OFF WALL STREET

INITIATION / SHORT

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INITIATION: Toast Inc. (TOST: $42.54) June 12, 2025

Position: **Sell** Setup: **Misunderstood Business** Target: **$24**

$MM	2Q25e	3Q25e	4Q25e	1Q26e	2025e	2026e
Rev	1,536	1,578	1,593	1,593	6,043	7,101
EBITDA	140.9	160.2	157.1	162.6	591.2	744.3
Y/Y Growth	53%	42%	42%	22%	59%	26%
EV/Sales	N/A	N/A	N/A	N/A	3.9x	3.2x
Consensus Revs	1,528	1,573	1,598	1,624	6,023	7,244
Consensus EBITDA	138.2	144.9	146.2	165.6	564.7	754.6

Shares Out: 603M Market Cap: $24.6B FYE: Dec

CONCEPT

1. TOST's recent outperformance appears to have been driven mainly by investor enthusiasm over its new "enterprise" customer wins, which bulls view as evidence that TOST's TAM is significantly larger than its core US SMB restaurant market. However, our fieldwork suggests these wins are likely less repeatable than bulls think, and that TOST's payments-focused business model will make it difficult for TOST to produce the enterprise market penetration TOST bulls expect.
2. TOST trades at a valuation that appears to imply mid-teens Y/Y location and revenue growth far into the future. These lofty expectations likely make TOST shares vulnerable to multiple compression if any cracks emerge in TOST's long-term growth story.

To speak with the analyst on this name, please email research@offwallstreet.com, or call 617 868 7880.
For important disclosures, please refer to the end of this report.

SUMMARY

Toast Inc. (TOST), headquartered in Boston, MA is a provider of a cloud-based POS software platform for mainly SMB restaurants. For as little as $0/month, restauranteurs can gain access to TOST's POS hardware (kiosks, handhelds, kitchen displays) and software, enabling them to accept customer payments, which TOST is then compensated for through volume-based payment-processing fees. TOST's platform also includes "modules" for marketing, online ordering & delivery, payroll & team management, inventory & vendor management, and a library of 3rd-party integrations, which customers can add on to their TOST POS subscription for additional monthly subscription fees.

After spending ~2.5 years mired in the fallout from the post-2021 speculative bubble, during which investors became increasingly focused on TOST's lack of profitability and signs of weakness in TOST's unit economics, TOST's recent announcements of several large enterprise customer "wins" appear to have reignited bullish enthusiasm for TOST shares. Though TOST has been explicit with its intentions to eventually push upmarket since its 2021 IPO, true "enterprise" (top ~100 US restaurant) wins had been few and far between until TOST's announcement of Potbelly's as a new customer on its 3Q24 earnings call, and Applebee's and Topgolf as new customers wins in 1Q25. Accordingly, TOST shares have outperformed the SPX by ~27% since its 3Q24 earnings release.

TOST bulls now appear to have confidence that TOST can eventually penetrate a majority of its current 1.4M location TAM estimate, which includes ~875K US restaurant locations (of which the top 100 customers account for ~190K), ~280K international locations, and ~220K US food & beverage retail locations. As discussed below, TOST's current valuation (~4.9x FY24 sales, ~65x FY24 adj. EBITDA) appears to imply ~68% penetration of this overall TAM over the long-term, at margins in-line with or above TOST management's mid-term margin targets.

These assumptions appear fanciful. Our recent conversations with restaurant industry participants have found that TOST's business model still faces significant challenges in competing for new enterprise customers. These experts thought TOST's recent enterprise wins were due to a combination of idiosyncratic weakness in those customers' businesses, as well as TOST's willingness to make significant financial concessions in order to demonstrate a "right to win" in enterprise.

Specifically, these experts pointed to TOST's reliance on embedded payments as the primary sticking point in negotiations with enterprise customers. TOST's business model has historically relied on the capturing payment-processing fees (~82% of TOST's FY24 revenue, and ~65% of FY24 gross profit) to drive the majority of TOST revenues and offset its losses on its hardware and professional services (-85% GM% in FY24).

However, large restaurant chains typically have direct relationships with large payment processors and pay rates significantly lower than TOST's ~2.6% gross take rate. These enterprise customers also typically have higher per-location avg. sales volume, increasing the per-unit dollar cost of payments processing. Additionally, enterprise customers typically have greater in-house IT personnel capable integrating and maintaining separate POS and payments processing providers, lessening the value proposition of TOST's bundled model.

Notably, TOST disclosed at a JPM conference on May 13th its Applebee's deal did not include attached payments, a disclosure which it omitted from its initial 1Q25 press release announcing the customer win. We further note that TOST's gross payment volume (GPV) per avg. location has been declining Y/Y for seven consecutive quarters (despite mostly positive industry SSS), reinforcing the notion that TOST may be either sacrificing payments revenues to demonstrate success in its upmarket push, or failing to push upmarket at all. As discussed below, based on TOST's peak GPV/avg. location, we estimate that as many as ~7.4K of TOST's current 140K locations (~5%) may no longer be attaching payments.

According to experts with whom we spoke, TOST's relatively closed architecture is also a disadvantage compared to POS providers such as PAR, Qu, and ORCL's Simphony, which is particularly significant for enterprise customers. Though TOST does offer a library of 3rd-party integrations, industry participants have consistently said TOST's integration capabilities lack the breadth and functionality of competing enterprise restaurant POS providers.

TOST, therefore, may be increasingly forced to open up its platform to alternative payments processors and 3rd-party point solutions for loyalty, inventory management, etc., in order to continue winning new enterprise customers. Doing so would likely force TOST to either accept lower per-location revenues, or to charge much higher rates for its hardware and individual software modules, threatening TOST's competitiveness with alternative restaurant POS providers.

TOST's current lofty valuation suggests that investors expect it to continue penetrating the US enterprise market while maintaining its current unit economics. Specifically, we think that TOST needs to reverse the decline in its GPV per avg. location while meeting the "street's" expectations for total location growth to meet consensus revenue forecasts for FY26 and FY27. Given that TOST appears to be detaching payments (resulting in a GPV per avg. location of $0) in order to win new enterprise business, we see such a reversal as unlikely.

Accordingly, our model forecasts that TOST's GPV per avg. location will continue to decline ~3% Y/Y in FY25 and FY26, below the consensus estimates of -2.4% Y/Y and +0.7% Y/Y in FY25 and FY26, respectively. We further assume that TOST will meet consensus estimates for total location growth (+21% Y/Y in FY25, and +17% in FY26), while somewhat offsetting GPV weakness with a higher-than-consensus take rate and growth in subscription services and hardware revenues. Putting this together, we forecast that TOST will begin to miss consensus revenue forecasts beginning in 4Q25, and model total revenues of $6.04B (+22% Y/Y, vs. $6.02B consensus) and $7.10B (+17% Y/Y, vs. $7.24B consensus) in FY25 and FY26, respectively.

Furthermore, we think bulls expect TOST to continue to profitably add new enterprise customers. These bulls' lofty long-term growth expectations leave the company vulnerable to multiple compression if any narrative cracks emerge in TOST's long-term growth story. TOST, buoyed by investor enthusiasm over its recent enterprise success, currently trades at ~3.2x EV/FY2 Revenues, ~41% above its 2.3x 2-year average.

We think such cracks are already emerging in the form of TOST's declining GPV/avg. location. We further think that given investor enthusiasm over recent enterprise customer wins, bulls are likely to remain hungry for a steady cadence of additional enterprise win announcements to support the long-term, TAM penetration pitch championed by TOST management. Although TOST management's lack of specificity in how it defines an "enterprise" customer provides the company with some leeway in this regard, we think TOST management equivocating when pressured to produce additional name-brand enterprise win announcements in the coming quarters could serve as a catalyst for downside in TOST shares, even if it is able to meet or exceed near-term consensus revenue and EBITDA estimates.

In any case, we think TOST either struggles to add additional enterprise customers or does so at relatively weak unit economics. Therefore, we foresee TOST's multiple compressing back towards its longer-term average. We therefore apply TOST's ~2.3x EV/FY2 historical average multiple to our $7.10B FY26 revenue forecast, discounted back at a 10.95% WACC, to arrive at our $24 target price.

Borrow Information: TOST

Supply Quantity	Short Interest	Available to Borrow	Date
180.5M	30.9M	175.0M	6/12/2025

Source: PB Optimize, Datalend

BACKGROUND

Toast Inc. (TOST), headquartered in Boston, MA, was founded in 2012 by its current CEO Aman Narang, Steve Fredette, and Jonathan Grimm, former employees at data management company Endeca (later acquired by ORCL).

In addition to TOST's core POS software, TOST offers add-on software modules for managing a wide variety of restaurant functions, including kitchen operations management, vendor & inventory management, scheduling & labor management, marketing & loyalty, digital ordering & delivery, etc. TOST also provides customers with POS hardware (mobile handhelds, kiosks, kitchen display systems), and provides working capital loans to customers through its Toast Capital business.

TOST said on its 2Q22 earnings call that ~61% of TOST locations use four or more products in addition to their POS, but the company has not made any disclosures since. TOST's subscription services revenue per average location is shown in Exhibit 1, below.

Exhibit 1. TOST Subscription Services Revenue per Avg. Location.

