	-
Provision for (benefit from) income taxes	-	-	(4)	2	-
<b>Adjusted EBITDA</b>	<b>\$(45)</b>	<b>\$(33)</b>	<b>\$(19)</b>	<b>\$(18)</b>	<b>\$(17)</b>

Note: Numbers may not tie due to rounding.

# Quarterly Free Cash Flow GAAP to Non-GAAP Reconciliation

\$M	3 Months Ended				
	Mar-2022	Jun-2022	Sep-2022	Dec-2022	Mar-2023
<b>Net cash used in operating activities</b>	<b>\$(47)</b>	<b>\$(21)</b>	<b>\$(69)</b>	<b>\$(19)</b>	<b>\$(55)</b>
Purchases of property and equipment	(2)	(5)	(6)	(3)	(2)
Capitalized software	(1)	(4)	(5)	(7)	(8)
<b>Free cash flow</b>	<b>\$(50)</b>	<b>\$(30)</b>	<b>\$(80)</b>	<b>\$(29)</b>	<b>\$(65)</b>

Note: Numbers may not tie due to rounding.

# Quarterly Non-Payments Financial Technology Solutions Gross Profit GAAP to Non-GAAP Reconciliation

\$M	3 Months Ended				
	Mar-2022	Jun-2022	Sep-2022	Dec-2022	Mar-2023
<b>Financial technology solutions revenue</b>	<b>\$438</b>	<b>\$562</b>	<b>\$628</b>	<b>\$640</b>	<b>\$674</b>
Less: Financial technology solutions costs of revenue	347	448	494	503	523
<b>Financial technology solutions revenue gross profit</b>	<b>\$91</b>	<b>\$114</b>	<b>\$134</b>	<b>\$137</b>	<b>\$151</b>
Less: Payments financial technology solutions gross profit	82	106	117	113	125
<b>Non-Payments financial technology solutions gross profit (Non-GAAP)</b>	<b>\$9</b>	<b>\$8</b>	<b>\$17</b>	<b>\$24</b>	<b>\$26</b>

Note: Numbers may not tie due to rounding.