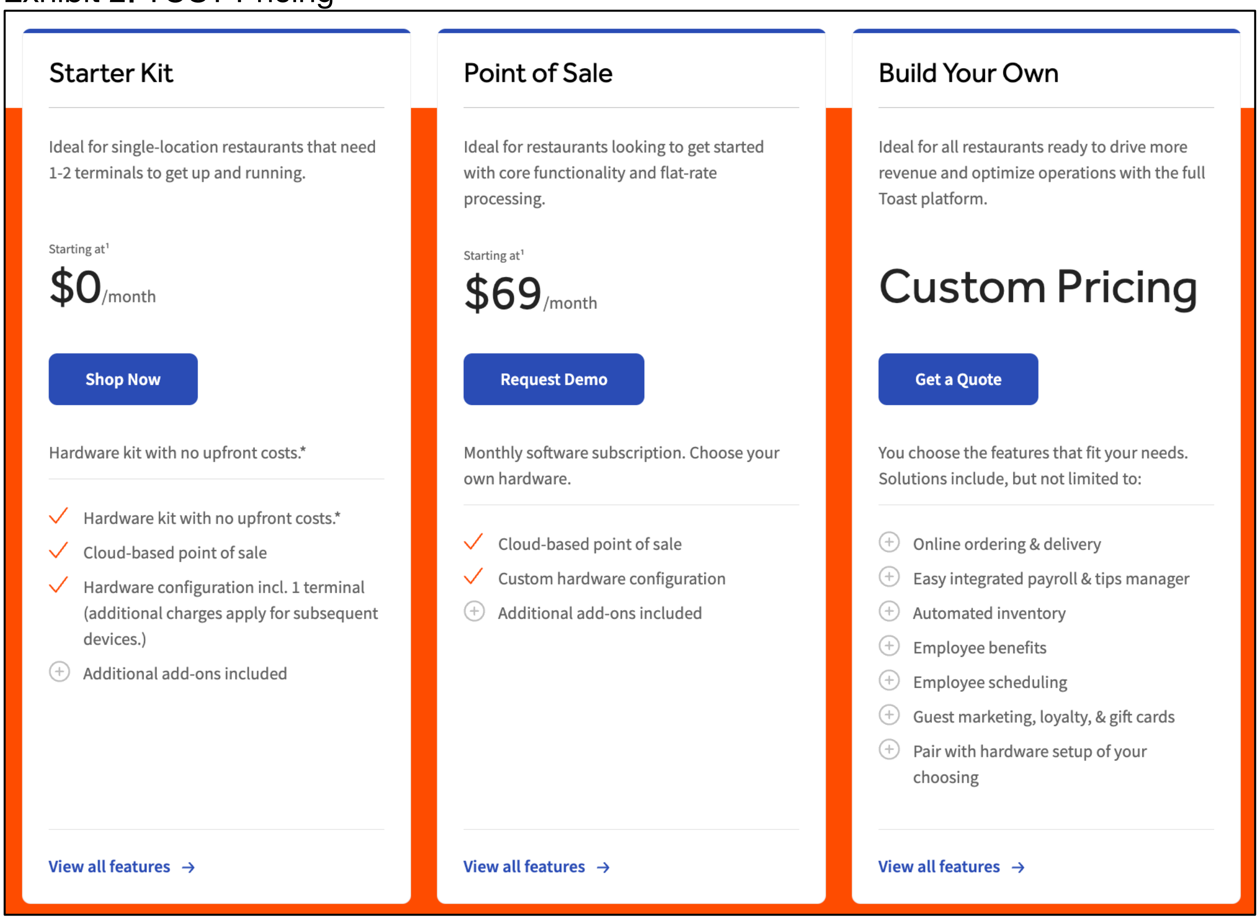
	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25
Subscription services per Avg. Location ($K)	$ 4.80	$ 5.41	$ 1.39	$ 1.43	$ 1.53	$ 1.53	$ 5.88	$ 1.53
Y/Y		*13%*	*6%*	*5%*	*12%*	*11%*	*9%*	*10%*

Source: Company Filings, OWS

TOST customers are required to utilize TOST's core POS system, which typically requires the use of TOST's payment services, in order to utilize any additional TOST software solutions. TOST charges customers both a volume-based and per-transaction fee for payment processing services, which it recognizes as revenue on a gross basis. TOST's gross take rate was ~2.55% of gross payment volume in FY24. However, TOST is technically a payment facilitator as opposed to an actual payment processor, and must therefore redirect ~200bp of the ~255bp gross take rate to payment processors, card networks, and acquiring banks, which it recognizes as COGS.

Pricing for TOST's bundled software and hardware solutions is shown in Exhibit 2, below.

Exhibit 2. TOST Pricing



Source: https://pos.toasttab.com/pricing

As mentioned previously, TOST derives most of its revenues and gross profits from its payment processing services (which it refers to as Financial technology solutions), as shown in Exhibit 3, below.

Exhibit 3. TOST Revenues and Gross Margins by Line of Business

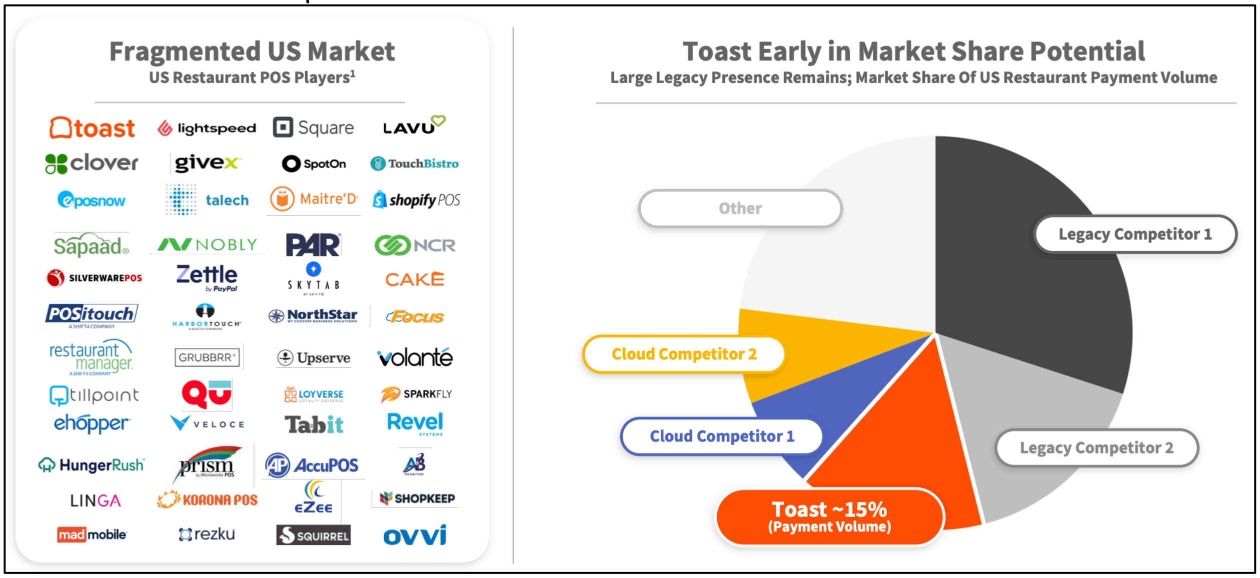
Revenue by LOB	**2020**	**2021**	**2022**	**2023**	**2024**
Subscription services	101	169	324	500	706
Financial technology solutions	644	1,406	2,268	3,189	4,053
Hardware and professional services	78	130	139	176	201
Total revenue	823	1,705	2,731	3,865	4,960
Percentage of Total Revenue:	**2020**	**2021**	**2022**	**2023**	**2024**
Subscription services	12.3%	9.9%	11.9%	12.9%	14.2%
Financial technology solutions	78.3%	82.5%	83.0%	82.5%	81.7%
Hardware and professional services	9.5%	7.6%	5.1%	4.6%	4.1%
Gross Margin:	**2020**	**2021**	**2022**	**2023**	**2024**
Subscription services	60.4%	62.7%	65.4%	66.8%	69.0%
Financial technology solutions	21.0%	20.3%	21.0%	21.5%	21.7%
Hardware and professional services	-66.7%	-56.9%	-123.7%	-102.8%	-84.6%
Percentage of Total Gross Profits	**2020**	**2021**	**2022**	**2023**	**2024**
Subscription services	42.4%	33.3%	41.1%	39.8%	40.8%
Financial technology solutions	93.8%	89.9%	92.2%	81.8%	73.5%
Hardware and professional services	-36.1%	-23.3%	-33.3%	-21.6%	-14.2%

Source: Company Filings, OWS

TOST estimates its “core” TAM to include ~875K US restaurant locations, of which TOST currently serves ~140K (implying a unit market share of ~16%). However, at its May 2024 investor day, TOST provided updated TAM estimates that include an additional ~280K international locations and ~220K US food & beverage retail locations (for a ~1.4M location total TAM). TOST has recently released a new, separate Toast Retail POS software suite aimed at serving these US food & beverage retail customers.

The restaurant and retail POS software markets are fragmented and highly competitive. TOST’s primary competitors, along with TOST’s relative market share estimates, are shown in Exhibit 4, below.

Exhibit 4. TOST Competitors and Market Share



Source: TOST FY24 Investor Day Presentation

According to our research, the "legacy competitors" in the above graphic are likely NCR Voyix (VYX) and ORCL, which held dominant positions in the POS software market, but were slow to adjust to the industry's shift to the cloud. TOST now competes mainly with VYX, ORCL, PAR, and Qu for new enterprise customers, while FOUR's SkyTab, FIS' Clover, GPN's Genius, XYZ's Square, and LSPD are TOST's primary competitors in the SMB market.

TOST sales are made primarily through its direct sales force, and to a lesser extent, referrals and inbound inquiries. Sales & marketing has historically been TOST's largest operating expense (9.5% of FY24 revenues), followed by R&D (7.1%) and G&A (6.2%).

TOST utilizes a dual-class share structure, under which Class B shares have 10 votes relative to a Class A share. Class B shareholders (founders, the former CEO and pre-IPO backers) held 65% voting power as of YE24.

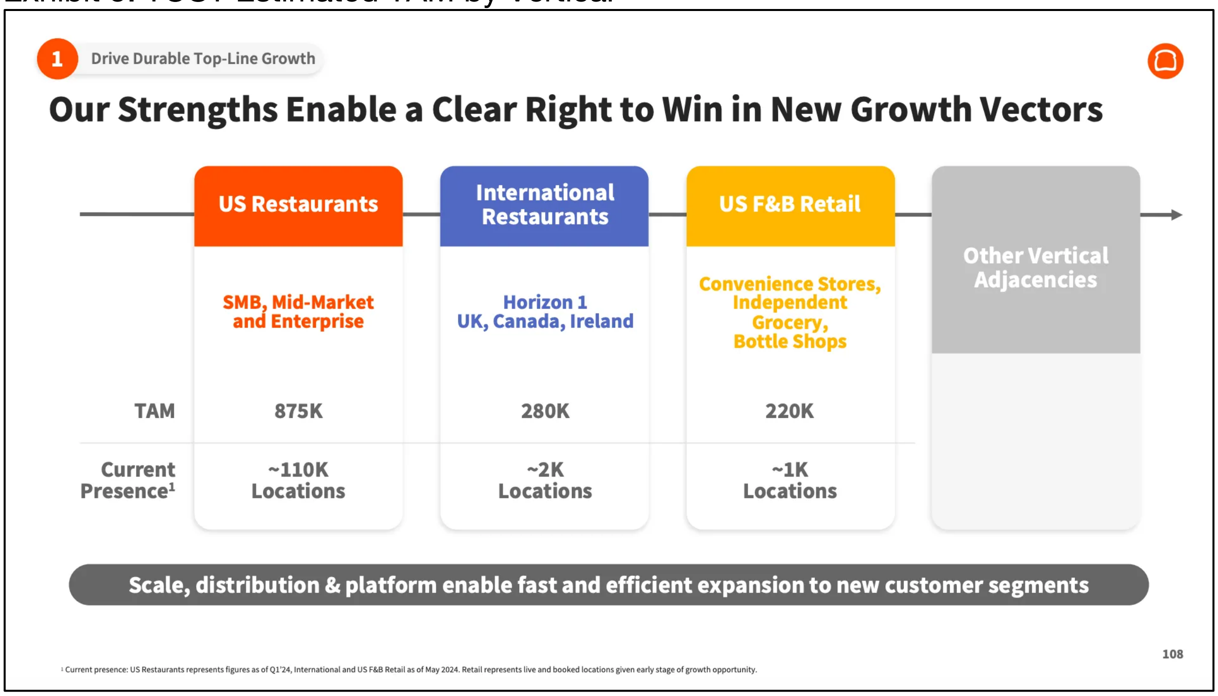
Since 1/1/24, TOST has been led by former-COO, President, and Co-Founder Aman Narang. Mr. Narang succeeded former-CEO and Board Chairperson Chris Comparato, who was brought on in February 2015 to lead TOST as it scaled from a startup to a publicly-traded company.

DISCUSSION

1. TOST will likely struggle to gain a substantial share of the US enterprise restaurant POS market.

TOST has maintained that it plans to eventually expand its footprint to include large enterprise, international restaurants, and other retail categories since its September 2021 IPO. TOST's estimate of the TAM these verticals represent is shown in Exhibit 5, below.

Exhibit 5. TOST Estimated TAM by Vertical



Source: TOST May 2024 Investor Day

Note that TOST management has historically been vague in how it defines an "enterprise" customer. However, by defining enterprise customers as the top 100 US restaurant chains by sales volume, the enterprise market represents ~190K of the ~875K total US restaurant locations.

Until recently TOST had demonstrated little success in winning these large enterprise customers. As of its May 2024 investor day, TOST's marquee enterprise customers were either specialty, limited-menu concepts (Nothing Bundt Cakes, Caribou Coffee) or hotels (MAR, CHH). Jamba Juice (~700 locations), meanwhile, was previously TOST's largest enterprise customer, but discontinued its TOST relationship in favor of competitor Qu in 3Q23.

Nevertheless, several recent enterprise wins appear to have excited investor enthusiasm about TOST's "right to win" within the US enterprise restaurant space. TOST announced Potbelly's 400+ locations as a new customer win on its November 3Q24 earnings call, and announced Applebees and TopGolf as new enterprise wins in 1Q25.

These new customer wins, along with TOST's commentary that it expects to cross 10K locations across enterprise, international, and food and beverage retail in 2025, have been pointed to by TOST bulls as evidence that TOST's TAM is indeed significantly larger than the ~685K US SMB restaurant market. Accordingly, TOST shares have outperformed the SPX by ~27% since its 3Q24 earnings release.

However, our fieldwork suggests that TOST's recent enterprise "wins" could be representative of TOST "buying business", and TOST will face significant challenges in maintaining its previous unit economics while winning additional large, enterprise customers.

The main challenge is TOST's historical reliance on embedded payments to drive the majority of TOST revenues. TOST's value proposition historically has been to offer SMB restaurants a seemingly "cheap", easy-to-use, bundled software and hardware package, which restaurants pay for mainly through a ~50bp net take rate on their payments volume.

Large enterprise restaurants, however, typically have existing relationships with large payment processors such as FIS and GPN, which charge rates significantly lower than TOST's. In one recent conversation with an industry participant, we were told that enterprise restaurant customers typically pay payment processing fees in the "mid-high 1%" range, well below the ~2.6% gross take rate charged by TOST.

Enterprise restaurants also typically have higher average unit sales volumes ($2M+/year, vs. $1.3M for the average TOST customer), which increases the per-unit dollar cost of payment processing, as well as in-house corporate IT capable of integrating and maintaining separate POS and payment processing solutions. In a recent conversation with an IT executive at Dairy Queen (a customer of both PAR and TOST), this expert said they only allow TOST in a limited number of franchised units with below-average sales volume, since a networkwide TOST implementation would cost Dairy Queen

$11M/month in extra payment processing fees compared to their existing payments infrastructure.

We note that TOST disclosed at a JPM conference on May 13th that its Applebees deal did not include attached payments, a disclosure which it neglected to include in its original 1Q25 announcement of the Applebees customer win.

TOST's affinity for "bundling" its POS and other software modules is also apparently sub-optimal compared to more open-architecture solutions that allow for "best of breed" point solutions for loyalty programs, inventory management, etc. Though TOST does offer a library of 3rd-party integrations, both our fieldwork and expert transcripts we have viewed have supported the notion that TOST's 3rd-party integrations and APIs lack the breadth and functionality of POS systems like PAR's Brink and ORCL's Simphony.

In our conversations with industry participants, we were told that TOST likely overcame these limitations in its recent enterprise wins due to a combination of idiosyncratic weakness in those customers businesses and TOST's willingness to offer those customers a "deal they couldn't refuse" to secure large enterprise customer wins.

Unit count at Applebee's (owned by DIN) has declined Y/Y for ten consecutive years, and its SSS also declined -4.2% in 2024. Given its struggles, Applebee's was likely amenable to accepting a sweetheart deal for a new POS system despite potential functionality sacrifices, especially given TOST's willingness to detach embedded payments.

Potbelly (PBPB), meanwhile, has also recently struggled with declining SSS, and apparently has relatively high upfront costs for franchisees compared to most restaurants. One expert with whom we spoke speculated that PBPB likely selected TOST in order to save potential franchisees $30-$40K in upfront costs relative to alternative POS options, even if it meant accepting higher ongoing operating expenses.

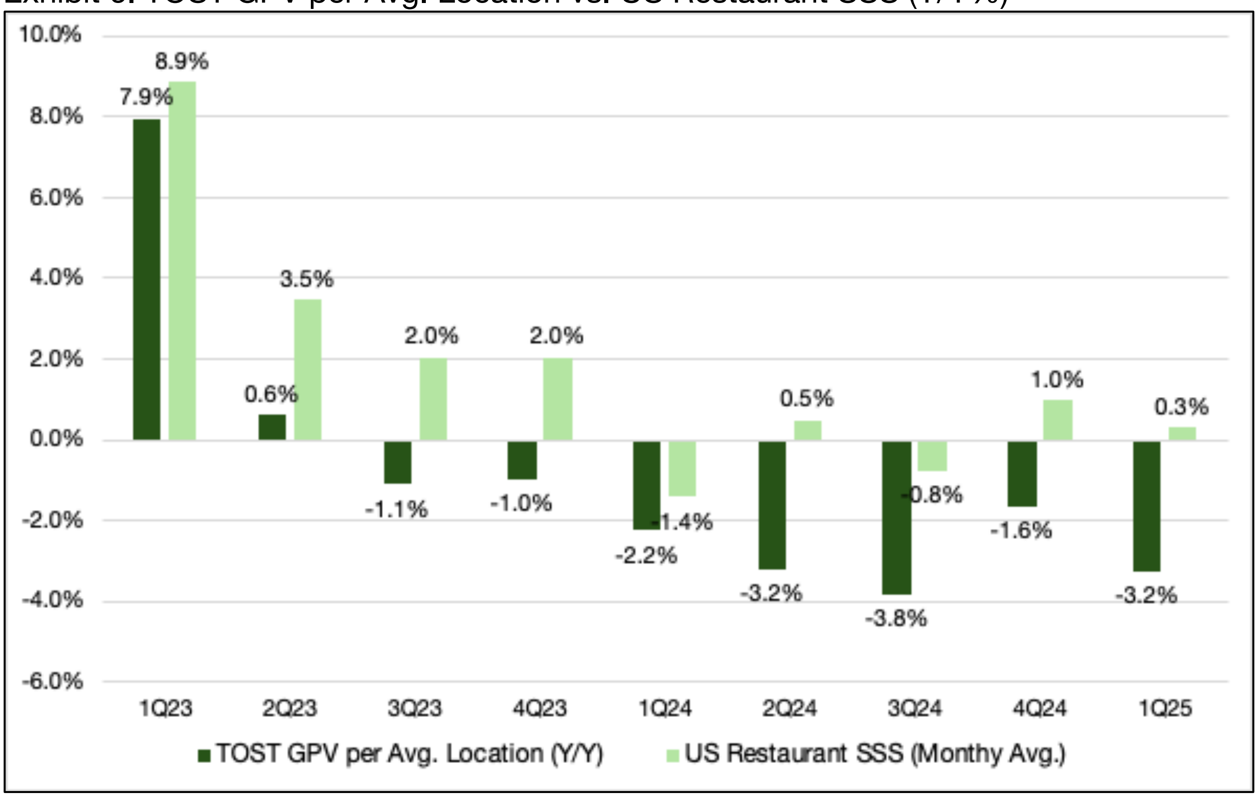
These customer wins, therefore, may overstate TOST's enterprise opportunity. According to industry observers with whom we spoke, the largest restaurant chains (MCD, SBUX, Subway) will likely continue to handle POS software development in-house. The remainder of enterprise chain restaurants will likely opt for one of PAR's Brink, Qu, or ORCL's Simphony, with NCR's

Aloha ceding share, while other providers such as FOUR's SkyTab compete with TOST in the lower end of the restaurant market.

TOST becoming truly competitive in enterprise restaurant POS software will likely require it to adopt a drastically different business model, charging more for its hardware and professional services (which carried a -85% gross margin in FY24) and its individual software modules while opening up its platform to alternative payment processors and point solution software providers.

We see evidence of this dynamic already showing up in TOST's reported financials. TOST has reported negative Y/Y growth in gross payment volume per average location for seven consecutive quarters, and said on its 1Q25 earnings call it expects GPV/location to follow a "similar trend" throughout 2025. This trend indicates that TOST's upmarket push may already be forcing it to concede payments processing revenues in order to win new business, especially given that industrywide US restaurant SSS have generally remained positive during this period, as shown in Exhibit 6, below.

Exhibit 6. TOST GPV per Avg. Location vs. US Restaurant SSS (Y/Y%)

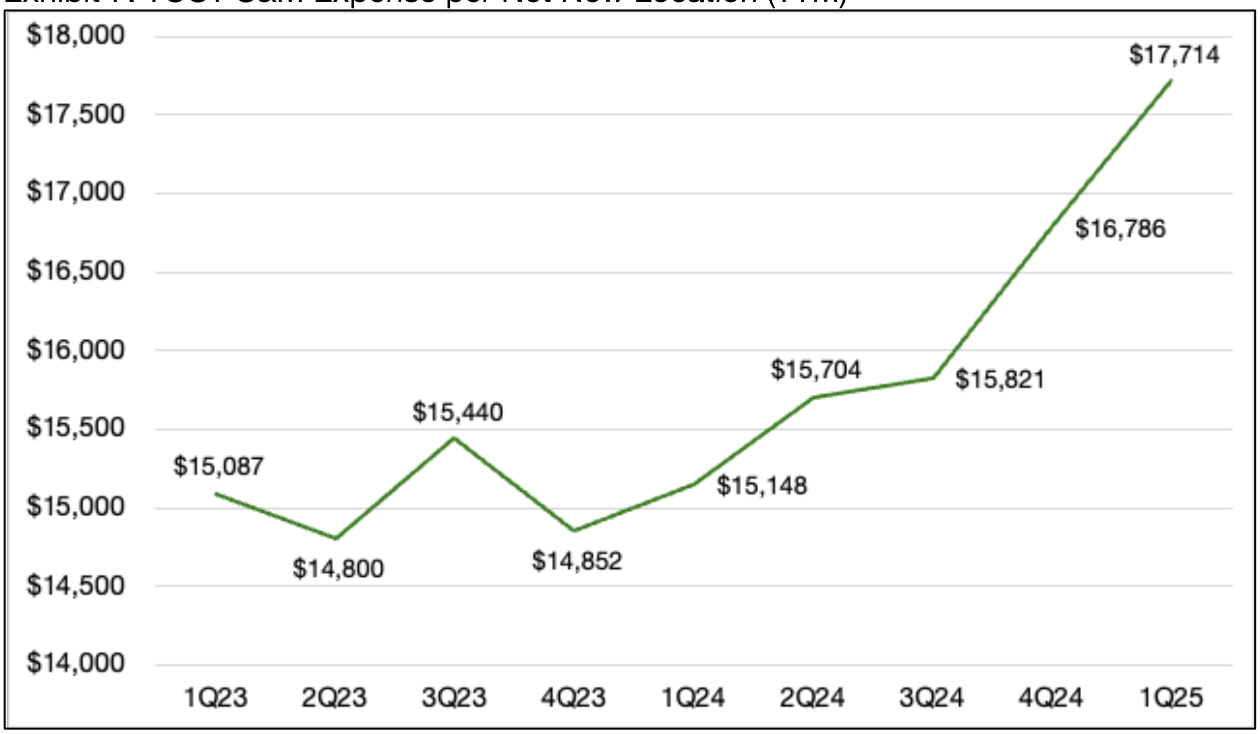


Source: Company Filings, Bloomberg, Black Box Intelligence, OWS

Multiplying TOST's "peak" Q1 GPV/avg. location ($326K in 1Q23) by TOST's 1Q25 avg. locations, if TOST's GPV/avg. location had held constant TOST would have reported $44.6B in GPV (vs. $42.2B reported). By dividing the $2.4B difference by the $326K GPV/avg. location, we estimate that as many as 7.4K TOST locations are no longer attaching payments (~5% of total TOST locations). Customers detaching payments would be beneficial to TOST's consolidated GM% but would result in substantially lower per-unit revenues and gross profits.

Meanwhile, TOST's S&M expense per net new location has increased significantly in recent quarters, rising ~17% Y/Y on TTM basis in 1Q25, as shown in Exhibit 7, below.

Exhibit 7. TOST S&M Expense per Net New Location (TTM)



Source: Company Filings, OWS

Putting this together, it appears TOST is spending greater amounts to acquire lower revenue locations. As discussed below, TOST's lofty valuation seems to imply it will grow to service a substantial share of its claimed ~1.4M location TAM as outlined in Exhibit 5, while simultaneously generating significant margin leverage. Therefore, TOST failing to win a sizable share of US enterprise restaurant locations, or doing so at increasingly poor unit economics, could lead to a slump in TOST shares.

2. TOST's valuation implies it will win a majority share of the TAMs represented by its current target verticals.

To analyze the growth implied by TOST's current ~$25B valuation, we assume TOST follows current consensus estimates for revenue growth of 22% Y/Y in 2025 and 20% Y/Y in 2026, and steady mid-teens percentage revenue growth rate over the medium term. We further assume TOST's adj. EBITDA margin improves steadily to the 30-35% of recurring gross profit margin (29% in FY24, 35% in the model in Exhibit 8) which TOST said was its mid-term target at its FY24 investor day. Using these assumptions, the reverse DCF model in Exhibit 8 estimates the duration for which TOST will have to sustain a 15% Y/Y revenue growth rate to justify its current valuation.

Exhibit 8. TOST Price-Implied Expectations

Inputs															
Price:	$ 42.50														
FD Shares (M):	603														
Market Cap ($M):	25,628														
WACC:	10.95%														
LT Revenue Growth Rate	15%														
MT Adj. EBITDA Margin	12.3%														
LT Adj. EBITDA Margin	15%														
Inflation	2.5%														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
Total Revenues	4,960	6,051	7,261	8,351	9,603	11,044	12,700	14,605	16,796	19,316	22,213	25,545	29,377	33,783	38,851
Y/Y	*28%*	*22%*	*20%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBITDA-CapEx	$ 319	500	890	1,023	1,440	1,657	1,905	2,191	2,519	2,897	3,332	3,832	4,406	5,067	5,828
OPM%	6.4%	8.3%	12.3%	12.3%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Cash Taxes	0	0	187	215	303	348	400	460	529	608	700	805	925	1,064	1,224
%	0%	0%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
NOPAT	$ 319	$ 500	$ 703	$ 808	$ 1,138	$ 1,309	$ 1,505	$ 1,731	$ 1,990	$ 2,289	$ 2,632	$ 3,027	$ 3,481	$ 4,003	$ 4,604
Growth CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incremental WC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FCF	$ 319	$ 500	$ 703	$ 808	$ 1,138	$ 1,309	$ 1,505	$ 1,731	$ 1,990	$ 2,289	$ 2,632	$ 3,027	$ 3,481	$ 4,003	$ 4,604
PV of FCF		$ 451	$ 571	$ 592	$ 751	$ 778	$ 807	$ 836	$ 867	$ 898	$ 931	$ 965	$ 1,000	$ 1,037	$ 1,075
Cumulative PV of FCF		$ 451	$ 1,022	$ 1,613	$ 2,364	$ 3,143	$ 3,949	$ 4,786	$ 5,652	$ 6,551	$ 7,482	$ 8,447	$ 9,448	$ 10,485	$ 11,559
PV of Residual Value		$ 5,467	$ 6,925	$ 7,177	$ 9,110	$ 9,442	$ 9,787	$ 10,144	$ 10,514	$ 10,898	$ 11,296	$ 11,708	$ 12,136	$ 12,579	$ 13,038
Corporate Value		$ 5,917	$ 7,946	$ 8,791	$ 11,474	$ 12,585	$ 13,736	$ 14,930	$ 16,167	$ 17,449	$ 18,778	$ 20,155	$ 21,583	$ 23,063	$ 24,597
Add: Net Cash		$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005	$ 1,005
Shareholder Value		$ 6,922	$ 8,951	$ 9,796	$ 12,479	$ 13,590	$ 14,741	$ 15,935	$ 17,172	$ 18,454	$ 19,783	$ 21,160	$ 22,588	$ 24,068	$ 25,602
Shareholder Value per Share		**$ 11.48**	**$ 14.84**	**$ 16.24**	**$ 20.69**	**$ 22.54**	**$ 24.45**	**$ 26.43**	**$ 28.48**	**$ 30.60**	**$ 32.81**	**$ 35.09**	**$ 37.46**	**$ 39.91**	**$ 42.46**

Source: Company Filings, Bloomberg, OWS

In other words, to justify its current share price, TOST will have to grow revenue at 15% Y/Y through 2038, while also improving its margins to hit its mid-term goal. Note this analysis generously assumes this growth will require no incremental growth CapEx or working capital.

To assess the unit count required to hit these lofty growth expectations, Exhibit 9 maps our TOST revenue build to match the growth expectations shown in Exhibit 8, above.

Exhibit 9. TOST Revenue Build

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Avg. Locations	120,000	146,400	175,680	202,032	232,337	267,187	307,265	353,355	406,359	467,312	537,409	618,021	710,724	817,332	939,932
Y/Y%	30%	22%	20%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
FinTech Rev per Avg. Location ($K)	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8	$ 33.8
Y/Y%	-2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Subscription Services Rev per Avg. Location ($K)	$ 5.88	$ 6.18	$ 6.36	$ 6.43	$ 6.49	$ 6.56	$ 6.62	$ 6.69	$ 6.75	$ 6.82	$ 6.89	$ 6.96	$ 7.03	$ 7.10	$ 7.17
Y/Y%	9%	5%	3%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Hardware Revs ($M)	$ 201	$ 207	$ 213	$ 220	$ 226	$ 233	$ 240	$ 247	$ 255	$ 262	$ 270	$ 278	$ 287	$ 295	$ 304
Y/Y%	14%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Revs ($M)	$ 4,960	$ 6,056	$ 7,265	$ 8,342	$ 9,581	$ 11,009	$ 12,652	$ 14,545	$ 16,724	$ 19,234	$ 22,124	$ 25,453	$ 29,287	$ 33,703	$ 38,789
Y/Y%	28%	22%	20%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%

Source: Company Filings, OWS

Putting this together, assuming TOST maintains its current (yet declining) GPV per avg. location, while generating modest growth in hardware and per-location subscription services revenues, its current valuation implies it will grow to ~940K locations over the next ~13 years.

Recall from Exhibit 5 that TOST estimates its current TAM includes 875K US restaurant locations, 280K international locations, and 220K retail locations (~1.4M total). The ~940K locations identified in Exhibit 5, therefore, would represent ~68% penetration of TOST's overall TAM.

Given the challenges we foresee TOST facing in penetrating the high end of the US restaurant market, we think it is highly unlikely TOST will be able to achieve this level of TAM penetration over the long term. Even if TOST were to grow to saturate the entire SMB restaurant TAM (~685K locations) and F&B retail TAM (~220K) locations, TOST would still need to add ~35K locations across US enterprise and international in order to get to ~940K.

TOST's core US SMB restaurant market potentially provides sufficient remaining runway for TOST to continue to hit "street" unit growth estimates for at least the next several years. There are ~685K US SMB restaurant locations, and the "street" is currently forecasting TOST will end 2027 with only ~221K total locations.

However, we think these aggressive implied expectations create substantial risk of multiple compression if cracks emerge in TOST's long-term growth story. We think weaknesses are already emerging in TOST's declining GPV per average location, and that continued declines in TOST's GPV/avg. location in FY26 should cause TOST to begin to miss the current consensus revenue estimates.

Moreover, given investors' apparent enthusiasm over TOST's recent enterprise wins, we think TOST bulls anticipate additional enterprise win announcements to continue supporting their bullish view. We therefore think that if TOST fails to produce a steady cadence of new enterprise customer wins or does so to the detriment of its current per-unit revenues and rising EBITDA margin trajectory, TOST bulls' recent enthusiasm could evaporate, potentially slamming TOST shares even if TOST is able to continue to meet consensus estimates.

MANAGEMENT COMPENSATION

TOST management is compensated through a combination of a base salary, short-term incentive payments, and long-term incentive compensation via stock options and RSUs. The base salary component of TOST management's compensation is shown in Exhibit 10, below.

Exhibit 10. TOST Management Base Salaries

Named Executive Officer	2023 Base Salary	2024 Base Salary (1)	Percentage Change
Aman Narang (2)	$20,000	$400,000	2,000%
Elena Gomez	$438,000	$454,425	3.75%
Jonathan Vassil	$380,500	$394,769	3.75%
Stephen Fredette (3)	$20,000	$20,000	—%
Brian Elworthy	$380,500	$394,769	3.75%

Source: Company Filings, OWS

TOST's short-term incentive payments are based on TOST's achievement of targets for TOST's "recurring gross profit" (70% weight) and adj. EBITDA (30% weight). TOST defines "recurring gross profit" (RGP) as its Non-GAAP gross profit from its subscription services and financial technology lines of business. Note both metrics are adjusted to add back TOST's stock-based compensation, which, as discussed below, TOST has liberally used. This generous use of SBC has resulted in substantial shareholder dilution in recent periods.

The above weights are then multiplied by executive officers' achievement of qualitative, individual business objectives (MBOs), which are evaluated by the board at the end of each half-year. TOST management's 2024 performance against its short-term incentive targets is shown in Exhibit 11, below.

Exhibit 11. TOST Management Short-Term Incentive Performance (2024)

2024 Bonus Funding Goal Achievement:

Metric*	Goal Achievement	Bonus Achievement		Metric Weighting		Bonus Funding
RGP	Between Target and Maximum	140%	*	70%	=	98%
Adjusted EBITDA	Target Goal Exceeded	125%	*	30%	=	38%
	Total			**100%**		**136%**

* We are not disclosing the specific numbers for the bonus funding metrics or the actual goal achievement because we believe disclosure would cause substantial competitive harm (for example, by providing competitors insight into our sales strategy and business operations) without adding to a meaningful understanding of our business. However, like performance targets for all metrics, our compensation committee has set performance goals at definitive, rigorous, and objective levels so as to require significant effort and achievement by our executive team to be attained.

Source: Company Filings, OWS

Although TOST elected not to disclose the actual targets for RGP or adj. EBITDA in FY24, it appears based on the above percentage achievements that the target for RGP was an unchallenging $1.01B (-4.2% Y/Y). We wonder why that would be. In any case, TOST management's 2024 short-term incentive payments are shown in Exhibit 12, below.

Exhibit 12. TOST Management Short-Term Incentive Payouts (2024)

2024 Bonus Payments:

Name	2024 Target Bonus*	2024 Funded Bonus Based on 136% Financial Goal Achievement	Individual Blended 2024 MBO %	2024 Approved Bonus Payment**	2024 Approved Bonus as % of Target Bonus
Aman Narang	$400,000	$544,000	93%	$505,920	126%
Elena Gomez	$337,756	$459,348	90%	$413,413	122%
Jonathan Vassil	$391,221	$532,061	98%	$521,420	133%
Brian Elworthy	$234,733	$319,237	96%	$306,467	131%

Source: Company Filings, OWS

TOST's long-term equity grants follow no formal policy, and are determined annually by TOST's board, with grant date fair values determined by the board's assessment of "market-competitive equity grant values for similar roles at peer companies, the relative scope and impact of the executive officer's role at Toast, and the executive officer's contribution, performance and future growth potential."

TOST's 2024 equity grants consisted of 60% stock options and 40% RSUs, which vest in quarterly increments over a four-year period, the value of which is shown in Exhibit 13, below.

Exhibit 13. TOST Management Equity Grants (2024)

Name	Approved Grant Value ($)	Grant Value for Stock Options (60%) (1)	Grant Value for RSUs (40%) (2)
Aman Narang	$9,000,000	$5,400,000	$3,600,000
Elena Gomez	$4,512,500	$2,707,500	$1,805,000
Jonathan Vassil	$3,562,500	$2,137,500	$1,425,000
Stephen Fredette	$4,037,500	$2,422,500	$1,615,000
Brian Elworthy	$2,850,000	$1,710,000	$1,140,000

Source: Company Filings, OWS

ACCOUNTING

(1 = no significant issues, 2 = some issues, 3 = major issues)

Score: 2

a. Chief Accounting Officer Resignation

TOST released an 8-K on 6/5/25 announcing that TOST and its Chief Accounting Officer (CAO), Gail Miller, had mutually agreed to end her employment effective 6/13/25. Elena Gomez, TOST's President and CFO, will serve as TOST's interim CAO. No further details were given regarding the reasons underlying Ms. Miller's swift departure.

However, Ms. Miller's departure was odd given her short tenure at the company. Ms. Miller was appointed TOST's CAO effective 3/3/25, meaning she held the position for just ~3 months. Ms. Miller was previously the CAO at RELY for ~2 years, and at FOUR for ~7 years before that.

Ms. Miller was granted $3.3M in RSUs and $2.2M in stock options upon her appointment, 12.5% of which vested after 6 months, with the remainder vesting in quarterly installments over the following 3.5 years. Therefore, Ms. Miller's early departure means she will not vest any of the stock option or RSU rewards (~$700k), or participate in TOST's 2025 annual incentive bonus program.

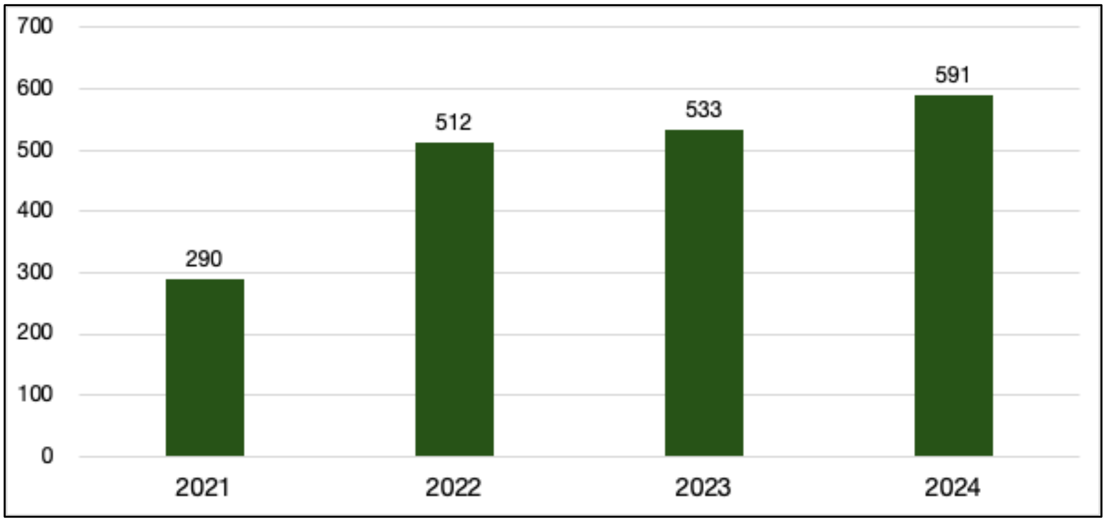
b. Stock-Based Compensation

As mentioned above, TOST historically has been very liberal in its use of stock-based compensation (SBC). SBC addback accounted for $256M of

TOST's $373M in FY24 adj. EBITDA (69%), and was $288M (vs. $61M in adj. EBITDA) in FY23.

This use of SBC has resulted in substantial dilution for TOST shareholders over time. Exhibit 14, below, shows TOST's year-end diluted share count over the past four years (note TOST IPO'd in September 2021).

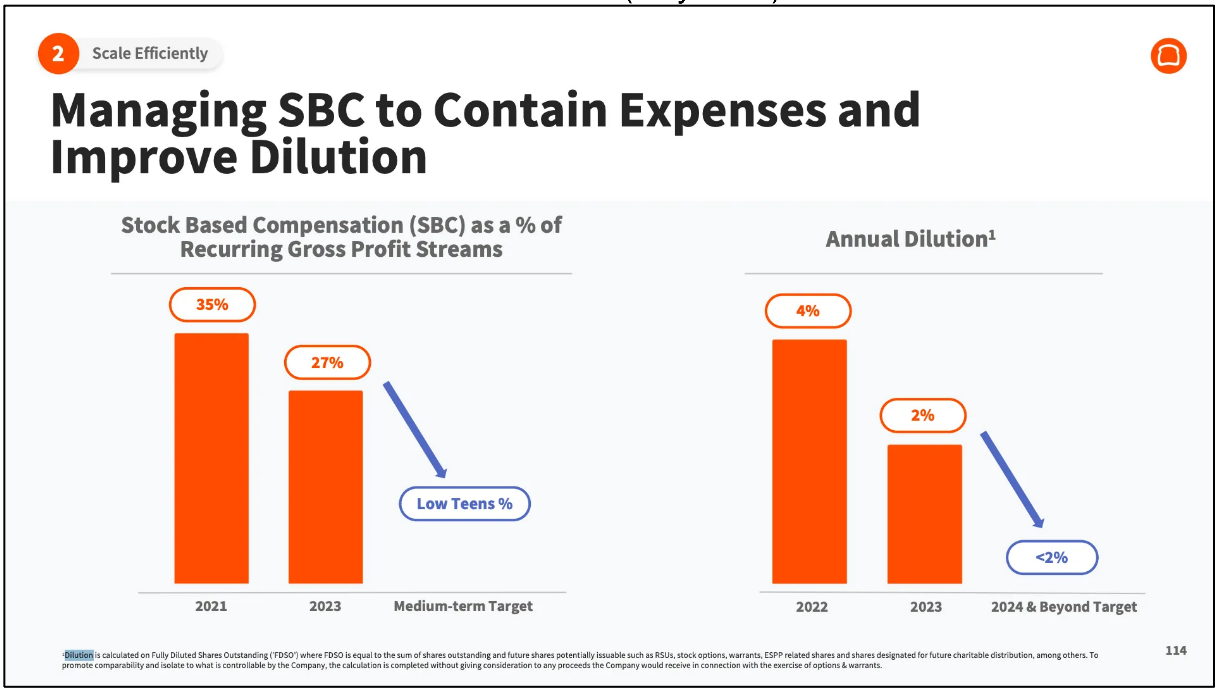
Exhibit 14. TOST Year End Diluted Share Count



Source: Company Filings, OWS

TOST management sought to address this matter at its May 2024 investor day, saying that it expected TOST's annual dilution to fall to <2% annually in 2024 and beyond, as shown in Exhibit 15, below.

Exhibit 15. TOST Annual Dilution Guidance (May 2024)



Source: TOST Investor Day Presentation 2024

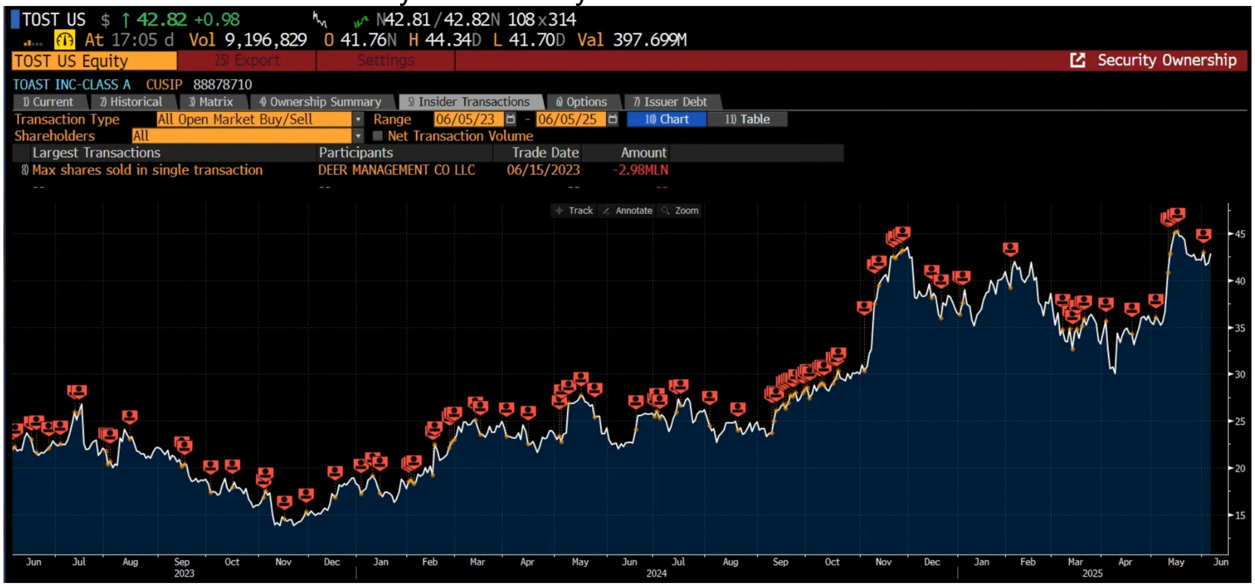
TOST management also highlighted on its 3Q24 earnings call that it had repurchased $56M in shares YTD, “reflecting our focus on reducing dilution”. Nevertheless, TOST’s dil. share count increased 11% Y/Y in 4Q24, and 10% Y/Y in 1Q25.

Given that these share repurchases are intended to offset the dilution caused by the stock portion of TOST’s ongoing operating expenses, they should be included when calculating the company’s FCF. Factoring in TOST’s $56M in FY24 share repurchases, its FCF would have been just $250M (67% of adj. EBITDA), compared to the $306M (82%) TOST reported.

We note also that the metrics on which TOST management’s short-term incentive payments are based both add back stock-based compensation, without accounting for the share repurchase activity, giving management little incentive to rein in its use of SBC.

TOST management, meanwhile, has demonstrated little appetite for purchasing TOST shares themselves. The most recent insider buying of TOST shares was a 500K share purchase by Director David Yuan on 5/12/23, and TOST insiders have sold a combined ~6.2M shares over the past year, as shown in Exhibit 16, below.

Exhibit 16. TOST Insider Buy/Sell Activity



Source: Bloomberg

c. Depreciation & Amortization

Like most companies, TOST records depreciation & amortization expenses for the capitalized costs of its facilities, internally developed software, and acquired intangible assets, which for TOST are generally de minimis.

However, TOST's 1Q25 D&A expense increased to $19M (vs. $11M in 1Q24 and 4Q24). This increase does not seem to be well explained by an increase in TOST's PP&E or intangible assets, as shown in Exhibit 17, below.

Exhibit 17. TOST D&A vs. Prior Period PP&E and Intangible Assets

	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25
D&A	24	32	11	12	12	11	46	19
PP&E + Intangibles (Prior Period)	57	90	101	107	113	117	101	118
D&A as % of PP&E+Intangibles	42.1%	35.6%	10.9%	11.2%	10.6%	9.4%	45.5%	16.1%

Source: Company Filings, OWS

We note that D&A expense, like SBC, is added back to both of the metrics that determine TOST management's short-term incentive compensation (RGP and adj. EBITDA). TOST added back $16M in D&A expense to its 1Q25 RGP ($394M), and $19M in D&A to its 1Q25 adj. EBITDA ($133M).

We note also that 1Q25 was the first quarter in which TOST's D&A expense exceeded its capital expenditures ($10M) and capitalized software expenses ($0) on its cash flow statement, an indicator that TOST's growth trajectory may be maturing.

Though we admit that one quarter is a small sample size from which to draw, we think the increasing D&A addbacks supporting its non-GAAP profit metrics and CFFO bears monitoring in future periods.

VALUATION

A detailed summary of our financial projections and their underlying assumptions is included in the Financial Projections section, below. Our full TOST model is also available for download via the client portal on our website.

The primary difference in our assumption from that of the “street” is that we assume TOST’s GPV/avg. location continues to decline at ~3% Y/Y, in-line with the decline seen in FY24 (-2.7% Y/Y) and 1Q25 (-3.2% Y/Y). Consensus estimates current imply that TOST’s GPV/avg. location will decline -2.4% Y/Y in 2025, before rebounding +0.7% Y/Y in 2026. Our below-consensus GPV/location estimate is driven by our view that TOST will be forced to continue detaching payments to win new enterprise customers.

We further assume TOST will add 28.2K net new locations (vs. 28K in 2024) in 2025, and 28.8K new locations in 2026, in-line with the current consensus estimates.

We assume TOST’s net take rate will hold at 0.59% (vs. 0.55% in 2024, 0.59% in 1Q25) throughout 2025, and increase to 0.60% in 2026, above the consensus estimates for 0.57% and 0.58%, respectively. Given that TOST reported a 0.59% net take rate in 1Q25, we think the “street’s” forecasts for net take rate in 2025 and 2026 are likely too conservative. We also forecast above-consensus TOST subscription services revenues of $942M (+33% Y/Y, vs. $919M consensus) in 2025 and $1.19B (+27% Y/Y, vs. $1.14M consensus) in 2026, and hardware & professional services revenues of $217M (+8% Y/Y, vs. $200M consensus) and $223M (+3% Y/Y, vs. $214M consensus) in 2025 and 2026, respectively.

Nevertheless, due entirely to our below-consensus GPV/avg. location assumption, we forecast TOST revenues of $6.04B (+22% Y/Y, vs. $6.02B consensus) and $7.10B (+17% Y/Y, vs. $7.24B consensus) in 2025 and 2026, respectively. Importantly, we note TOST just missed the 1Q25 consensus revenue estimate driven by lower-than-expected GPV, and think TOST could begin to miss current consensus revenue expectations by 4Q25.

On the cost side, our cost and percentage margin estimates are generally in-line with consensus. However, we do assume slightly higher expenses for both SG&A and R&D in 2025 and 2026 than the current “street” projections. This is due to our view discussed above that TOST is spending greater and greater amounts to acquire new locations, and will also be forced to invest in R&D in order to continue developing its software to be more competitive in the enterprise and retail POS markets.

Lastly, we assume TOST’s diluted share count increases 6% Y/Y to 624M shares (vs. 598M consensus) in 2025, and 655M (+5% Y/Y, vs. 607M consensus) in 2026. Given the current rate of dilution discussed above, we find the “street’s” forecast for TOST’s diluted share count to decline between 1Q25 (603M) and 4Q25 (601M consensus) unrealistic.

Putting this together, we forecast TOST EPS of $0.48 in 2025 (vs. $0.03 in 2024, $0.45 consensus) and $0.70 (vs. $0.71 consensus) in 2026. On a per-share basis, we forecast adj. EBITDA of $0.95 (vs. $0.63 in 2024, $0.94 consensus) and $1.14 (vs. $1.24 consensus) in 2025 and 2026, respectively.

Given that TOST bulls view it as high-growth FinTech company, they are likely to be primarily focused on TOST’s revenue growth and the support it provides for their long-term, “TAM penetration” bull case. We therefore think an EV/Sales multiple is most appropriate to value TOST.

We think that TOST reporting below-consensus revenues in 4Q25 and 2026 will cause bulls to grow increasingly skeptical of TOST’s long-term growth potential, resulting in TOST’s EV/Sales multiple reverting back to its longer-term average. We therefore apply TOST’s 2-year average FY2 EV/Sales multiple of 2.3x to our $7.10B 2026 revenue estimate, discounted back at TOST’s 10.95% WACC, to arrive at our $24/share target price.

RISKS

A primary risk to our thesis is that TOST management has not given a firm definition of what it considers to be an “enterprise customer”, and gives no disclosures regarding those customers specifically. TOST management has also not been forthcoming with disclosing when new customers are not attaching payments. This vagueness could allow TOST management to continue giving bullish commentary about their enterprise progress, and the payback periods of its "enterprise" deals, while simply continuing to saturate its US SMB market opportunity at its current unit economics. Doing so could allow TOST to meet "street" forecasts in the near term, giving TOST bulls no explicit reason to question TOST's future enterprise market opportunity.

A secondary risk to our thesis is TOST gaining significant traction in either its international or US food & beverage retail verticals. Although these verticals are not the focus of our thesis, we note that expert transcripts we have viewed have said that TOST Retail still has significant limitations (mainly in its capacity for managing a high number of diverse SKUs), and that international markets have historically been very difficult for US POS providers to penetrate. Nevertheless, TOST overcoming these challenges and producing substantial growth in international and retail could allow it to beat "street" estimates despite weakness in its US enterprise restaurant push.

A greater than expected increase in TOST's gross and net take rates is also a risk to our thesis. TOST's net take rate increased to 0.59% in 1Q25 (vs. 0.55% in 1Q24 and FY24), which TOST management attributed to "the pricing initiative that we had in the tail end of 2024, a little bit more of cost optimization, …and then some product surcharging". Recall from above that we are assuming a higher net take rate than the "street" in both 2025 and 2026. However, if TOST's take rates increase even more than we anticipate, that could offset the weakness in TOST's GPV that we are forecasting, resulting in above-consensus FinTech solutions revenues.

Potential share loss in the US enterprise restaurant market by VYX is also a risk to our thesis. VYX currently has ~61K retail and restaurant platform sites, and ~400K total customer sites. According to our research, VYX was slow to develop a cloud-based solution, and is likely to lose share to other players as a result. As discussed above, we think these enterprise sites are likely to opt for either ORCL, PAR, or Qu as opposed to TOST. However, a rapid shedding of market share by a legacy incumbent might create some easy opportunities for TOST to win enterprise business, even if it is not the leading solution for the US enterprise restaurant market.

Lastly, a resurgence in consumer spending in restaurants is a macro risk to our thesis. While we see little rationale for this occurring, as forward-looking commentary from publicly traded restaurant chains in 1Q25 was mixed at best, if industrywide SSS do experience a strong rebound in 2H25 or 2026, that would likely provide a benefit to TOST's GPV/location, obscuring the impact of our thesis.

FINANCIAL PROJECTIONS

Revenue Build	2022	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26	3Q26	4Q26	2026	2027
Locations														
Locations (Beg)	56,000	79,000	106,000	134,000	140,000	148,345	155,620	134,000	162,741	169,171	177,315	184,416	162,741	191,556
Net new locations	23,000	27,000	28,000	6,000	8,345	7,275	7,121	28,229	6,430	8,144	7,101	7,140	28,815	29,605
Locations (End)	79,000	106,000	134,000	140,000	148,345	155,620	162,741	162,741	169,171	177,315	184,416	191,556	191,556	221,161
Y/Y	*41%*	*34%*	*26%*	*25%*	*24%*	*23%*	*21%*	*21%*	*21%*	*20%*	*19%*	*18%*	*18%*	*15%*
Consensus				140,234	148,345	155,620	162,741	162,229	169,171	177,315	184,416	191,556	190,655	219,615
Payments														
GPV per Avg. Location ($K)	$ 1,349	$ 1,363	$ 1,326	$ 308	$ 339	$ 328	$ 314	$ 1,286	$ 299	$ 329	$ 318	$ 304	$ 1,248	$ 1,213
Y/Y		*1.1%*	*-2.7%*	*-3.2%*	*-3.0%*	*-3.0%*	*-3.0%*	*-3.0%*	*-3.0%*	*-3.0%*	*-3.0%*	*-3.0%*	*-2.9%*	*-2.8%*
Gross Payment Volume ($M)	$ 91,700	$ 126,100	$ 159,100	$ 42,200	$ 48,826	$ 49,778	$ 49,930	$ 190,734	$ 49,586	$ 56,911	$ 57,460	$ 57,197	$ 221,154	$ 250,364
Y/Y	*61%*	*38%*	*26%*	*22%*	*21%*	*19%*	*18%*	*20%*	*18%*	*17%*	*15%*	*15%*	*16%*	*13%*
Consensus				42,518	48,906	50,136	50,514	191,706	51,161	58,693	59,900	60,078	229,879	272,152
Gross Take Rate	2.47%	2.53%	2.55%	2.56%	2.56%	2.56%	2.56%	2.56%	2.57%	2.57%	2.57%	2.57%	2.57%	2.58%
Consensus				2.55%	2.55%	2.56%	2.57%	2.56%	2.56%	2.56%	2.57%	2.57%	2.57%	2.57%
Net Take Rate	0.52%	0.54%	0.55%	0.59%	0.59%	0.59%	0.59%	0.59%	0.60%	0.60%	0.60%	0.60%	0.60%	0.61%
Consensus				0.56%	0.57%	0.57%	0.57%	0.57%	0.59%	0.58%	0.58%	0.58%	0.58%	0.58%
FinTech Solutions Revenue ($M)	$ 2,268	$ 3,189	$ 4,053	1,082	$ 1,250	$ 1,274	$ 1,278	$ 4,884	$ 1,274	$ 1,463	$ 1,477	$ 1,470	$ 5,684	$ 6,459
Y/Y	*61%*	*41%*	*27%*	*24%*	*22%*	*19%*	*17%*	*21%*	*18%*	*17%*	*16%*	*15%*	*16%*	*14%*
Consensus					1,252	1,285	1,299	4,917	1,314	1,503	1,541	1,548	5,911	7,009
Per Avg. Location	$ 33.60	$ 34.48	$ 33.78	$ 7.90	$ 8.67	$ 8.38	$ 8.03	$ 32.92	$ 7.68	$ 8.44	$ 8.16	$ 7.82	$ 32.08	$ 31.30
Y/Y		*3%*	*-2%*	*-1%*	*-2%*	*-3%*	*-4%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-2%*
Subscription Services														
Subscription services per Avg. Location ($K)	$ 4.80	$ 5.41	$ 5.88	$ 1.53	$ 1.55	$ 1.64	$ 1.64	$ 6.35	$ 1.62	$ 1.64	$ 1.74	$ 1.74	$ 6.74	$ 7.09
Y/Y		*13%*	*9%*	*10%*	*8%*	*7%*	*7%*	*8%*	*6%*	*6%*	*6%*	*6%*	*6%*	*5%*
Consensus														
Subscription Services Revenue	$ 324	$ 500	$ 706	$ 209	$ 223	$ 249	$ 261	$ 942	$ 268	$ 285	$ 314	$ 327	$ 1,194	$ 1,462
Y/Y	*92%*	*54%*	*41%*	*38%*	*35%*	*32%*	*31%*	*33%*	*28%*	*27%*	*26%*	*25%*	*27%*	*23%*
Consensus					$ 223	$ 237	$ 250	$ 919	$ 264	$ 279	$ 295	$ 308	$ 1,148	$ 1,400
Hardware & Professional Services														
Hardware & Prof. Serv. Rev per New Location	$ 6.04	$ 6.52	$ 7.18	$ 7.67	$ 7.50	$ 7.50	$ 7.50	$ 7.67	$ 7.75	$ 7.75	$ 7.75	$ 7.75	$ 7.75	$ 8.00
Y/Y		*8%*	*10%*	*-10%*	*13%*	*7%*	*9%*	*7%*	*1%*	*3%*	*3%*	*3%*	*1%*	*3%*
Hardware & Prof. Services Revenue	$ 139	$ 176	$ 201	$ 46	$ 63	$ 55	$ 53	$ 217	$ 50	$ 63	$ 55	$ 55	$ 223	$ 237
Y/Y	*7%*	*27%*	*14%*	*-10%*	*18%*	*11%*	*11%*	*8%*	*8%*	*1%*	*1%*	*4%*	*3%*	*6%*
Consensus					$ 53	$ 51	$ 50	$ 200	$ 51	$ 55	$ 54	$ 54	$ 214	$ 237
Total Revenue	**$ 2,731**	**$ 3,865**	**$ 4,960**	**$ 1,337**	**$ 1,536**	**$ 1,578**	**$ 1,593**	**$ 6,043**	**$ 1,593**	**$ 1,810**	**$ 1,846**	**$ 1,852**	**$ 7,101**	**$ 8,159**
Y/Y	*60%*	*42%*	*28%*	*24%*	*24%*	*21%*	*19%*	*22%*	*19%*	*18%*	*17%*	*16%*	*17%*	*15%*
Consensus					$ 1,528	$ 1,573	$ 1,598	$ 6,023	$ 1,624	$ 1,838	$ 1,892	$ 1,913	$ 7,244	$ 8,529

Expenses	2022	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26	3Q26	4Q26	2026	2027
Gross Margin:														
Subscription services	65.4%	66.8%	69.0%	68.4%	68.3%	68.7%	68.9%	68.6%	68.9%	69.9%	70.1%	70.0%	69.8%	71.4%
Consensus					68.3%	68.7%	68.9%	68.6%	68.9%	69.9%	70.1%	70.0%	69.6%	71.4%
Financial technology solutions	21.0%	21.5%	21.7%	23.2%	23.0%	23.0%	23.0%	23.1%	23.3%	23.3%	23.3%	23.3%	23.3%	23.6%
Consensus					22.1%	22.1%	22.1%	22.3%	22.8%	22.3%	22.3%	22.4%	22.4%	22.5%
Sub. Services & FinTech Solutions GM%	26.5%	27.6%	28.7%	30.5%	29.9%	30.5%	30.8%	30.4%	31.3%	30.9%	31.5%	31.8%	31.4%	32.5%
Consensus					29.3%	29.6%	29.8%	30.0%	30.7%	30.0%	30.3%	30.6%	30.4%	31.4%
Hardware GM%	-123.7%	-102.8%	-84.6%	-102.2%	-91.8%	-90.7%	-93.2%	-92.5%	-94.5%	-89.8%	-87.8%	-89.5%	-88.7%	-83.9%
Consensus					-91.8%	-90.7%	-93.2%	-92.5%	-94.5%	-89.8%	-87.8%	-89.5%	-88.7%	-83.9%
Sales and marketing	319	401	470	133	141	145	151	571	158	168	173	180	679	779
%	11.7%	10.4%	9.5%	9.9%	9.2%	9.2%	9.5%	9.4%	9.9%	9.3%	9.4%	9.7%	9.6%	9.5%
Consensus					141	145	151	547	156	166	171	177	672	768
Consensus %					9.2%	9.2%	9.5%	9.1%	9.6%	9.1%	9.0%	9.3%	9.3%	9.0%
S&M per Net New Location (TTM)	$ 13,870	$ 14,852	$ 16,786	$ 17,714	$ 18,420	$ 19,157	$ 19,853	$ 20,214	$ 20,406	$ 21,488	$ 22,602	$ 23,570	$ 23,570	$ 26,298
Y/Y%		*7.1%*	*13.0%*	*16.9%*	*17.3%*	*21.1%*	*18.3%*	*20.4%*	*15.2%*	*16.7%*	*18.0%*	*18.7%*	*16.6%*	*11.6%*
Research and development	282	358	351	84	98	102	107	391	104	118	120	120	462	538
%	10.3%	9.3%	7.1%	6.3%	6.4%	6.5%	6.7%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.6%
Consensus					97	102	106	374	102	112	118	121	455	532
Consensus %					6.4%	6.5%	6.7%	6.2%	6.3%	6.1%	6.3%	6.3%	6.3%	6.2%
General and administrative	294	362	307	79	86	90	90	345	92	99	103	102	397	442
%	10.8%	9.4%	6.2%	5.9%	5.6%	5.7%	5.7%	5.7%	5.8%	5.5%	5.6%	5.5%	5.6%	5.4%
Consensus					86	90	90	333	92	99	103	102	392	439
Consensus %					5.6%	5.7%	5.7%	5.5%	5.7%	5.4%	5.4%	5.3%	5.4%	5.1%

Income Statement	2022	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26	3Q26	4Q26	2026	2027
Revenue:														
Subscription services	$ 324	$ 500	$ 706	$ 209	$ 223	$ 249	$ 261	$ 942	$ 268	$ 285	$ 314	$ 327	$ 1,194	$ 1,462
Financial technology solutions	2,268	3,189	4,053	1,082	1,250	1,274	1,278	4,884	1,274	1,463	1,477	1,470	5,684	6,459
Hardware and professional services	139	176	201	46	63	55	53	217	50	63	55	55	223	237
Total revenue	2,731	3,865	4,960	1,337	1,536	1,578	1,593	6,043	1,593	1,810	1,846	1,852	7,101	8,159
Costs of revenue:								-					-	-
Subscription services	112	166	219	66	71	78	81	296	84	86	94	98	361	419
Financial technology solutions	1,792	2,503	3,175	831	962	981	984	3,757	977	1,121	1,132	1,127	4,357	4,932
Hardware and professional services	311	357	371	93	120	104	103	420	97	120	103	105	425	442
Amortization of acquired intangible assets	5	5	5	1	-	1	2	4	2	2	2	2	8	14
Total costs of revenue	2,220	3,031	3,770	991	1,153	1,164	1,170	4,477	1,159	1,328	1,331	1,331	5,151	5,807
Gross profit	511	834	1,190	346	383	414	423	1,566	433	482	514	521	1,950	2,352
Operating expenses:								-					-	-
Sales and marketing	319	401	470	133	141	145	151	571	158	168	173	180	679	779
Research and development	282	358	351	84	98	102	107	391	104	118	120	120	462	538
General and administrative	294	362	307	79	86	90	90	345	92	99	103	102	397	442
Restructuring expenses	-	-	46	7	-	-	-	7	-	-	-	-	-	-
Total operating expenses	895	1,121	1,174	303	325	337	349	1,314	354	385	396	402	1,538	1,759
Income (loss) from operations	(384)	(287)	16	43	58	77	74	252	80	96	118	118	412	593
Other income (expenses):								-					-	-
Interest income, net	11	37	42	12	12	12	12	48	12	12	12	12	48	48
Change in fair value of warrant liability	95	3	(49)	3	-	-	-	3	-	-	-	-	-	-
Change in fair value of derivative liability								-					-	-
Loss on debt extinguishment								-					-	-
Other income, net	1	3	13		-	-	-	-	-	-	-	-	-	-
Income (loss) before income taxes	(277)	(244)	22	58	70	89	86	303	92	108	130	130	460	641
Income tax (expense) benefit	2	(2)	(3)	(2)	-	1	2	1	2	2	2	2	8	14
Net income (loss)	$ (275)	$ (246)	$ 19	$ 56	$ 70	$ 89	$ 86	$ 301	$ 92	$ 108	$ 130	$ 130	$ 460	$ 641
Redemption of Series B Preferred Stock														
Net loss attributable to common stockholders	$ (275)	$ (246)	$ 19	$ 56	$ 70	$ 89	$ 86	$ 301	$ 92	$ 108	$ 130	$ 130	$ 460	$ 641
Net income (loss) per share:														
Basic	$ (0.54)	$ (0.46)	$ 0.03	$ 0.10										
Diluted	$ (0.72)	$ (0.47)	$ 0.03	$ 0.09	$ 0.11	$ 0.14	$ 0.14	$ 0.48	$ 0.14	$ 0.16	$ 0.20	$ 0.20	$ 0.70	$ 0.96
Consensus					$ 0.11	$ 0.12	$ 0.12	$ 0.45	$ 0.15	$ 0.18	$ 0.19	$ 0.20	$ 0.71	$ 1.04
Weighted-average shares:														
Basic	512	532	559	575										
Diluted	512	533	591	603	628	631	632	624	633	659	663	664	655	668
Y/Y%	77%	4%	11%	10%	7%	7%	7%	6%	5%	5%	5%	5%	5%	2%
Consensus					597	599	601	598	602	605	607	609	607	610
Non GAAP	**2022**	**2023**	**2024**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**2025**	**1Q26**	**2Q26**	**3Q26**	**4Q26**	**2026**	**2027**
Net income (loss)	$ (275)	$ (246)	$ 19	$ 56	$ 70	$ 89	$ 86	$ 301	$ 92	$ 108	$ 130	$ 130	$ 460	$ 641
SBC & related payroll tax	232	288	256	64	64	64	64	256	64	64	64	64	256	256
Depreciation and amortization	24	32	46	19	19	19	19	76	19	19	19	19	76	76
Interest income, net	(11)	(37)	(42)	(12)	(12)	(12)	(12)	(48)	(12)	(12)	(12)	(12)	(48)	(48)
Other (income) expense, net	1							-					-	-
Gain on warrant extinguishment		-	(14)					-					-	-
Change in fair value of warrant liability	(95)	(3)	49	(3)				(3)					-	-
Change in fair value of derivative liability	-							-					-	-
Reduction of workforce	-							-					-	-
Termination of leases	(1)	14	5					-					-	-
Loss on debt extinguishment	-							-					-	-
Stock-based charitable contribution expense	10	10	5					-					-	-
Restructuring & related expenses(1)		-	46	7				7					-	-
Acquisition expenses	2	1	-					-					-	-
Income tax expense	(2)	2	3	2				2					-	-
Adjusted EBITDA	$ (115)	$ 61	$ 373	$ 133	$ 140.9	$ 160.2	$ 157.1	$ 591.2	$ 162.6	$ 179.4	$ 201.1	$ 201.2	$ 744.3	$ 924.9
%	-4.2%	1.6%	7.5%	9.9%	9.2%	10.2%	9.9%	9.8%	10.2%	9.9%	10.9%	10.9%	10.5%	11.3%
Y/Y%	173.8%	-153.0%	511.5%	133.3%	53.2%	41.8%	41.5%	58.5%	22.3%	27.3%	25.5%	28.1%	25.9%	24.3%
Consensus				107	138.2	144.9	146.2	564.7	165.6	190.7	199.4	201.1	754.6	992.8
%					9.0%	9.2%	9.1%	9.4%	10.2%	10.4%	10.5%	10.5%	10.4%	11.6%
EBITDA per Share	$ (0.22)	$ 0.11	$ 0.63	$ 0.22	$ 0.22	$ 0.25	$ 0.25	$ 0.95	$ 0.26	$ 0.27	$ 0.30	$ 0.30	$ 1.14	$ 1.38
Consensus					$ 0.23	$ 0.24	$ 0.24	$ 0.94	$ 0.27	$ 0.32	$ 0.33	$ 0.33	$ 1.24	$ 1.63